

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-36450

JD.com, Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China**

(Address of principal executive offices)

Sidney Xuande Huang, Chief Financial Officer

Telephone: +86 10 8911-8888

Email: ir@jd.com

**20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China**

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American depository shares (one American depository share representing two Class A ordinary shares, par value US\$0.00002 per share)	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market)
Class A ordinary shares, par value US\$0.00002 per share*	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market)

* Not for trading, but only in connection with the listing on The NASDAQ Global Select Market of American depository shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

2,384,954,010 Class A ordinary shares (excluding the 82,180,894 Class A ordinary shares issued to the depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the Share Incentive Plan) and 471,573,995 Class B ordinary shares, par value US\$0.00002 per share, as of December 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. Yes No

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

TABLE OF CONTENTS

INTRODUCTION	1
FORWARD-LOOKING INFORMATION	1
PART I	2
Item 1. Identity of Directors, Senior Management and Advisers	2
Item 2. Offer Statistics and Expected Timetable	2
Item 3. Key Information	2
Item 4. Information on the Company	50

Item 4A.	Unresolved Staff Comments	88
Item 5.	Operating and Financial Review and Prospects	88
Item 6.	Directors, Senior Management and Employees	113
Item 7.	Major Shareholders and Related Party Transactions	124
Item 8.	Financial Information	130
Item 9.	The Offer and Listing	131
Item 10.	Additional Information	132
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	144
Item 12.	Description of Securities Other than Equity Securities	145
PART II		147
Item 13.	Defaults, Dividend Arrearages and Delinquencies	147
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	147
Item 15.	Controls and Procedures	147
Item 16A.	Audit Committee Financial Expert	148
Item 16B.	Code of Ethics	148
Item 16C.	Principal Accountant Fees and Services	148
Item 16D.	Exemptions from the Listing Standards for Audit Committees	149
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	149
Item 16F.	Change in Registrant’s Certifying Accountant	150
Item 16G.	Corporate Governance	150
Item 16H.	Mine Safety Disclosure	150
PART III		151
Item 17.	Financial Statements	151
Item 18.	Financial Statements	151
Item 19.	Exhibits	151
SIGNATURES		155

[Table of Contents](#)

INTRODUCTION

Unless otherwise indicated or the context otherwise requires, references in this annual report to:

- “ADSs” are to our American depositary shares, each of which represents two Class A ordinary shares;
- “annual active customer accounts” are to customer accounts that made at least one purchase during the twelve months ended on the respective dates, including both online direct sales and online marketplace, which exclude Paipai.com;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;
- “GMV” are to the total value of all orders for products and services placed in our online direct sales business and on our online marketplaces, regardless of whether the goods are sold or delivered or whether the goods are returned, excluding orders on Paipai.com. GMV includes the value from orders placed on our websites and mobile apps as well as orders placed on third-party mobile apps that are fulfilled by us or by our third-party merchants. Our calculation of GMV includes shipping charges paid by buyers to sellers and excludes any transactions in our B2C business with order value exceeding RMB2,000 (US\$288) that are not ultimately sold or delivered;
- “orders fulfilled” are to the total number of orders delivered, including the orders for products and services sold in our online direct sales business and on our online marketplaces, net of orders returned, excluding orders on Paipai.com;
- “ordinary shares” are to our Class A and Class B ordinary shares, par value US\$0.00002 per share; and
- “we,” “us,” “our company” and “our” are to JD.com, Inc., its subsidiaries and its consolidated variable interest entities.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to, among other things:

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the retail and online retail markets in China;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and third-party sellers;
- our plans to invest in our fulfillment infrastructure and technology platform as well as new business initiatives;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in “Item 3.D. Key Information—Risk Factors.” Those risks are not exhaustive. We operate in an evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference 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

A. Selected Financial Data

The following table presents the selected consolidated financial information for our company. The selected consolidated statements of operations data for the years ended December 31, 2014, 2015 and 2016, selected consolidated balance sheets data as of December 31, 2015 and 2016 and selected consolidated cash flow data for the years ended December 31, 2014, 2015 and 2016 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of operations data for the years ended December 31, 2012 and 2013, selected consolidated balance sheets data as of December 31, 2012, 2013 and 2014 and selected consolidated cash flow data for the years ended December 31, 2012 and 2013 have been derived from our audited consolidated financial statements not included in this annual report. Our historical results do not necessarily indicate results expected for any future periods. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” below. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

	For the Year Ended December 31,					
	2012 RMB	2013 RMB	2014 RMB	2015 RMB	2016 RMB	US\$
(in millions, except for share, per share and per ADS data)						
Selected Consolidated Statements of Operations Data:						
Net revenues:						
Online direct sales	40,335	67,018	108,549	167,721	237,702	34,236
Services and others	1,046	2,322	6,453	13,554	22,420	3,229
Total net revenues	41,381	69,340	115,002	181,275	260,122	37,465
Operating expenses⁽¹⁾⁽²⁾:						
Cost of revenues	(37,898)	(62,496)	(101,631)	(157,008)	(220,699)	(31,787)
Fulfillment	(3,061)	(4,109)	(8,067)	(13,921)	(20,951)	(3,017)
Marketing	(1,097)	(1,590)	(4,010)	(7,736)	(10,573)	(1,523)
Technology and content	(636)	(964)	(1,836)	(3,454)	(5,381)	(775)
General and administrative	(640)	(760)	(5,260)	(2,877)	(4,663)	(672)
Impairment of goodwill and intangible assets	—	—	—	(2,750)	—	—
Total operating expenses	(43,332)	(69,919)	(120,804)	(187,746)	(262,267)	(37,774)
Loss from operations	(1,951)	(579)	(5,802)	(6,471)	(2,145)	(309)
Other income/(expense):						
Share of results of equity investees	—	—	—	(2,852)	(2,785)	(401)
Interest income	176	344	638	415	482	69
Interest expense	(8)	(8)	(29)	(83)	(260)	(37)
Others, net	60	193	216	(141)	1,474	212
Loss before tax	(1,723)	(50)	(4,977)	(9,132)	(3,234)	(466)
Income tax benefits/(expenses)	(6)	0	(19)	14	(180)	(26)
Net loss	(1,729)	(50)	(4,996)	(9,118)	(3,414)	(492)
Preferred shares redemption value accretion	(1,588)	(2,435)	(7,958)	—	—	—
Net loss attributable to non-controlling interests	—	—	—	(10)	(52)	(7)
Net income attributable to mezzanine classified non-controlling interests shareholders	—	—	—	—	445	64
Net loss attributable to ordinary shareholders	(3,317)	(2,485)	(12,954)	(9,108)	(3,807)	(549)
Net loss per share						
Basic	(2.18)	(1.47)	(5.35)	(3.33)	(1.36)	(0.20)
Diluted	(2.18)	(1.47)	(5.35)	(3.33)	(1.36)	(0.20)
Net loss per ADS⁽³⁾						
Basic	(4.35)	(2.93)	(10.71)	(6.66)	(2.71)	(0.39)
Diluted	(4.35)	(2.93)	(10.71)	(6.66)	(2.71)	(0.39)
Weighted average number of shares:						
Basic	1,523,639,783	1,694,495,048	2,419,668,247	2,735,034,034	2,804,767,889	2,804,767,889
Diluted	1,523,639,783	1,694,495,048	2,419,668,247	2,735,034,034	2,804,767,889	2,804,767,889

(1) Share-based compensation expenses are allocated in operating expense items as follows:

	For the Year Ended December 31,					
	2012	2013	2014	2015	2016	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions)					
Fulfillment	(78)	(81)	(129)	(185)	(387)	(56)
Marketing	(9)	(9)	(24)	(50)	(98)	(14)
Technology and content	(25)	(33)	(79)	(234)	(555)	(80)
General and administrative	(113)	(138)	(4,018)	(725)	(1,304)	(188)

(2) Amortization of intangible assets resulting from assets and business acquisitions are allocated in operating expense items as follows. See Item 17 of Part III, “Financial Statements—Note 7—Business Combination” for details of significant business combination transactions.

	For the Year Ended December 31,					
	2012	2013	2014	2015	2016	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions)					
Fulfillment	(2)	(13)	(21)	(22)	(105)	(15)
Marketing	—	—	(925)	(1,225)	(1,222)	(176)
Technology and content	—	—	(19)	(24)	(46)	(7)
General and administrative	—	—	(146)	(180)	(248)	(36)

(3) Each ADS represents two Class A ordinary shares.

	As of December 31,					
	2012	2013	2014	2015	2016	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions, except for share data)					
Selected Consolidated Balance Sheets Data:						
Cash and cash equivalents	7,177	10,812	16,915	17,864	19,772	2,848
Restricted cash	1,920	1,887	3,038	2,115	4,392	633
Short-term investments	1,080	1,903	12,162	2,780	7,174	1,033
Inventories, net	4,754	6,386	12,191	20,540	28,909	4,164
Accounts receivable, net ⁽⁴⁾	479	502	2,301	8,194	17,464	2,515
Loan receivables, net ⁽⁴⁾	—	—	259	3,698	12,698	1,829
Investment in equity investees	3	37	587	8,713	15,235	2,194
Total assets	17,886	26,010	66,493	85,015	160,374	23,099
Accounts payable	8,097	11,019	16,364	29,819	43,988	6,336
Nonrecourse securitization debt	—	—	—	3,334	13,467	1,940
Unsecured senior notes	—	—	—	—	6,831	984
Total liabilities	11,483	16,770	28,995	54,294	119,154	17,162
Total mezzanine equity	4,738	7,173	—	—	7,057	1,016
Total JD.com, Inc. shareholders' equity	1,665	2,067	37,498	30,583	33,893	4,882
Number of outstanding ordinary shares	1,597,137,250	1,715,087,336	2,731,718,357	2,741,990,486	2,836,444,397	2,836,444,397

(4) As JD Finance has changed from supporting the overall JD platform to an independently operated and self-funded business, accounts receivables from consumer financing provided by JD Finance to consumers in marketplace are mainly for investment purpose and are reclassified to loan receivables since 2016. Accordingly, accounts receivable balance of RMB0.1 billion and RMB1.3 billion as of December 31, 2014 and 2015, respectively, has been reclassified to conform to the current period financial statement presentation.

	For the Year Ended December 31,					
	2012	2013	2014	2015	2016	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions)					
Selected Consolidated Cash Flows Data:						
Net cash provided by operating activities ⁽⁵⁾	1,404	3,570	1,290	1,696	8,767	1,263
Net cash used in investing activities ⁽⁵⁾	(3,369)	(2,671)	(13,478)	(5,791)	(48,269)	(6,952)
Net cash provided by financing activities	2,854	2,795	18,392	4,700	40,699	5,862
Effect of exchange rate changes on cash and cash equivalents	(1)	(59)	(101)	344	711	102
Net increase in cash and cash equivalents	888	3,635	6,103	949	1,908	275
Cash and cash equivalents at beginning of year	6,289	7,177	10,812	16,915	17,864	2,573
Cash and cash equivalents at end of year	7,177	10,812	16,915	17,864	19,772	2,848

(5) Cash flows resulting from loan receivables of RMB0.3 billion and RMB3.5 billion for the years ended December 31, 2014 and 2015, respectively, have been reclassified from operating activities to investing activities.

Our business is primarily conducted in China and almost all of our revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into U.S. dollars using the then current exchange rates, for the convenience of the readers. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.9430 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System as of December 30, 2016. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On April 21, 2017, the exchange rate was RMB6.8845 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

4

[Table of Contents](#)

Period	Exchange Rate			
	Period-End	Average ⁽¹⁾	Low	High
		(RMB per U.S. Dollar)		
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
October	6.7735	6.7303	6.7819	6.6685
November	6.8837	6.8402	6.9195	6.7534
December	6.9430	6.9198	6.9580	6.8771
2017				
January	6.8768	6.8907	6.9575	6.8360
February	6.8665	6.8694	6.8821	6.8517
March	6.8832	6.8940	6.9132	6.8687
April (through April 21, 2017)	6.8845	6.8871	6.8988	6.8778

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has grown substantially in recent years, and we expect continued growth in our business, revenues and number of employees. We plan to further expand our fulfillment infrastructure and technology platform, increase our product offerings and hire more employees. For example, we plan to continue to build larger, custom-designed warehouses. We have already finished construction of the initial phase in Shanghai, Guangzhou, Wuhan and Chongqing, and other warehouses in Shenyang and Guiyang. In addition, we are constructing the remaining phases of warehouses in Shanghai, Guangzhou, Wuhan and Chongqing, and also additional custom-designed warehouses in certain other cities in China. We also plan to continue to establish new delivery stations in additional locations across China, including smaller, less developed areas. In 2016, we recruited additional employees in connection with the expansion of our fulfillment infrastructure and additional research and development personnel in connection with the expansion of our technology platform, and we will continue to invest significant resources in training, managing and motivating our workforce. In addition, as we continued to increase our product offerings, we will need to work with a large number of new suppliers and third-party sellers efficiently and establish and maintain mutually beneficial relationships with our existing and new suppliers and third-party sellers. To support our growth, we also plan to implement a variety of new and upgraded managerial, operating, financial and human resource systems, procedures and controls. We have further developed our business initiatives in finance and online-to-offline (O2O) solutions, among others. All these efforts will require significant managerial, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

5

[Table of Contents](#)

We have incurred significant net losses and we may continue to experience significant losses in the future.

We have incurred significant net losses since our inception. We had net losses of RMB4,996 million, RMB9,118 million and RMB3,414 million (US\$492 million) in 2014, 2015 and 2016, respectively. We had accumulated deficits of RMB9,272 million, RMB18,421 million and RMB21,860 million (US\$3,149 million) as of December 31, 2014, 2015 and 2016, respectively.

We cannot assure you that we will be able to generate net profits or positive cash flow from operating activities in the future. Our ability to achieve profitability depends in large part on our ability to increase our gross margin by obtaining more favorable terms from our suppliers as our business further grows in scale, managing our product mix, expanding our online marketplace and offering value-added services with higher margins. Accordingly, we intend to continue to invest heavily for the foreseeable future in our fulfillment infrastructure and technology platform to support an even larger selection of products and to offer additional value-added services. As a result of the foregoing, we believe that we may incur net losses for some time in the future.

If we are unable to provide superior customer experience, our business and reputation may be materially and adversely affected.

The success of our business hinges on our ability to provide superior customer experience, which in turn depends on a variety of factors. These factors include our ability to continue to offer authentic products at competitive prices, source products to respond to customer demands, maintain the quality of our products and services, and provide timely and reliable delivery, flexible payment options and superior after-sales service.

We rely primarily on our own fulfillment infrastructure, and to a lesser extent on contracted third-party couriers, to deliver our products. Interruptions or failures in our delivery services could prevent the timely or successful delivery of our products. These interruptions may be due to unforeseen events that are beyond our control or the control of our third-party couriers, such as inclement weather, natural disasters, transportation disruptions or labor unrest. If our products are not delivered on time or are delivered in a damaged state, customers may refuse to accept our products and have less confidence in our services. Furthermore, our own delivery personnel and those of contracted third-party couriers act on our behalf and interact with our customers personally. We maintain cooperation arrangements with a number of third-party couriers to deliver our products to our customers in those areas not covered by our own fulfillment infrastructure and for a portion of our bulky item deliveries, and we need to effectively manage these third-party service providers to ensure the quality of customer services. We have in the past received customer complaints from time to time regarding our delivery and return and exchange services. In addition, we have opened our fulfillment infrastructure by offering logistics services to third parties, including third-party sellers on our marketplace and merchants that do not sell products on our online marketplace. If we are not able to manage our logistics services successfully, opening these services to third parties could divert the resources available to our direct sales business and affect customer experience from direct sales. Any failure to provide high-quality delivery services to our customers may negatively impact the shopping experience of our customers, damage our reputation and cause us to lose customers.

We operate three 24-7 customer service centers in Suqian and Yangzhou, Jiangsu Province, and Chengdu, Sichuan Province, handling all kinds of customer queries and complaints regarding our products and services. As of December 31, 2016, we had 3,696, 1,108 and 2,051 full-time customer service representatives at these three centers respectively. There is no assurance that we will be able to provide sufficient training to new employees to meet our standards of customer service or that an influx of less experienced personnel will not dilute the quality of our customer service. If our customer service representatives fail to provide satisfactory service, or if waiting times are too long due to the high volume of calls from customers at peak times, our brand and customer loyalty may be adversely affected. In addition, any negative publicity or poor feedback regarding our customer service may harm our brand and reputation and in turn cause us to lose customers and market share.

Any harm to our JD brand or reputation may materially and adversely affect our business and results of operations.

We believe that the recognition and reputation of our JD (京东) brand among our customers, suppliers and third-party sellers have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand. These factors include our ability to:

[Table of Contents](#)

- provide a compelling online shopping experience to customers;
- maintain the popularity, attractiveness, diversity, quality and authenticity of the products we offer;
- maintain the efficiency, reliability and quality of our fulfillment services;
- maintain or improve customers' satisfaction with our after-sale services;
- increase brand awareness through marketing and brand promotion activities; and
- preserve our reputation and goodwill in the event of any negative publicity on customer service, internet security, product quality, price or authenticity, or other issues affecting us or other online retail businesses in China.

A public perception that non-authentic, counterfeit or defective goods are sold on our websites or that we or third-party service providers do not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers or retain our current customers. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our websites, products and services, it may be difficult to maintain and grow our customer base, and our business and growth prospects may be materially and adversely affected.

If we are unable to offer products that attract new customers and new purchases from existing customers, our business, financial condition and results of operations may be materially and adversely affected.

Our future growth depends on our ability to continue to attract new customers as well as new purchases from existing customers. Constantly changing consumer preferences have affected and will continue to affect the online retail industry. We must stay abreast of emerging consumer preferences and anticipate product trends that will appeal to existing and potential customers. Our websites make recommendations to customers based on their past purchases or on products that they viewed but did not purchase, and we also send e-mails to our customers with product recommendations tailored to their purchase profile. Our ability to make individually tailored recommendations is dependent on our business intelligence system, which tracks, collects and analyzes our users' browsing and purchasing behavior, to provide accurate and reliable information. Our customers choose to purchase authentic and quality products on our websites due in part to the attractive prices that we offer, and they may choose to shop elsewhere if we cannot match the prices offered by other websites or by physical stores. If our customers cannot find their desired products on our websites at attractive prices, they may lose interest in us and visit our websites less frequently or even stop visiting our websites altogether, which in turn may materially and adversely affect our business, financial condition and results of operations.

We plan to further expand our fulfillment infrastructure. If we are not able to manage such expansion successfully, our growth potential, business and results of operations may be materially and adversely affected.

We believe that our own nationwide fulfillment infrastructure, consisting of strategically located warehouses and delivery and pickup stations, is essential to our success. As of December 31, 2016, we operated fulfillment centers in 7 cities, front distribution centers in 25 cities and standalone warehouses in another 22 cities, as well as 6,906 delivery stations and pickup stations in 2,655 counties and districts across China, and we employed 83,512 warehouse and delivery personnel. We are constructing larger, custom-designed warehouses to increase our storage capacity and to restructure and reorganize our fulfillment workflow and processes. We also plan to continue to establish more delivery stations in additional locations, including those smaller and less developed counties and districts, to further enhance our ability to deliver products to customers directly ourselves. Furthermore, we hired additional employees in 2016 in connection with the strengthening of our fulfillment capabilities. As we continue to add fulfillment and warehouse capability and expand our reach to those smaller, less-developed areas, our fulfillment network becomes increasingly complex and challenging to operate. We cannot assure you that we will be able to acquire land use rights and set up warehouses, or lease suitable facilities for the

delivery stations, on commercially acceptable terms or at all. Moreover, the order density in those smaller, less developed areas may not be sufficient to allow us to operate our own delivery network in a cost efficient manner. We may not be able to recruit a sufficient number of qualified employees in connection with the expansion of our fulfillment infrastructure. In addition, the expansion of our fulfillment infrastructure may strain our managerial, financial, operational and other resources. If we fail to manage such expansion successfully, our growth potential, business and results of operations may be materially and adversely affected. Even if we manage the expansion of our fulfillment infrastructure successfully, it may not give us the competitive advantage that we expect if improved third-party fulfillment services become widely available at reasonable prices to retailers in China.

[Table of Contents](#)

We face intense competition. We may lose market share and customers if we fail to compete effectively.

The online retail industry in China is intensely competitive. We compete for customers, orders, and third-party sellers. Our current or potential competitors include major e-commerce companies in China that offer a wide range of general merchandise product categories, major traditional retailers in China that are moving into online retailing, major internet companies that have commenced online retail businesses, online retail companies in China focused on specific product categories, and physical retail stores including big-box stores that also aim to offer a one-stop shopping experience. See “Item 4.B. Information on the Company—Business Overview—Competition.” In addition, new and enhanced technologies may increase the competition in the online retail industry. New competitive business models may appear, for example based on new forms of social media or social commerce.

Increased competition may reduce our margins, market share and brand recognition, or result in significant losses. When we set prices, we have to consider how competitors have set prices for the same or similar products. When they cut prices or offer additional benefits to compete with us, we may have to lower our own prices or offer additional benefits or risk losing market share, either of which could harm our financial condition and results of operations.

Some of our current or future competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technical or marketing resources than we do. Those smaller companies or new entrants may be acquired by, receive investment from or enter into strategic relationships with well-established and well-financed companies or investors which would help enhance their competitive positions. Some of our competitors may be able to secure more favorable terms from suppliers, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to their website, mobile app and systems development than us. We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

We rely on online direct sale of computer, communication and consumer electronics for a significant portion of our net revenues.

Historically, online direct sales of electronics products, including home appliances, have accounted for a majority of our total net revenues. We expect that sales of these products will continue to represent a significant portion of our total net revenues in the near future. We have increased our offerings to include other product categories, and we have continually added new products within each product category. We expect to continue to expand our product offerings to diversify our revenue sources in the future. However, our sales of these new products and services may not increase to a level that would substantially reduce our dependence on sales of electronics products. Electronics products and home appliances sold in our online direct sales accounted for 79.0%, 74.1% and 69.1% of our total net revenues in 2014, 2015 and 2016, respectively. Electronic products and home appliances sold in our online direct sales and our online marketplace together accounted for 57.2%, 51.3% and 49.8% of our total GMV in 2014, 2015 and 2016, respectively. We face intense competition from online sellers of electronics products and from established companies with physical stores that are moving into online retail, such as Suning Appliance Company Limited, which operates suning.com. Any event that results in a reduction in our sales of electronics products could materially and adversely affect our ability to maintain or increase our current level of revenue and maintain or improve our business prospects.

[Table of Contents](#)

Our expansion into new product categories and substantial increase in the number of products may expose us to new challenges and more risks.

In recent years, we have expanded our product offerings to include a wide range of products including clothing, handbags, furniture, cosmetics, food, books, toys, and fitness equipment. Expansion into diverse new product categories and substantially increased number of products involves new risks and challenges. Our lack of familiarity with these products and lack of relevant customer data relating to these products may make it more difficult for us to anticipate customer demand and preferences. We may misjudge customer demand, resulting in inventory buildup and possible inventory write-down. It may also make it more difficult for us to inspect and control quality and ensure proper handling, storage and delivery. We may experience higher return rates on new products, receive more customer complaints about them and face costly product liability claims as a result of selling them, which would harm our brand and reputation as well as our financial performance. Furthermore, we may not have much purchasing power in new categories of products and we may not be able to negotiate favorable terms with suppliers. We may need to price aggressively to gain market share or remain competitive in new categories. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations. We cannot assure you that we will be able to recoup our investments in introducing these new product categories.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our scale and business model require us to manage a large volume of inventory effectively. We depend on our demand forecasts for various kinds of products to make purchase decisions and to manage our inventory. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we hope to sell it. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, and our customers may not order products in the quantities that we expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast demand. The acquisition of certain types of inventory may require significant lead time and prepayment and they may not be returnable. For those products we sell directly, aside from books, most media products and certain other products, we normally do not have the right to return unsold items to our suppliers.

Our net inventories have increased significantly in recent periods, from RMB12,191 million as of December 31, 2014 to RMB20,540 million as of December 31, 2015 and further to RMB28,909 million (US\$4,164 million) as of December 31, 2016. Our annual inventory turnover days were 34.8 days in 2014, 36.9 days in 2015 and 38.0 days in 2016. Annual inventory turnover days are the quotient of average inventory over five quarter ends to total cost of revenues and then multiplied by the number of days during the year. As we plan to continue expanding our product offerings, we expect to include more products in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition.

On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could harm our business and reputation.

We may not be able to sustain our historical growth rates.

We have experienced rapid growth since we commenced our online retail business in 2004. Our total net revenues increased from RMB41,381 million in 2012 to RMB260,122 million (US\$37,465 million) in 2016, for a four-year compound annual growth rate (CAGR) of 58.3%. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow or our revenues may decline for any number of possible reasons, including decreasing consumer spending, increasing competition, slowing growth of the China retail or China online retail industry, fulfillment bottlenecks, emergence of alternative business models, changes in government policies or general economic conditions. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the market price of our ADSs could decline.

[Table of Contents](#)

If we are unable to conduct our marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.

We have incurred significant expenses on a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products. Our brand promotion and marketing activities may not be well received by customers and may not result in the levels of product sales that we anticipate. We incurred RMB4,010 million, RMB7,736 million and RMB10,573 million (US\$1,523 million) of marketing expenses in 2014, 2015 and 2016, respectively. Marketing approaches and tools in the consumer products market in China are evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share, cause our net revenues to decline and negatively impact our profitability.

If we fail to manage and expand our relationships with suppliers, or otherwise fail to procure products at favorable terms, our business and growth prospects may suffer.

We source products from third-party suppliers for our online direct sales. We had over 12,000 suppliers as of December 31, 2016. Our suppliers include manufacturers, distributors and resellers. Maintaining strong relationships with these suppliers is important to the growth of our business. In particular, we depend significantly on our ability to procure products from suppliers on favorable pricing terms. We typically enter into one-year framework agreements with suppliers on an annual basis, and these framework agreements do not ensure the availability of products or the continuation of particular pricing practices or payment terms beyond the end of the contractual term. In addition, our agreements with suppliers typically do not restrict the suppliers from selling products to other buyers. We cannot assure you that our current suppliers will continue to sell products to us on commercially acceptable terms, or at all, after the term of the current agreement expires. Even if we maintain good relations with our suppliers, their ability to supply products to us in sufficient quantity and at competitive prices may be adversely affected by economic conditions, labor actions, regulatory or legal decisions, natural disasters or other causes. In the event that we are not able to purchase merchandise at favorable prices, our revenues and cost of revenues may be materially and adversely affected. In the event any distributor or reseller does not have authority from the relevant manufacturer to sell certain products to us, such distributor or reseller may cease selling such products to us at any time. In addition, our annual accounts payable turnover days for our online direct sales business excluding the impact from supply chain financing were 40.9 days in 2014, 44.6 days in 2015 and 52.6 days in 2016. Annual accounts payable turnover days are the quotient of average accounts payable over five quarter ends to total cost of revenues and then multiplied by the number of days during the year. If our suppliers cease to provide us with favorable payment terms, our requirements for working capital may increase and our operations may be materially and adversely affected. We will also need to establish new supplier relationships to ensure that we have access to a steady supply of products on favorable commercial terms. If we are unable to develop and maintain good relationships with suppliers that would allow us to obtain a sufficient amount and variety of authentic and quality merchandise on acceptable commercial terms, it may inhibit our ability to offer sufficient products sought by our customers, or to offer these products at competitive prices. Any adverse developments in our relationships with suppliers could materially and adversely affect our business and growth prospects. In addition, as part of our growth strategy, we plan to further expand our product offerings. If we fail to attract new suppliers to sell their products to us due to any reason, our business and growth prospects may be materially and adversely affected.

Any interruption in the operation of our fulfillment centers, front distribution centers, standalone warehouses, delivery stations or pickup stations for an extended period may have an adverse impact on our business.

Our ability to process and fulfill orders accurately and provide high-quality customer service depends on the smooth operation of our fulfillment centers, front distribution centers, standalone warehouses, and our delivery and pickup stations. Our fulfillment infrastructure may be vulnerable to damage caused by fire, flood, power outage, telecommunications failure, break-ins, earthquake, human error and other events. If any of our fulfillment centers were rendered incapable of operations, then we may be unable to fulfill any orders in any of the provinces that rely on that center. In addition, those events that could damage our fulfillment infrastructure, such as fire and flood, may also result in damages to our inventory stored in or delivered through our fulfillment infrastructure, and in such event, we would incur losses as a result. We do not carry business interruption insurance, and the occurrence of any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition and results of operations.

[Table of Contents](#)

We may not be able to recoup the investments we make to expand and upgrade our fulfillment and technology capabilities.

We have invested and will continue to invest significant sums in expanding our fulfillment infrastructure and upgrading our technology platform. In connection with our expansion of our fulfillment infrastructure, we had paid an aggregate of approximately RMB4.8 billion (US\$0.7 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2016. We also paid significant amounts for upgrading our technology platform during the same periods. We expect to continue to invest heavily in our fulfillment and technology capabilities for a number of years. We also intend to continue to add resources to our fulfillment infrastructure and technology platform as we focus on expanding our product selection and offering new services. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. We may not be able to recover our capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which could adversely affect our financial condition and results of operation.

Moreover, our heavy investment in building our own fulfillment infrastructure may put us at a competitive disadvantage against those competitors who primarily rely on third-party fulfillment services and focus their investment on improving other aspects of their business. We have designed our own fulfillment infrastructure to satisfy our business and operation requirements and to accommodate our fast growth, but there is no guarantee that we will be successful in meeting our objectives or that our own fulfillment structure will function more effectively and efficiently than third-party solutions.

We use third-party couriers to deliver some orders, and our third-party sellers use couriers to deliver a significant number of orders. If these couriers fail to provide reliable delivery services, our business and reputation may be materially and adversely affected.

We maintain cooperation arrangements with a number of third-party couriers to deliver our products to our customers in those areas not covered by our own fulfillment infrastructure, particularly in smaller and less developed areas. We may also use third-party service providers to ship products from our fulfillment centers or front distribution centers to delivery stations or to deliver bulky item products. Third-party sellers also use third-party couriers if they do not make use of our delivery services. Interruptions to or failures in these third parties' delivery services could prevent the timely or proper delivery of our products to customers. These interruptions may be due to events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest. In addition, if our third-party couriers fail to comply with applicable rules and regulations in China, our delivery services may be materially and adversely affected. We may not be able to find alternative delivery companies to provide delivery services in a timely and reliable manner, or at all. Delivery of our products could also be affected or interrupted by the merger, acquisition, insolvency or government shut-down of the delivery companies we engage to make deliveries, especially those local companies with relatively small business scales. If our products are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Our online marketplace is subject to risks associated with third-party sellers.

As of December 31, 2016, there were over 120,000 third-party sellers on our online marketplace. We do not have as much control over the storage and delivery of products sold on our online marketplace as we do over the products that we sell directly ourselves. Many of our third-party sellers use their own facilities to store their products, and many of them use their own or third-party delivery systems to deliver their products to our customers, which makes it more difficult for us to ensure that our customers get the same high quality service for all products sold on our websites. If any third-party seller does not control the quality of the products that it sells on our websites, or if it does not deliver the products or delivers them late or delivers products that are materially different from its description of them, or if it sells counterfeit or unlicensed products on our websites, or if it sells certain products without licenses or permits as required by the relevant laws and regulations even though we have requested such licenses or permits in our standard form contract with the third-party seller, the reputation of our online marketplace and our JD brand may be materially and adversely affected and we could face claims that we should be held liable for any losses. In December 2015, we terminated the Paipai C2C platform and as of the date of this report, we completely closed down the website of Paipai.com. The shut-down of the Paipai C2C platform is in line with our policy to combat the marketing and sale of counterfeit products. Moreover, despite our efforts to prevent it, some products sold on our online marketplace may compete with the products we sell directly, which may cannibalize our online direct sales. In addition, the supplier relationships, customer acquisition dynamics and other requirements for our online marketplace may not be the same as those for our online direct sales operations, which may complicate the management of our business. In order for our online marketplace to be successful, we must continue to identify and attract third-party sellers, and we may not be successful in this regard.

[Table of Contents](#)

Failure to deal effectively with any fictitious transactions or other fraudulent conduct that take place on our online marketplace would materially and adversely affect our business, financial condition and results of operations.

We may face risks with respect to fraudulent activities on our online marketplace. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our marketplace, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among third-party sellers and customers. In addition to fraudulent transactions with legitimate customers, sellers may also engage in fictitious or "phantom" transactions with themselves or collaborators in order to artificially inflate their own ratings on our online marketplace, reputation and search results rankings. This activity may harm other sellers by enabling the perpetrating seller to be favored over legitimate sellers, and may harm our customers by deceiving them into believing that a seller is more reliable or trusted than the seller actually is. This activity may also result in inflated GMV from our online marketplace. Moreover, illegal, fraudulent or collusive activities by our employees could also subject us to liability or negative publicity. Although we have internal controls and policies with regard to the review and approval of sales activities and other relevant matters, we cannot assure you that such controls and policies will prevent fraud or illegal activity by our employees. Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees would severely diminish consumer confidence in us, reduce our ability to attract new or retain current third-party sellers and customers, damage our reputation and diminish the value of our brand names, and materially and adversely affect our business, financial condition and results of operations.

Strategic alliances, investments or acquisitions may have a material and adverse effect on our business, reputation, results of operations and financial condition.

We may enter into strategic alliances with various third parties to further our business purposes from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we have in the past invested in or acquired additional assets, technologies or businesses that are complementary to our existing business, such as the following:

- In March 2014, we acquired certain e-commerce businesses and assets from Tencent and entered into a strategic cooperation agreement with Tencent, and concurrently we issued 15% of our then total issued and outstanding shares on a fully diluted basis under the treasury method to a subsidiary of Tencent.
- In February 2015, we invested a combination of US\$400 million in cash and certain resources valued at US\$497 million, as consideration for newly issued ordinary shares of Bitauto Holdings Limited, or Bitauto, an NYSE-listed provider of internet content and marketing services for China's fast-growing automotive industry, and also invested US\$100 million in newly issued series A preferred shares of Yixin Capital Limited, or Yixin, a subsidiary of Bitauto primarily engaged in e-commerce-related automotive financing platform business. In June and August 2016, we, together with certain other investors, made additional investments to purchase equity securities issued by Bitauto and Yixin.

- In May 2015, we invested a combination of US\$250 million in cash and certain resources valued at US\$108 million as consideration for newly issued Class A ordinary shares of Tuniu Corporation, or Tuniu, a Nasdaq-listed and leading online leisure travel company in China.
- In April 2016, we completed the transaction with Dada Nexus Limited, or Dada, China's largest crowdsourcing delivery company, pursuant to which our O2O business, JD Daojia, became a subsidiary of Dada and we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada. We owned approximately 47% equity interest of Dada after the completion of the transaction on a fully diluted basis.
- In June 2016, we acquired Yihaodian marketplace platform assets from Wal-Mart Stores, Inc., or Walmart, including the Yihaodian brand, websites and mobile apps, and entered into strategic cooperation arrangements with Walmart. Concurrently we issued approximately 5% of our then total issued and outstanding shares on a fully diluted basis to a subsidiary of Walmart.
- In August 2016, we completed our investment of RMB4.23 billion (US\$610 million) for newly issued ordinary shares of Yonghui Superstores Co., Ltd, or Yonghui, a leading hypermarket and supermarket operator in China.

If we are presented with appropriate opportunities, we may continue to do so in the future. Investments or acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. The costs of identifying and consummating investments and acquisitions may be significant. We may also incur significant expenses in obtaining necessary approvals from relevant government authorities in China and elsewhere in the world. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to potential unknown liabilities of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. Any such negative developments could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, our financial results could be adversely affected by our investments or acquisitions. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. We periodically review goodwill and investments for impairment. In November 2015, we decided to terminate the C2C business of Paipai.com acquired from Tencent, combating the marketing and sales of counterfeit products. As a result, we decided that the goodwill arising from the acquisition of the Paipai and QQ Wanggou combined platform business was fully impaired. Moreover, we share the results of the investments which we account for as equity method investments, although we have no control on the factors and risks that affect their business, results of operations and financial condition. In 2016, our share of results of equity investees was a loss of RMB2.8 billion (US\$0.4 billion), primarily attributable to impairment of investment in Bitauto and Tuniu and losses picked up from our equity method investments. If the investments that we account for using the equity method were in a loss position, we would pick up their loss in our consolidated statement of operations. We may continue to incur impairment charges in connection with our investments or acquisitions and pick up the losses by our equity investments, which could depress our profitability and have a material adverse impact on our financial results.

Uncertainties relating to the growth and profitability of the retail industry in China in general, and the online retail industry in particular, could adversely affect our revenues and business prospects.

We generate substantially all of our revenues from online retail. While online retail has existed in China since the 1990s, only recently have certain large online retail companies become profitable. The long-term viability and prospects of various online retail business models in China remain relatively untested. Our future results of operations will depend on numerous factors affecting the development of the online retail industry in China, which may be beyond our control. These factors include:

13

[Table of Contents](#)

- the growth of internet, broadband, personal computer and mobile penetration and usage in China, and the rate of any such growth;
- the trust and confidence level of online retail consumers in China, as well as changes in customer demographics and consumer tastes and preferences;
- the selection, price and popularity of products that we and our competitors offer online;
- whether alternative retail channels or business models that better address the needs of consumers emerge in China; and
- the development of fulfillment, payment and other ancillary services associated with online purchases.

A decline in the popularity of online shopping in general, or any failure by us to adapt our websites and improve the online shopping experience of our customers in response to trends and consumer requirements, may adversely affect our net revenues and business prospects.

Furthermore, the retail industry is very sensitive to macroeconomic changes, and retail purchases tend to decline during recessionary periods. Substantially all of our net revenues are derived from retail sales in China. Many factors outside of our control, including inflation and deflation, currency exchange rate fluctuation, volatility of stock and property markets, interest rates, tax rates and other government policies and unemployment rates can adversely affect consumer confidence and spending, which could in turn materially and adversely affect our growth and profitability. Unfavorable developments in domestic and international politics, including military conflicts, political turmoil and social instability, may also adversely affect consumer confidence and reduce spending, which could in turn materially and adversely affect our growth and profitability.

Our success depends on the continuing and collaborative efforts of our management team, and our business may be severely disrupted if we lose their services.

Our success heavily depends upon the continued services of our management. In particular, we rely on the expertise and experience of Mr. Richard Qiangdong Liu, our chairman and chief executive officer, and other executive officers. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, suppliers, know-how and key professionals and staff members. Our senior management has entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

14

[Table of Contents](#)

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly technical, fulfillment, marketing and other operational personnel with experience in the online retail industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our managerial and operating systems, fulfillment infrastructure, customer service center and other back office functions also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. Our fulfillment infrastructure is labor intensive and requires a substantial number of blue-collar workers, and these positions tend to have higher than average turnover. As of December 31, 2016, we employed a total of 83,512 warehouse and delivery personnel. We have observed an overall tightening of the labor market and an emerging trend of shortage of labor supply. Failure to obtain stable and dedicated warehousing, delivery and other labor support may lead to underperformance of these functions and cause disruption to our business. Labor costs in China have increased with China's economic development, particularly in the large cities where we operate our fulfillment centers and more generally in the urban areas where we maintain our delivery and pickup stations. Because we operate our own fulfillment infrastructure, which requires a large and rapidly growing work force, our cost structure is more vulnerable to labor costs than that of many of our competitors, which may put us at a competitive disadvantage. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

We may incur liability or become subject to administrative penalties for counterfeit or unauthorized products sold on our websites, or for products sold on our websites or content posted on our websites that infringe on third-party intellectual property rights, or for other misconduct.

We sourced our products from over 12,000 suppliers as of December 31, 2016. Third-party sellers on our online marketplace are separately responsible for sourcing the products they sell on our websites. As of December 31, 2016, we had over 120,000 third-party sellers on our online marketplace. Although we have adopted measures to verify the authenticity and authorization of products sold on our websites and avoid potential infringement of third-party intellectual property rights in the course of sourcing and selling products, we may not always be successful. As part of our cross-border e-commerce business, we source products outside of China and allow overseas brands or partners to sell their products through our online marketplace, which could make it more difficult for us to verify the authenticity and authorization of products sold.

In the event that counterfeit, unauthorized or infringing products are sold on our websites or infringing content is posted on our websites, we could face claims that we should be held liable. We have in the past received claims alleging our infringement of third parties' rights. Irrespective of the validity of such claims, we could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further sale of the relevant products. Potential liability under PRC law if we negligently participated or assisted in infringement activities associated with counterfeit goods includes injunctions to cease infringing activities, rectification, compensation, administrative penalties and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

Under our standard form agreements, we require suppliers or third-party sellers to indemnify us for any losses we suffer or any costs that we incur due to any products we source from these suppliers or any products sold by these third-party sellers. However, not all of our agreements with suppliers and third-party sellers have such terms, and for those agreements that have such terms, we may not be able to successfully enforce our contractual rights and may need to initiate costly and lengthy legal proceedings in China to protect our rights. See “—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business and companies.”

[Table of Contents](#)

We may be subject to product liability claims if people or properties are harmed by the products we sell.

We sell products manufactured by third parties, some of which may be defectively designed or manufactured. As a result, sales of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties subject to such injury or damage may bring claims or legal proceedings against us as the retailer of the product. Although we would have legal recourse against the manufacturer of such products under PRC law, attempting to enforce our rights against the manufacturer may be expensive, time-consuming and ultimately futile. In addition, we do not currently maintain any third-party liability insurance or product liability insurance in relation to products we sell. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation.

The proper functioning of our technology platform is essential to our business. Any failure to maintain the satisfactory performance of our websites and systems could materially and adversely affect our business and reputation.

The satisfactory performance, reliability and availability of our technology platform are critical to our success and our ability to attract and retain customers and provide quality customer service. All of our sales of products are made online through our websites and mobile apps, and the fulfillment services we provide to third-party sellers are related to sales of their products through our websites and mobile apps. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our websites or reduced order fulfillment performance could reduce the volume of products sold and the attractiveness of product offerings on our websites. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill customer orders. Security breaches, computer viruses and hacking attacks have become more prevalent in our industry. Because of our brand recognition in the online retail industry in China, we believe we are a particularly attractive target for such attacks. We have experienced in the past, and may experience in the future, such attacks and unexpected interruptions. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could reduce customer satisfaction, damage our reputation and result in a material decrease in our revenue.

Additionally, we must continue to upgrade and improve our technology platform to support our business growth, and failure to do so could impede our growth. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. In addition, we experience surges in online traffic and orders associated with promotional activities and holiday seasons, such as June 18 and November 11, which can put additional demands on our technology platform at specific times. If our existing or future technology platform does not function properly, it could cause system disruptions and slow response times, affecting data transmission, which in turn could materially and adversely affect our business, financial condition and results of operations.

Any deficiencies in China's internet infrastructure could impair our ability to sell products over our websites and mobile apps, which could cause us to lose customers and harm our operating results.

All of our sales of products are made online through our websites and mobile apps, and the fulfillment services we provide to third-party sellers are related to sales of their products through our websites and mobile apps. Our business depends on the performance and reliability of the internet infrastructure in China. The availability of our websites depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our ability to provide our services to our customers could be adversely affected. Almost all access to the internet in China is maintained through state-owned telecommunication carriers under administrative control, and we obtain access to end-user networks operated by such telecommunications carriers and internet service providers to give customers access to our websites. We have experienced service interruptions in the past, which were typically caused by service interruptions at the underlying external telecommunications service providers, such as the internet data centers and broadband carriers from which we lease services. Service interruptions prevent consumers from accessing our websites and mobile apps and placing orders, and frequent interruptions could frustrate customers and discourage them from attempting to place orders, which could cause us to lose customers and harm our operating results.

[Table of Contents](#)

If we fail to adopt new technologies or adapt our websites, mobile apps and systems to changing customer requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful, our business may be materially and adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our websites and mobile apps. The internet and the online retail industry are characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices, such as mobile internet, in a cost-effective and timely way. In recent years, we invested in the development of many new technologies and business initiatives, such as artificial intelligence, big data and cloud. The development of websites, mobile apps and other proprietary technologies entails significant technical and business risks. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing new technologies or adapt our websites, mobile apps, proprietary technologies and systems to meet customer requirements or emerging industry standards. If we are unable to develop technologies successfully or adapt in a cost-effective and timely manner in response to changing market conditions or customer requirements, whether for technical, legal, financial or other reasons, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control.

Purchases using mobile devices by consumers generally, and by our customers specifically, have increased significantly, and we expect this trend to continue. To optimize the mobile shopping experience, we are somewhat dependent on our customers downloading our specific mobile apps for their particular devices as opposed to accessing our sites from an internet browser on their mobile device. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing applications for these alternative devices and platforms, and we may need to devote significant resources to the development, support and maintenance of such applications. In addition, our future growth and our results of operations could suffer if we experience difficulties in the future in integrating our mobile apps into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile app download stores, if our apps receive unfavorable treatment compared to competing apps on the download stores, or if we face increased costs to distribute or have customers use our mobile apps. We are further dependent on the interoperability of our sites with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitive products could adversely affect the usage of our sites on mobile devices. In the event that it is more difficult for our customers to access and use our sites on their mobile devices, or if our customers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, our customer growth could be harmed and our business, financial condition and operating results may be adversely affected.

[Table of Contents](#)

Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations.

A significant challenge to the online retail industry is the secure storage of confidential information and its secure transmission over public networks. All of the orders and some of the payments for products we offer are made through our websites and our mobile apps. In addition, some online payments for our products are settled through third-party online payment services. We also share certain personal information about our customers with contracted third-party couriers, such as their names, addresses, phone numbers and transaction records. Maintaining complete security for the storage and transmission of confidential information on our technology platform, such as customer names, personal information and billing addresses, is essential to maintaining customer confidence.

We have adopted security policies and measures, including encryption technology, to protect our proprietary data and customer information. However, advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold as a result of our customers' visits to our websites and use of our mobile apps. Such individuals or entities obtaining our customers' confidential or private information may further engage in various other illegal activities using such information. In addition, we have limited control or influence over the security policies or measures adopted by third-party providers of online payment services through which some of our customers may choose to make payment for purchases. The contracted third-party couriers we use may also violate their confidentiality obligations and disclose or use information about our customers illegally. Any negative publicity on our websites' or mobile apps' safety or privacy protection mechanisms and policies, and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures, could have a material and adverse effect on our public image, reputation, financial condition and results of operations. We have experienced breaches of our information security measures in the past due to external causes beyond our control, such as a leak of user account information from the China Software Developer Network (CSDN) in 2011, although none of the past breaches individually or in the aggregate was material to our business or operations. We cannot assure you that similar events will not occur in the future. If we give third parties greater access to our technology platform in the future as part of providing more technology services to third-party sellers and others, it may become more challenging for us to ensure the security of our systems. Any compromise of our information security or the information security measures of our contracted third-party couriers or third-party online payment service providers could have a material and adverse effect on our reputation, business, prospects, financial condition and results of operations.

Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny. As online retail continues to evolve, we believe that increased regulation by the PRC government of data privacy on the internet is likely. We may become subject to new laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information that could affect how we store, process and share data with our customers, suppliers and third-party sellers. We generally comply with industry standards and are subject to

the terms of our own privacy policies. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

[Table of Contents](#)

The wide variety of payment methods that we accept subjects us to third-party payment processing-related risks.

We accept payments using a variety of methods, including payment on delivery, bank transfers, online payments through various third-party online payment platforms such as 99Bill, Weixin Pay and UnionPay. For certain payment methods, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and cash on delivery options. Although we deliver a majority of the orders directly to customers ourselves, we use contracted third-party couriers to service areas that are not directly covered by our delivery network. Given that customers place their orders online but often choose the cash-on-delivery option, the delivery personnel of our contracted third-party couriers collect payments on our behalf, and we require the contracted third-party couriers to remit the payment collected to us on the following day. If these companies fail to remit the payment collected to us in a timely fashion or at all, if they become unwilling or unable to provide these services to us, or if their service quality deteriorates, our business could be disrupted. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

Our delivery, return and exchange policies may materially and adversely affect our results of operations.

We have adopted shipping policies that do not necessarily pass the full cost of shipping on to our customers. We also have adopted customer-friendly return and exchange policies that make it convenient and easy for customers to change their minds after completing purchases. We may also be required by law to adopt new or amend existing return and exchange policies from time to time. For example, pursuant to the amended Consumer Protection Law, which became effective in March 2014, consumers are generally entitled to return the products purchased within seven days upon receipt without giving any reasons when they purchase the products from business operators on the internet. See “Item 4.B. Information on the Company—Business Overview—Regulation—Regulations Relating to Product Quality and Consumer Protection.” These policies improve customers’ shopping experience and promote customer loyalty, which in turn help us acquire and retain customers. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue. Our ability to handle a large volume of returns is unproven. If our return and exchange policy is misused by a significant number of customers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

We have limited experience in operating a finance business. Increased exposure to credit risks or significant deterioration in the asset quality of our finance business may have a material adverse effect on our business, results of operations and financial condition.

We started to participate in the finance sector in China in recent years. Our finance business, currently operating as Beijing Jingdong Financial Technology Holding Co., Ltd., which we refer to as JD Finance, has developed various financial products and services, including supply chain financing and microcredit, which are additional value-added services we provide to our suppliers and third-party sellers on our online marketplace, and consumer financing. Expansion in this business area involves new risks and challenges. For certain financial products, we have committed or will commit our own capital. Our lack of familiarity with the finance sector may make it difficult for us to anticipate the demands and preferences in the market and develop financial products that meet the requirements and preference. We may not be able to successfully identify new product and service opportunities or develop and introduce these opportunities to our clients in a timely and cost-effective manner, or our clients may be disappointed in the returns from financial products that we offer.

Our account receivables and loan receivables increased over 2015 and 2016 due to the credit we extended for certain of our financial products, which in turn increased our exposure to bad debts. The risk of nonpayment of loans is inherent in the finance business and we are subject to credit risk resulting from defaults in payment for loans by the suppliers, third-party sellers on our marketplace and customers. Credit risks are exacerbated in microcredit and consumer financing because there is relatively limited information available about the credit histories of the third-party sellers and customers. There can be no assurances that our monitoring of credit risk issues and our efforts to mitigate credit risks through our credit assessment and risk management policies are or will be sufficient to result in lower delinquencies. Furthermore, our ability to manage the quality of our loan portfolio and the associated credit risks will have significant impact on the results of operations of our finance business. Deterioration in the overall quality of loan portfolio and increased exposure to credit risks may occur due to a variety of reasons, including factors beyond our control, such as a slowdown in the growth of the PRC or global economies or a liquidity or credit crisis in the PRC or global finance sectors, which may adversely affect the businesses, operations or liquidity of our suppliers, third-party sellers and customers or their ability to repay or roll over their debt. Any significant deterioration in the asset quality of our finance business and significant increase in associated credit risks may have a material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)

Since 2016, JD Finance has purchased higher yield investments and resold to third-party investors. While we earn yield differentials, we are exposed to additional risks of loss or not getting expected returns that are inherent in the higher yield investments.

In addition, the development of finance business is capital intensive. To address such capital requirement, JD Finance has entered into asset-backed securitization arrangements with third-party financial institutions, under which JD Finance has transferred the legal titles or economic benefits in certain financial assets in exchange for cash proceeds. JD Finance continues to provide management, administration and collection services on the transferred financial assets and is obligated to absorb a portion of the losses incurred in the outstanding portfolio of the transferred financial assets in the event of default. Additionally, in March 2016, JD Finance raised an aggregate of RMB6.65 billion (US\$0.96 billion) from a group of investors. Despite such arrangement and capital injection, JD Finance may require additional cash resources due to further developments or changed business conditions. JD Finance may seek to obtain a credit facility or sell additional equity or debt securities.

The sale of additional equity securities could result in dilution of our equity stake in JD Finance, and the investors may have a strategy or objective different from ours with respect to JD Finance or impose conditions that could restrict the operations of JD Finance. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict its operations. It is uncertain whether financing will be available in amounts or on terms acceptable, if at all.

PRC laws and regulations concerning the internet finance industry are evolving. Although JD Finance has taken careful measures to comply with the laws and regulations that are applicable to the financial services that it offers, the PRC government authority may promulgate new laws and regulations regulating the internet finance industry in the future. We cannot assure you that any of JD Finance's service offerings or practices would not be deemed to violate any PRC laws or regulations. Moreover, developments in the internet finance industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict financial services like those JD Finance offers, which could materially and adversely affect JD Finance's business and operations.

We expect that the risks presented by our finance business as discussed above will be mitigated after our successful reorganization of JD Finance pursuant to the definitive agreements we entered into in March 2017, as a result of which we will hold neither legal ownership nor effective control of JD Finance. However, there is no assurance that those transactions contemplated by the definitive agreements will be successfully consummated at all or in a timely manner. See "—While we entered into definitive agreements relating to the reorganization of JD Finance in March 2017, there is no assurance that the transactions contemplated by the definitive agreements will be successfully consummated" below.

[Table of Contents](#)

While we entered into definitive agreements relating to the reorganization of JD Finance in March 2017, there is no assurance that the transactions contemplated by the definitive agreements will be successfully consummated.

In March 2017, we entered into definitive agreements relating to the reorganization of JD Finance, pursuant to which we will dispose of all of our 68.6% equity interest in JD Finance so that we will hold neither legal ownership nor effective control of JD Finance. Under the definitive agreements, we will receive approximately RMB14.3 billion (US\$2.1 billion) in cash upon completion of the transactions and, in exchange for certain licenses and services to be provided by us to JD Finance, we will receive 40% of the future pre-tax profit of JD Finance when JD Finance has a positive pre-tax income on a cumulative basis. In addition, we may be able to convert our profit sharing right with respect to JD Finance into 40% of JD Finance's equity interest, subject to applicable regulatory approvals. The above percentage of profit sharing and maximum equity interest issuance to us is subject to potential proportional dilution as a result of any future equity financings of JD Finance and any increases in the pool of equity interest in JD Finance reserved for the employee benefits plan of JD Finance, or ESOP pool increases.

The transactions contemplated by the definitive agreements are subject to certain closing conditions, including the receipt by JD Finance of certain payments from investors who will acquire equity interest in JD Finance as contemplated by the definitive agreements. We are working with various other parties to the definitive agreements to satisfy the closing conditions, and we expect to complete the transactions in mid-2017. However, there is no assurance that the transactions will be consummated successfully in a timely manner, or at all.

Moreover, the transactions contemplated by the definitive agreements, whether or not consummated, present a risk of diverting management focus, employee attention and resources from other strategic opportunities and from operational matters.

After the transactions contemplated by the definitive agreements relating to the reorganization of JD Finance are successfully consummated, we will not control JD Finance, over which Mr. Richard Qiangdong Liu, our chairman and chief executive officer, will obtain a majority of the voting interests. If after the reorganization, JD Finance is unable to successfully manage its business or conflicts that could arise between us and JD Finance are not resolved in our favor, our business, financial condition, results of operations and prospects could be materially and adversely affected as a result.

After the transactions contemplated by the definitive agreements relating to the reorganization of JD Finance are successfully consummated, we will not have legal ownership or effective control of JD Finance. Mr. Richard Qiangdong Liu, our chairman and chief executive officer, will have acquired 4.3% equity interest in JD Finance and obtained a majority of the voting interests in JD Finance through his equity stake and arrangements with other investors and ESOP participants in JD Finance.

JD Finance currently provides us with certain payment services on a non-exclusive basis and may provide additional services to us in the future. As noted elsewhere in this annual report, JD Finance's business is subject to a number of risks. If after the reorganization, JD Finance were not able to successfully manage these risks, its ability to continue to deliver payment and other services to us may be undermined. In such event, JD Finance might seek to amend the terms of its agreements and arrangements with us, which could potentially result in a conflict of interest. Other conflicts of interest between us and JD Finance after the reorganization of JD Finance may arise relating to commercial or strategic opportunities or initiatives. Although we and JD Finance have each agreed to certain non-competition undertakings after the reorganization, we cannot assure you that JD Finance would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If after the reorganization, JD Finance is unable to successfully manage its business or conflicts of interest that could arise between us and JD Finance are not resolved in our favor, our business, financial condition, results of operations and prospectus could be materially and adversely affected.

In addition, after we successfully complete the reorganization of JD Finance, we will continue to license certain of our intellectual properties, including our "JD" brand and related trademarks and domain names, to JD Finance in exchange for the right to receive 40% of the pre-tax profit of JD Finance, subject to certain conditions and potential proportional dilution as a result of any future equity financings and ESOP pool increases of JD Finance. While we will not control JD Finance after the reorganization, because of JD Finance's ability to continue to use our brand, our close association with JD Finance and overlapping user base, events that negatively affect JD Finance, for example, alleged engagement in inappropriate activities, involvement in any legal or administrative proceedings, or negative publicity, could also negatively affect customers', regulators' and other third parties' perception of us and our JD brand, harm our credibility and reputation and adversely affect our business.

[Table of Contents](#)

After the reorganization of JD Finance, we may not be able to acquire a direct equity ownership interest in JD Finance.

The Framework Agreement we entered into with JD Finance in connection with the reorganization of JD Finance provides for future potential equity issuances of up to 40% of equity interest in JD Finance to us in the event that JD Finance applies for and receives certain PRC regulatory approvals in the future. In addition, upon a qualified IPO or other liquidity event of JD Finance, if our total ownership of equity interests in JD Finance, if any, has not reached 40%, we would be entitled, at our election, to receive a one-time payment up to 40% of the equity value, immediately prior to such qualified IPO or other liquidity event of JD Finance. If we acquire equity interests in JD Finance in an aggregate amount less than the full 40% equity interest, then the percentage of JD Finance's equity value used to calculate the

liquidity event payment will be reduced proportionately. The above-mentioned maximum percentages of JD Finance's equity interest that may be issued to us and JD Finance's equity value in the form of liquidity payment to us at our election are also subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance.

After we successfully consummate the reorganization of JD Finance, if JD Finance does not receive the required PRC regulatory approvals mentioned above, we will not be able to acquire a direct equity ownership interest in JD Finance, and we would fail to benefit from any appreciation in its equity value beyond the date of a qualified IPO or other liquidity event of JD Finance. Our inability to reap the benefits of any appreciation in equity value of JD Finance, including in connection with a qualified IPO or other liquidity event of JD Finance, could represent a significant missed opportunity that is beyond our control. In addition, if we elect to receive a one-time payment up to 40% of the equity value of JD Finance (subject to potential proportional dilution as a result of any future financings or ESOP pool increases of JD Finance) immediately prior to a qualified IPO or other liquidity event of JD Finance, it is possible that JD Finance will not have sufficient funds to make the payment in a timely manner or on a schedule acceptable to us. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Agreements and Transactions Relating to JD Finance."

Our use of some leased properties could be challenged by third parties or government authorities, which may cause interruptions to our business operations.

Approximately 6% of the lessors of our leased warehouses, approximately 13% of the lessors of our leased offices, and approximately 5% of the lessors of our leased delivery stations and pickup stations have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Some of the leased properties were also subject to mortgage at the time the leases were entered into. If no consent had been obtained from the mortgage holder under such circumstances, the lease may not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, a substantial portion of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities.

As of the date of this annual report, we are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

[Table of Contents](#)

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

We lease properties for our offices, customer service center, warehouses, sorting centers, and delivery and pickup stations. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could materially and adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could materially and adversely affect our business and operations.

Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.

Our business is subject to governmental supervision and regulation by the relevant PRC governmental authorities, including the Ministry of Commerce, the Ministry of Industry and Information Technology, or MIIT, the Ministry of Transport, the State Post Bureau and the People's Bank of China, among others. Together, these government authorities promulgate and enforce regulations that cover many aspects of the operation of the online retail, courier, road freight transportation and finance industries, including entry into these industries, the scope of permissible business activities, licenses and permits for various business activities, and foreign investment. See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulations Relating to Foreign Investment" and "—Licenses and Permits."

Under PRC law, an entity operating courier services across multiple provinces must obtain a cross-provincial Courier Service Operation Permit and conduct its courier services within the permitted scope as indicated in the permit. Furthermore, any entity engaging in road freight transportation services in China must obtain a Road Transportation Operation Permit from the relevant road transportation administrative authorities. We operate a nationwide road freight transportation and delivery network. As of the date of this annual report, we have one cross-provincial Courier Service Operation Permit that allows Jingbangda, one of our PRC subsidiaries providing logistics services, to operate an express delivery business in 31 provinces and 158 cities in China. As of December 31, 2016, Jingbangda and its 798 branches had obtained Courier Service Operation Permits. As of the same date, Jiangsu Jingdong and its 39 branches, Jingbangda and its 19 branches had obtained Road Transportation Operation Permits that allow these entities to provide road freight transportation services. We are in the process of applying for extension of the coverage of our Courier Service Operation Permits to other areas of China and for additional Road Transportation Operation Permits for Jiangsu Jingdong's other branches and Jingbangda's branches from the appropriate level of government authorities and obtaining necessary licenses for all of our vehicles used for transporting goods. However, we cannot assure you that we can obtain such permits and licenses in a timely manner, or at all, due to complex procedural requirements and policies.

In addition, we issue one type of prepaid cards which can be used to buy most of the products sold on our websites, including those sold by third-party sellers on our online marketplace. These cards may be deemed to be multiple-purpose commercial pre-paid cards and if so, a license from the relevant authority is required. An indirect subsidiary of Suqian Limao Donghong Investment Management Co., Ltd., or Suqian Limao, one of our consolidated variable interest entities, has applied to the relevant government authority for the expansion of the business types covered by its Payment Service License to cover issuance and acceptance of pre-paid cards, and the application has been publicized by the relevant government authority on its official website. However, we cannot assure you that we can obtain the approval to expand the business types of the license in a timely manner, or at all.

Furthermore, we currently engage in online microcredit business through, among other entities, one of our subsidiaries in Shanghai. Pursuant to certain regulations issued by the Shanghai Financial Services Office, the regulatory entity of microcredit companies in Shanghai, in December 2016, microcredit companies seeking to provide microcredit services online are required to apply for approval of such regulatory entity. While we are in the process of applying for the required approval, we cannot assure you that we can obtain the approval in a timely manner, or at all. If we fail to obtain the approval, the online microcredit business carried out by the subsidiary in Shanghai may be considered not in compliance with the relevant regulations by the regulatory entity. In such event, this subsidiary may be

[Table of Contents](#)

There may be some defects with respect to the process of establishing certain of our indirect subsidiaries in China. Certain subsidiaries of our wholly foreign-owned subsidiaries in China were established without obtaining the prior approval from the relevant government authorities that supervise the relevant industries, and some obtain the relevant permits from the government authority at a level lower than as required. We have not received any notice of warning or been subject to penalties or other disciplinary action from the relevant governmental authorities with respect to these defects. However, we cannot assure you that the relevant governmental authorities would not require us to obtain the approvals, or the permits from proper level of government authorities to cure the defects, or take any other actions retrospectively in the future. If the relevant government authorities require us to cure such defects, we cannot assure you that we will be able to obtain the approvals, or the permits from proper level of government authorities, in a timely manner or at all.

We provide payment by installments or payment on credit service to certain qualified customers for purchasing relevant products sold on our websites, including those sold by us directly and those sold by third-party sellers on our online marketplace. These payment services may be deemed to be providing consumer loans. If so, an approval for consumer finance company from the relevant authority is required, and we cannot assure you that we can obtain such approval in a timely manner, or at all.

If the PRC government considers that we were operating without the proper approvals, licenses or permits, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material and adverse effect on our results of operations.

The e-commerce industry, and online retail in particular, is highly regulated by the PRC government. We are required to obtain various licenses and permits from different regulatory authorities in order to distribute certain categories of products on our websites. See “Item 4.B. Information on the Company—Business Overview—Regulation—Licenses and Permits.” We have made great efforts to obtain all the applicable licenses and permits, but due to the large number of products sold on our websites, we may not always be able to do so and we were penalized by governmental authorities for selling products without proper licenses. As we increase our product selection, we may also become subject to new or existing laws and regulations that did not affect us before.

As online retail and finance are evolving rapidly in China, new laws and regulations may be adopted from time to time to require additional licenses and permits other than those we currently have, and to address new issues that arise from time to time. For example, in April 2016, the General Office of the State Council issued the Proposals to Specifically Address Risks of Internet Finance to address certain key issues relating to the regulation of internet finance. As a result, substantial uncertainties exist regarding the interpretation and implementation of PRC laws and regulations applicable to online retail businesses and finance businesses. If we are unable to maintain and renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on commercially reasonable terms, our operations could be disrupted. For example, in May 2016, new administrative measures were promulgated to regulate the publication market in replacement of the old measures promulgated in 2011. The new measures require an entity or individual engaged in the distribution of publications via the internet or other information networks to obtain a Publication Operation Permit. Although the new measures allow foreign-invested enterprises to engage in the distribution of publications, it is uncertain how this will be implemented in practice, as the old measures provided that foreign investors may engage in the distribution of audio and video products in China only in the form of contractual joint ventures between foreign and Chinese investors. Therefore, we continue to engage in wholesale and retail of books and audio and video products and other publications through Jiangsu Yuanzhou, one of our consolidated variable interest entities. Jiangsu Yuanzhou has obtained a Publication Operation Permit, which remains valid until March 31, 2017, and we have applied to renew the Publication Operation Permit. If the PRC government requires additional licenses or permits or provides more strict supervision requirements in the future in order for us to conduct our businesses, there is no guarantee that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all.

We have granted, and may continue to grant, restricted share units and other types of awards under our Share Incentive Plan, which may result in increased share-based compensation expenses.

We have adopted a share incentive plan to provide additional incentives to employees, directors and consultants. See “Item 6.B. Directors, Senior Management and Employees—Compensation—Share Incentive Plan” for a detailed discussion. As of December 31, 2016, we had an aggregate of 11,203,502 restricted shares, which are treated as non-vested ordinary shares under U.S. GAAP, 100,682,469 restricted share units and options to purchase an aggregate of 47,659,016 ordinary shares that had been granted to our directors, officers, employees and consultants and remained outstanding, excluding awards that were forfeited or cancelled after the relevant grant date. For example, in the first quarter of 2014, we granted 93,780,970 immediately vesting restricted share units to our chairman and chief executive officer, Mr. Richard Qiangdong Liu, and we incurred share-based compensation expenses in connection with this grant to Mr. Liu in an amount of RMB3,685 million in 2014. In May 2015, our board of directors approved a 10-year compensation plan for Mr. Richard Qiangdong Liu, under which, Mr. Liu will receive RMB1.00 per year in cash salary and zero cash bonus during the 10-year period and in the meantime, Mr. Liu was granted an option to acquire a total of 26,000,000 Class A ordinary shares of the Company, at an exercise price of US\$16.70 per share or US\$33.40 per ADS, subject to a 10-year vesting schedule with 10% of the award vested on each anniversary of the grant date. We will not grant any additional equity incentive to Mr. Liu during the 10-year period. We incurred share-based compensation expenses of RMB240 million and RMB318 million (US\$46 million) in connection with this grant of option to Mr. Liu in 2015 and 2016, respectively. In addition, JD Finance adopted its own share incentive plan in 2015, which permits the granting of stock options, share appreciation rights, restricted share units and restricted shares of JD Finance to its employees, directors and consultants, and granted restricted shares units of JD Finance equivalent to approximately 7.25% and 2.94% of its ordinary shares on a fully diluted basis in 2015 and 2016, respectively. For the years ended December 31, 2014, 2015 and 2016, we recorded an aggregate of RMB4,250 million, RMB1,194 million and RMB2,344 million (US\$338 million), respectively, in share-based compensation expenses. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

[Table of Contents](#)

Our results of operations are subject to seasonal fluctuations.

We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and new patterns associated with online retail in particular. For example, we generally experience less user traffic and purchase orders during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Furthermore, sales in the traditional retail industry are significantly higher in the fourth quarter of each calendar year than in the preceding three quarters. E-commerce companies in China hold special promotional campaigns on November 11 each year, and we hold a special promotional campaign in the second quarter of each year, on June 18, to celebrate the anniversary of the founding of our business, both of which can affect our results for those quarters. Overall, the historical seasonality of our business has been relatively mild due to the rapid growth we have experienced and may increase further in the future.

Our financial condition and results of operations for future periods may continue to fluctuate. As a result, the trading price of our ADSs may fluctuate from time to time due to seasonality.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any changes in our account payable policy, marketing initiatives or investments we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. The sale of additional equity securities could result in dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. For example, the unsecured senior notes we issued in April 2016 contain covenants including limitation on liens and restriction on consolidation, merger and sale of all or substantially all of our assets. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally.

The success of our business ultimately depends on consumer spending. We derive substantially all of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China and globally, as well as economic conditions specific to online retail. The global economy, markets and levels of consumer spending are influenced by many factors beyond our control, including consumer perception of current and future economic conditions, political uncertainty, levels of employment, inflation or deflation, real disposable income, interest rates, taxation and currency exchange rates. The PRC government has in recent years implemented a number of measures to control the rate of economic growth, which have contributed to a slowdown of the PRC economy. The growth of the Chinese economy has slowed since 2012 and such slowdown may continue. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) annual growth rate slowed to 6.7% in 2016, down from 6.9% in 2015. Any continuing or worsening slowdown could significantly reduce domestic commerce in China, including through the internet generally and through us. There have also been concerns about the economic effect of the tensions in the relationship between China and other countries, including the surrounding Asian countries. An economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in China or any other market in which we may operate could have a material adverse effect on our business, financial condition and results of operations.

25

[Table of Contents](#)

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. Although we are not aware of any copycat websites that attempt to cause confusion or diversion of traffic from us at the moment, we may become an attractive target to such attacks in the future because of our brand recognition in the online retail industry in China. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our products, services or other aspects of our business. There could also be existing patents of which we are not aware that our products may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Finally, we use open source software in connection with our products and services. Companies that incorporate open source software into their products and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, results of operations and financial condition.

26

[Table of Contents](#)

We have limited insurance coverage which could expose us to significant costs and business disruption.

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased all risk property insurance covering our inventory and fixed assets such as equipment, furniture and office facilities. We maintain public liability insurance for our business activities at one location. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees. Additionally, we provide group accident insurance for all employees and supplementary medical insurance for all management and technology and other professional personnel. However, insurance companies in China currently offer limited business-related insurance products. We do not maintain business interruption insurance or product liability insurance, nor do we maintain key-man life insurance. We cannot assure you 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.

Our chairman and chief executive officer, Mr. Richard Qiangdong Liu, has considerable influence over important corporate matters. Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our chairman and chief executive officer, Mr. Richard Qiangdong Liu, has considerable influence over important corporate matters. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share in respect of matters requiring the votes of shareholders, while holders of Class B ordinary shares are entitled to twenty votes per share, subject to certain exceptions. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into the equal number of Class A ordinary shares. Due to the disparate voting powers associated with our two classes of ordinary shares, as of February 28, 2017, Mr. Liu beneficially owned 80.0% of the aggregate voting power of our company, including the 8.3% of the aggregate voting power of our company that he may exercise on behalf of Fortune Rising Holdings Limited. Mr. Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited. Fortune Rising Holdings Limited holds 48,874,410 Class B ordinary shares, representing 8.3% of the aggregate voting power of our company, for the purpose of transferring such shares to the plan participants according to our awards under our Original Plans, which were replaced by the 2013 Plan and further by the current Share Incentive Plan, and administers the awards and acts according to our instruction. Fortune Rising Holdings Limited exercises this 8.3% of the aggregate voting power of our company following our instruction. Mr. Liu, as the representative of Fortune Rising Holdings Limited, can exercise this 8.3% of the aggregate voting power of our company on behalf of Fortune Rising Holdings Limited. See “Item 6.E. Directors, Senior Management and Employees—Share Ownership.” As a result, Mr. Liu has considerable influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. In addition, under our current memorandum and articles of association, our board of directors will not be able to form a quorum without Mr. Liu for so long as Mr. Liu remains a director. This concentrated control will limit your ability to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our Class A ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

[Table of Contents](#)

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues and adversely affect the price of our ADSs.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted in internet chat-rooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. Consumers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues and adversely affect the price of our ADSs.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations, including our fulfillment infrastructure and our customer service centers, and may even require a temporary closure of our facilities. In August 2014, a severe earthquake hit part of Yunnan province in south western China, which resulted in significant casualties and property damage. While we did not suffer any loss or experience any significant increase in cost resulting from these earthquakes, if a similar disaster were to occur in the future affecting Beijing, Shanghai, Guangzhou, Wuhan, Chengdu, Shenyang or Xi'an, or any other city where we have major operations in China, our operations could be materially and adversely affected due to loss of personnel and damages to property, including our inventory and our technology systems. Our operation could also be severely disrupted if our suppliers, customers or business partners were affected by such natural disasters or health epidemics.

If we do not appropriately maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, we may be unable to accurately report our financial results and the market price of our ADSs may be adversely affected.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2016. See “Item 15. Controls and Procedures.”

However, if we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our ADSs. Furthermore, we have incurred and may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward.

Auditors of companies whose shares are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards applicable to auditors. Our independent registered public accounting firm is located in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB, notwithstanding the requirements of U.S. law, is currently unable to conduct inspections without the approval of the Chinese authorities. In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or the CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, or the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

[Table of Contents](#)

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors may be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors and potential investors of our ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Proceedings instituted by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC brought administrative proceedings against five accounting firms in China, including our independent registered public accounting firm, alleging that they had refused to produce audit work papers and other documents related to certain other China-based companies under investigation by the SEC. In January 2014, an initial administrative law decision was issued, censuring these accounting firms and suspending four of these firms from practicing before the SEC for a period of six months. The decision was neither final nor legally effective unless and until reviewed and approved by the SEC. In February 2014, four of these PRC-based accounting firms appealed to the SEC against this decision. In February 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If the firms do not follow these procedures, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to delisting of our ordinary shares from NASDAQ or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to our variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of certain of our businesses including value-added telecommunication services is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (excluding e-commerce) and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record, and foreign investors may engage in the distribution of audio and video products in China only in the form of contractual joint ventures between foreign and Chinese investors. In addition, foreign investors may engage in air freight transport agency services in China only in the form of equity or contractual joint ventures between foreign and Chinese investors.

[Table of Contents](#)

We are a Cayman Islands company and our PRC subsidiaries Jingdong Century, Star East, Jingbangda and Shanghai Shengdayuan are considered foreign-invested enterprises. Accordingly, none of these PRC subsidiaries is eligible to provide value-added telecommunication services or sell audio and video products in China or provide certain other restricted services related to our businesses, such as air freight transport agency services. As a result, we conduct or will conduct such business activities through our variable interest entities in PRC, including Jingdong 360 and Jiangsu Yuanzhou. Jingdong 360 holds our ICP license as an internet information provider. Jiangsu Yuanzhou primarily conducts the sale of books and audio and video products.

Jingdong 360, Jiangsu Yuanzhou and all of our other variable interest entities in PRC other than Suqian Limao are 45% owned by Mr. Richard Qiangdong Liu, our chairman and chief executive officer, 30% owned by Ms. Yayun Li, our employee, and 25% owned by Ms. Pang Zhang, also our employee. Suqian Limao is 62% owned by Mr. Richard Qiangdong Liu, and 38% owned by Ms. Yayun Li. Mr. Liu, Ms. Li and Ms. Zhang are PRC citizens. We entered into a series of contractual arrangements with Jingdong 360, Jiangsu Yuanzhou and other variable interest entities in China and their respective shareholders, which enable us to:

- exercise effective control over Jingdong 360, Jiangsu Yuanzhou and other variable interest entities in China;
- receive substantially all of the economic benefits of Jingdong 360, Jiangsu Yuanzhou and other variable interest entities in China; and

- have an exclusive option to purchase all or part of the equity interests in Jingdong 360, Jiangsu Yuanzhou and other variable interest entities in China when and to the extent permitted by PRC law.

Because of these contractual arrangements, we are the primary beneficiary of Jingdong 360, Jiangsu Yuanzhou and other variable interest entities in China and hence consolidate their financial results as our variable interest entities. For a detailed discussion of these contractual arrangements, see “Item 4.C. Information on the Company—Organizational Structure.”

In the opinion of Zhong Lun Law Firm, our PRC legal counsel, (i) the ownership structures of our variable interest entities in China and the PRC subsidiaries that have entered into contractual arrangements with the variable interest entities, including Jingdong Century, comply with all existing PRC laws and regulations; and (ii) the contractual arrangements between the PRC subsidiaries, including Jingdong Century, the variable interest entities and their respective shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect. However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. For example, substantial uncertainties exist as to how the draft PRC Foreign Investment Law or its implementation rules may impact the viability of our current corporate structure in the future. See “—Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.” It is uncertain whether any other new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or any of our variable interest entities are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses of such entities;
- discontinuing or restricting the conduct of any transactions between certain of our PRC subsidiaries and variable interest entities;
- imposing fines, confiscating the income from our variable interest entities, or imposing other requirements with which we or our variable interest entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our variable interest entities and deregistering the equity pledges of our variable interest entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our variable interest entities;

[Table of Contents](#)

- restricting or prohibiting our use of the proceeds of our initial public offering to finance our business and operations in China.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. 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 our variable interest entities 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 and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of our variable interest entities or our right to receive substantially all the economic benefits and residual returns from our variable interest entities and 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 our variable interest entities in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations.

We rely on contractual arrangements with our variable interest entities and their shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with Jingdong 360 and its shareholders to hold our ICP license as an internet information provider, contractual arrangements with Jiangsu Yuanzhou and its shareholders to conduct the sale of books and audio and video products and contractual arrangements with other variable interest entities for the relevant restricted businesses. Suqian Limao has an indirect subsidiary that holds our online payment license and provides online payment and settlement services. For a description of these contractual arrangements, see “Item 4.C. Information on the Company—Organizational Structure.” These contractual arrangements may not be as effective as direct ownership in providing us with control over our variable interest entities.

If we had direct ownership of our variable interest entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of those entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by our variable interest entities and their respective shareholders of their obligations under the contracts to exercise control over our variable interest entities. However, the shareholders of our variable interest entities may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with our variable interest entities. We may replace the shareholders of our variable interest entities at any time pursuant to our contractual arrangements with them and their shareholders. However, if any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our variable interest entities or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our variable interest entities may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our variable interest entities or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If our variable interest entities or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if the shareholders of our variable interest entities were to refuse to transfer their equity interest in the variable interest entities to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

[Table of Contents](#)

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration 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. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.” Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such contractual arrangements. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

Our variable interest entities hold our necessary licenses and permits including ICP license, online payment license and Aviation Transport Sales Agency Certificate and conduct our sales of books and audio and video products (including publication of e-books and online audio and video products). In the event we are unable to enforce our contractual arrangements, we may not be able to exert effective control over our variable interest entities, and our ability to conduct these businesses may be negatively affected. We generate substantially all of our revenues from products and services that are offered to customers through our websites and mobile apps and any interruption in our ability to use our websites and mobile apps may have a material and adverse effect on our financial condition and results of operations.

The shareholders of our variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Richard Qiangdong Liu, Ms. Yayun Li and Ms. Pang Zhang are the shareholders of our variable interest entities, including Jingdong 360 and Jiangsu Yuanzhou, among others. Mr. Richard Qiangdong Liu and Ms. Yayun Li are the shareholders of Suqian Limao. Mr. Richard Qiangdong Liu is our chairman and chief executive officer, and Ms. Yayun Li and Ms. Pang Zhang are our employees. The shareholders of our variable interest entities may have potential conflicts of interest with us. These shareholders may breach, or cause our variable interest entities to breach, or refuse to renew, the existing contractual arrangements we have with them and our variable interest entities, which would have a material and adverse effect on our ability to effectively control our variable interest entities and receive substantially all the economic benefits from them. For example, the shareholders may be able to cause our agreements with our variable interest entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company. Mr. Richard Qiangdong Liu is also a director and executive officer of our company. We rely on Mr. Liu to abide by the laws of the Cayman Islands and China, which provide that directors owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our variable interest entities, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries like Jingdong Century for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If these subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require Jingdong Century or any other relevant PRC subsidiary to adjust its taxable income under the contractual arrangements it currently has in place with our variable interest entities in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “—Contractual arrangements in relation to our variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our PRC variable interest entities owe additional taxes, which could negatively affected our financial condition and the value of your investment.”

[Table of Contents](#)

Under PRC laws and regulations, our wholly foreign-owned subsidiaries in China may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff welfare and bonus fund. The statutory reserve fund, enterprise expansion fund and staff welfare and bonus fund are not distributable as cash dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and consolidated variable interest entities or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and consolidated variable interest entities. We may make loans to our PRC subsidiaries and consolidated variable interest entities subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE. The statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment as approved by the Ministry of Commerce or its local counterpart and the amount of registered capital of such foreign-invested company. For example, the current amounts of approved total investment and registered capital of Jingdong Century are approximately US\$3,274 million and US\$1,398 million, respectively, which means Jingdong Century cannot obtain loans in excess of US\$1,876 million from our entities outside of China currently. The current statutory limit on the loans to our other wholly foreign-owned subsidiaries in China, such as Star East, Jingbangda and Shanghai Shengdayuan, is RMB1,800 million (US\$259 million), RMB2,000 million (US\$288 million) and US\$49 million, respectively. According to a notice issued by the People’s Bank of China regarding foreign debt on January 11, 2017, the maximum amount of foreign debt that each of our PRC subsidiaries or consolidated variable interest entities or other PRC domestic entities is allowed to borrow is two times of their respective net assets. Pursuant to this notice and other PRC laws and regulations regarding foreign debt, within a one-year grace period starting from January 11, 2017, the statutory limit for the total amount of foreign debt of

a foreign-invested company, which is subject to its own election, is either the difference between the amount of total investment and the amount of registered capital as approved by the Ministry of Commerce or its local counterpart, or two times of their respective net assets. With respect to our consolidated variable interest entities or other domestic PRC entities, the limit for the total amount of foreign debt is two times of their respective net assets pursuant to the notice.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions must be approved by or registered with the Ministry of Commerce or its local counterpart. SAFE issued SAFE Circular No. 19, which took effect on June 1, 2015. SAFE Circular No. 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC. Foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans, however, are still subject to SAFE restrictions. The use of RMB capital converted from foreign currency registered capital of a foreign-invested company may not be altered without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. The applicable SAFE regulations may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from offerings of our securities, to our consolidated variable interest entities and the subsidiaries of our wholly foreign-owned subsidiaries in China, and we may not be able to convert the foreign currency into RMB to invest in or establish certain other PRC companies in China.

[Table of Contents](#)

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to the subsidiaries of our wholly foreign-owned subsidiaries in China and our consolidated variable interest entities, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our consolidated variable interest entities by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our consolidated variable interest entities.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular No. 19 and other relevant rules and regulations, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or any consolidated variable interest entity or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or consolidated variable interest entities when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we received from our initial public offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Contractual arrangements in relation to our variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our PRC variable interest entities owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between the PRC subsidiaries, including Jingdong Century, and our variable interest entities in China, and their respective shareholders were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust those variable interest entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the variable interest entities for PRC tax purposes, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose punitive interest on our variable interest entities for the adjusted but unpaid taxes at the rate of 5% over the basic RMB lending rate published by the People's Bank of China for a period according to the applicable regulations. Our financial position could be materially and adversely affected if our variable interest entities' tax liabilities increase or if they are required to pay punitive interest.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. While the Ministry of Commerce solicited public comments on this draft in January and February 2015, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

[Table of Contents](#)

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether the investment in China is made by a foreign investor or a PRC domestic investor. The draft specifically provides that an entity established in China but "controlled" by foreign investors will be treated as a foreign investor, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the Ministry of Commerce or its local branches, treated as a PRC domestic investor provided that the entity is "controlled" by PRC entities and/or citizens. In this connection, "control" is broadly defined in the draft to cover, among others, having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. If the foreign investment falls within a "negative list", to be separately issued by the State Council in the future, market entry clearance by the Ministry of Commerce or its local branches would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "—Risks Related to Our Corporate Structure—If the PRC government deems that the contractual arrangements in relation to our variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations." and "Item 4.C. Information on the Company—Organizational Structure." Under the draft Foreign Investment Law, if a variable interest entity is ultimately controlled by a foreign investor via contractual arrangement, it would be deemed as a foreign investment. Accordingly, for the companies with a VIE structure in an industry category that is on the "negative list", the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC individual, or PRC government and its branches or agencies) Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as foreign invested enterprises and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

As of the date of this annual report, over 50% of the voting power of our issued and outstanding share capital is controlled by PRC nationals. However, the draft Foreign Investment Law has not taken a position on what actions are required to be taken with respect to the existing companies with a VIE structure, although a few possible options were proffered in the draft. Under these options, a company with VIE structures and in the business on the “negative list” at the time of enactment of the new Foreign Investment Law has either the option or obligation to disclose its corporate structure to the authorities, while the authorities, after reviewing the ultimate control structure of the company, may either permit the company to continue its business by maintaining the VIE structure (when the company is deemed ultimately controlled by PRC citizens), or require the company to dispose of its businesses and/or VIE structure. Moreover, it is uncertain whether the industries in which our variable interest entities operate, such as the industry of providing value-added telecommunication services or selling audio and video products, will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued. If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as market entry clearance, to be completed by companies with existing VIE structure like us, or we plan to apply for determination on the PRC investor during the clearance process, we face uncertainties as to whether such clearance or ratification can be timely obtained, or at all.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities.

Risks Related to Doing Business in China

Changes in China’s economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

35

[Table of Contents](#)

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and consolidated variable interest entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are subject to laws 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. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. 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 significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy 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 and results of operations. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

We are subject to consumer protection laws that could require us to modify our current business practices and incur increased costs.

We are subject to numerous PRC laws and regulations that regulate retailers generally or govern online retailers specifically, such as the Consumer Protection Law. If these regulations were to change or if we, suppliers or third-party sellers on our marketplace were to violate them, the costs of certain products or services could increase, or we could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the products or services offered on our websites and hurt our business and results of operations. For example, the amended Consumer Protection Law, which became effective in March 2014, further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on businesses that operate on the internet. Pursuant to the Consumer Protection Law, consumers are generally entitled to return goods purchased within seven days upon receipt without giving any reasons if they purchased the goods over the internet. Consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online marketplace platforms may claim damages from sellers or service providers. Where the operators of an online marketplace platform are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages from the operators of the online marketplace platforms. Operators of online marketplace platforms that know or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liability with the sellers or service providers. Moreover, if business operators deceive consumers or knowingly sell substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

36

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business and companies.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC government regulation of the internet industry include, but are not limited to, the following:

We only have control over our websites through contractual arrangements. We do not own the websites in China due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet information provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the State Council Information Office, the MIIT, and the Ministry of Public Security). The primary role of this agency is to facilitate the policy-making and legislative development in this field to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.

New laws and regulations may be promulgated that will regulate internet activities, including online retail. If these new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, issued by the MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this circular, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The circular also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. If an ICP license holder fails to comply with the requirements and also fails to remedy such non-compliance within a specified period of time, the MIIT or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP license. Currently, Jingdong 360, our PRC consolidated variable interest entity, holds an ICP license and operates our www.jd.com website. Jingdong 360 owns the relevant domain names and registered trademarks and has the necessary personnel to operate such website.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Our PRC operating entities incorporated in various locations in China have not made adequate employee benefit payments and we have recorded accruals for estimated underpaid amounts in our financial statements. We may be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

We may be required to register our operating offices outside of our residence addresses as branch offices under PRC law.

Under PRC law, a company setting up premises for business operations outside its residence address must register them as branch offices with the relevant local industry and commerce bureau at the place where the premises are located and obtain business licenses for them as branch offices. We had 6,906 delivery stations and pickup stations in 2,655 counties and districts across China as of December 31, 2016. We seek to register branch offices in all the locations where we have delivery stations and pickup stations. However, as of the date of this annual report, we have not been able to register branch offices in all of these locations. Furthermore, we may expand our fulfillment network in the future to additional locations in China, and we may not be able to register branch offices in a timely manner due to complex procedural requirements and relocation of branch offices from time to time. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business, and we may be liable for content that is displayed on our websites.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the internet. In the past, the PRC government has prohibited the distribution of information through the internet that it deems to be in violation of PRC laws and regulations. In November 2016, China promulgated the Cyber Security Law, which will become effective on June 1, 2017, to protect cyberspace security and order. Cyber Security Law tightens control of cyber security and sets forth various security protection obligations for network operators. If any of our internet information were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could 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. We may also be subject to potential liability for any unlawful actions of our customers or users of our websites or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be prevented from operating our websites in China.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The value of the RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably, and in recent years the RMB has depreciated significantly against the U.S. dollar. Since October 1, 2016, the RMB has joined the International Monetary Fund (IMF)'s basket of currencies that make up the Special Drawing Right (SDR), along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the RMB has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

[Table of Contents](#)

Significant revaluation of the RMB may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, repaying our U.S. dollar denominated notes or other payment obligations or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. In addition, appreciation or depreciation in the value of the RMB relative to U.S. dollars would affect our financial results reported in U.S. dollar terms regardless of any underlying change in our business or results of operations.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But 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 loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the Ministry of Commerce when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 is triggered. In addition, the security review rules issued by the Ministry of Commerce that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the Ministry of Commerce or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

[Table of Contents](#)

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our wholly foreign-owned subsidiaries in China to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular No. 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular No. 37, in July 2014, which replaced the SAFE Circular No. 75. SAFE Circular No. 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or

offshore assets or interests, referred to in SAFE Circular No.37 as a “special purpose vehicle.” The term “control” under SAFE Circular No. 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular No. 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued SAFE Circular No. 13, which took effect on June 1, 2015. SAFE Circular No. 13 has delegated to the qualified banks the authority to register all PRC residents’ investment in “special purpose vehicle” pursuant to the SAFE Circular No. 37, except that those PRC residents who have failed to comply with the SAFE Circular No. 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

[Table of Contents](#)

We have requested PRC residents who we know hold direct or indirect interest in our company to make the necessary applications, filings and amendments as required under SAFE Circular No. 37 and other related rules. Mr. Richard Qiangdong Liu, our founder and beneficial owner, has completed required registrations with SAFE in relation to our financing and restructuring and will make amendments when needed and required in accordance with SAFE Circular No. 37. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular No. 37 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to 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, employees, directors, supervisors and other senior management 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 a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries’ ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

In addition, the State Administration for Taxation has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the PRC who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated variable interest entities as part of their efforts to encourage the development of local businesses. We received approximately RMB215 million, RMB392 million and RMB741 million (US\$107 million) in financial incentives from local governments relating to our business operations in 2014, 2015 and 2016, respectively. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated variable interest entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

[Table of Contents](#)

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) 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; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of JD.com, Inc. and its subsidiaries outside of China is a PRC resident enterprise for PRC tax purposes. See “Item 10.E. Additional Information—Taxation—People’s Republic of China Taxation.” However, the tax resident 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.” If the PRC tax authorities determine that JD.com, Inc. or any of its subsidiaries outside of China is a PRC resident enterprise for enterprise income tax purposes, they would be subject to a 25% enterprise income tax on their global income. If these entities derive income other than dividends from their wholly-owned subsidiaries in the PRC, a 25% enterprise income tax on their global income may increase our tax burden. If JD.com, Inc. or any of its subsidiaries outside of China is classified as a PRC resident enterprise, dividends paid to it from its wholly-owned subsidiaries in China may be regarded as tax-exempted income if such dividends are deemed to be “dividends between qualified PRC resident enterprises” under the PRC Enterprise Income Tax Law and its implementation rules. However, we cannot assure you that such dividends will not be subject to PRC withholding tax, as the PRC tax authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC income tax purposes.

In addition, if JD.com, Inc. is classified as a PRC resident enterprise for PRC tax purposes and unless a tax treaty or similar arrangement provides otherwise, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, gains derived by our non-PRC individual shareholders from the sale of our shares and ADSs may be subject to a 20% PRC withholding tax. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of JD.com, Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that JD.com, Inc. is treated as a PRC resident enterprise.

[Table of Contents](#)

Under the Arrangement Between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, the dividend withholding tax rate may be reduced to 5%, if a Hong Kong resident enterprise is considered a non-PRC tax resident enterprise and holds at least 25% of the equity interests in the PRC enterprise distributing the dividends, subject to approval of the PRC local tax authority. However, if the Hong Kong resident enterprise is not considered to be the beneficial owner of such dividends under applicable PRC tax regulations, such dividends may remain subject to withholding tax at a rate of 10%. In October 2009, the State Administration of Taxation issued a circular, known as Circular 601, which provides guidance on determining whether an enterprise is a “beneficial owner” under China’s tax treaties and tax arrangements. Circular 601 provides that, in order to be a beneficial owner, an entity generally must be engaged in substantive business activities, and that a company that is set up for the purpose of avoiding or reducing taxes or transferring or accumulating profits will not be regarded as a beneficial owner and will not qualify for treaty benefits such as preferential dividend withholding tax rates. If our Hong Kong subsidiaries are, in the light of Circular 601, considered to be a non-beneficial owner for purposes of the tax arrangement mentioned above, any dividends paid to them by our wholly foreign-owned PRC subsidiaries would not qualify for the preferential dividend withholding tax rate of 5%, but rather would be subject to a rate of 10%.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The State Administration of Taxation has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises promulgated issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, excluding trading of a public overseas company’s shares through stock exchanges without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in SAT Circular 7, public market trading and tax treaty exemptions.

Under SAT Circular 7, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

[Table of Contents](#)

However, as these rules and notices are relatively new and there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and

notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Risks Related to Our ADSs

The trading price of our ADSs may be volatile.

The trading price of our ADSs ranged from US\$19.51 to US\$30.66 per ADS in 2016. The trading prices of our ADSs may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed companies based in China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies' securities after their offerings, including internet and e-commerce companies, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009, the second half of 2011, mid-2015 and early 2016, which may have a material and adverse effect on the trading price of our ADSs.

In addition to the above factors, the price and trading volume of our ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry, customers, suppliers or third-party sellers;
- announcements of studies and reports relating to the quality of our product and service offerings or those of our competitors;
- changes in the economic performance or market valuations of other online retail or e-commerce companies;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the online retail market;

Table of Contents

- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding shares or ADSs;
- sales or perceived potential sales of additional ordinary shares or ADSs; and
- proceedings instituted by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends subject to our memorandum and articles of association and certain restrictions under Cayman Islands law. Our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of February 28, 2017, we had 2,856,708,469 ordinary shares outstanding, comprising of (i) 2,386,326,636 Class A ordinary shares (excluding the 82,000,430 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plan), and (ii) 470,381,833 Class B ordinary shares. Among these shares, 1,753,528,974 Class A ordinary shares are in the form of ADSs, which are freely transferable without restriction or additional registration under the Securities Act. The remaining Class A ordinary shares outstanding and the Class B ordinary shares will be available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

[Table of Contents](#)

You, as holders of ADSs, may have fewer rights than holders of our ordinary shares and must act through the depository to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under our memorandum and articles of association, the minimum notice period required to convene a general meeting is seven days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the ordinary shares underlying your ADSs to allow you to cast your vote with respect to any specific matter. In addition, the depository and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depository to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your ADSs. Furthermore, the depository 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 such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if the ordinary shares underlying your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Except in limited circumstances, the depository for our ADSs will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote, the depository will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs at shareholders' meetings unless:

- we have instructed the depository that we do not wish a discretionary proxy to be given;
- we have informed the depository 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
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that you cannot prevent our ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depository will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

[Table of Contents](#)

You may not receive cash dividends if the depository decides it is impractical to make them available to you.

The depository will pay cash dividends on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities, and we do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. To the extent that there is a distribution, the depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may decide not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depository. However, the depository 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 depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository 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.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company with limited liability registered by way of continuation under the laws of the Cayman Islands. We conduct our operations in China and substantially all of our assets are located in China. In addition, our directors and executive officers, and some of the experts named in this annual report, reside

within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon us or these persons, or to bring an action against us or against these persons in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

There is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our director and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

[Table of Contents](#)

Since we are a Cayman Islands company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States.

Under the laws of some jurisdictions in the United States, majority and controlling shareholders generally have certain fiduciary responsibilities to the minority shareholders. Shareholder action must be taken in good faith, and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Cayman Islands law protecting the interests of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in some U.S. jurisdictions. In addition, the circumstances in which a shareholder of a Cayman Islands company may sue the company derivatively, and the procedures and defenses that may be available to the company, may result in the rights of shareholders of a Cayman Islands company being more limited than those of shareholders of a company organized in the United States.

Furthermore, our directors have the power to take certain actions without shareholder approval which would require shareholder approval under the laws of most U.S. jurisdictions. The directors of a Cayman Islands company, without shareholder approval, may implement a sale of any assets, property, part of the business, or securities of the company. Our ability to create and issue new classes or series of shares without shareholder approval could have the effect of delaying, deterring or preventing a change in control without any further action by our shareholders, including a tender offer to purchase our ordinary shares at a premium over then current market prices.

Our memorandum and articles of association contains anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A ordinary shares and ADSs.

Our memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company, including a dual-class voting structure that gives disproportionate voting power to the Class B ordinary shares held by Max Smart Limited, a company wholly-owned by our chairman and chief executive officer, Mr. Richard Qiangdong Liu and of which he is the sole director, and those held by Fortune Rising Holdings Limited of which Mr. Liu is the sole shareholder and sole director. As of February 28, 2017, Mr. Liu beneficially owned 80.0% of the aggregate voting power of our company, including the 8.3% of the aggregate voting power of our company that he may exercise on behalf of Fortune Rising Holdings Limited. Fortune Rising Holdings Limited holds the shares for the purpose of transferring such shares to the plan participants according to our awards under our Share Incentive Plan, and administers the awards and acts according to our instruction, and is therefore treated as our consolidated variable interest entity under U.S. GAAP. In addition, our memorandum and articles of association also contains a provision that grants authority to our board of directors to establish and issue 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. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

[Table of Contents](#)

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of NASDAQ. Press releases relating to financial results and material events will also be

furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a Cayman Islands company, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from NASDAQ corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with NASDAQ corporate governance listing standards.

As a Cayman Islands company listed on NASDAQ, we are subject to NASDAQ corporate governance listing standards. However, NASDAQ rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from NASDAQ corporate governance listing standards. For example, neither the Companies Law (2016 Revision) of the Cayman Islands nor our memorandum and articles of association requires a majority of our directors to be independent and we could include non-independent directors as members of our compensation committee and nominating committee, and our independent directors would not necessarily hold regularly scheduled meetings at which only independent directors are present. We follow home country practice with respect to annual meetings and did not hold an annual meeting of shareholders in 2016. We will, however, hold annual shareholders meetings in the future if there are matters that require shareholders' approval. If we choose to follow other home country practice in the future, our shareholders may be afforded less protection than they otherwise would under NASDAQ corporate governance listing standards applicable to U.S. domestic issuers.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could subject United States investors in the ADSs or ordinary shares to significant adverse tax consequences.

Depending upon the value of our assets, which may be determined based, in part, on the market value of our ADSs and ordinary shares, and the nature of our assets and income over time, we could be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes. A non-United States corporation, such as our company, will be classified as a PFIC for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. The average percentage of a corporation's assets that produce or are held for the production of passive income generally is determined on the basis of the fair market value of the corporation's assets at the end of each quarter. This determination is based on the adjusted tax basis of the corporation's assets.

In addition, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock. Although the law in this regard is unclear, we treat our variable interest entities as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of the economic benefits, and, as a result, we consolidate their results of operations in our U.S. GAAP financial statements and treat them as being owned by us for United States federal income tax purposes. If it were determined, however, that we are not the owner of our variable interest entities for United States federal income tax purposes, we may be treated as a PFIC for our taxable year ended December 31, 2016 and in future taxable years.

Based on our current income and assets and the value of our ADSs and outstanding ordinary shares, we do not believe that we were a PFIC for our taxable year ended December 31, 2016 and we do not expect to be classified as a PFIC in the foreseeable future. Because PFIC status is a fact-intensive determination, no assurance can be given that we will not be classified as a PFIC for that year. While we do not anticipate becoming a PFIC, changes in the nature of our income or assets, or fluctuations in the market price of our ADSs or ordinary shares, may cause us to become a PFIC for future taxable years. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization, which may fluctuate over time. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase.

[Table of Contents](#)

We incur increased costs as a result of being a public company.

As a public company, we incur significant accounting, legal and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and NASDAQ, have detailed requirements concerning corporate governance practices of public companies, including Section 404 of the Sarbanes-Oxley Act relating to internal controls over financial reporting. We expect these rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management will be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a strain on our management, operational and financial resources and systems for the foreseeable future.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material and adverse effect on our financial condition and results of operations.

Item 4. Information on the Company

A. History and Development of the Company

Our chairman and chief executive officer, Mr. Richard Qiangdong Liu, launched an online retail website in January 2004. He subsequently formed a company in Beijing and another company in Shanghai and conducted his online retail business through these two companies. In April 2007, we established a wholly-owned PRC subsidiary, Beijing Jingdong Century Trade Co., Ltd., or Jingdong Century, and we acquired certain intellectual property rights from the two companies Mr. Liu had established earlier, which ceased business operations and were later liquidated and dissolved.

In November 2006, we incorporated Star Wave Investments Holdings Limited under the laws of the British Virgin Islands as our offshore holding company in order to facilitate international financing. We later changed the name of this entity to 360buy Jingdong Inc. In January 2014, 360buy Jingdong Inc. was redomiciled in the Cayman Islands as an exempted company registered under the laws of the Cayman Islands, and was renamed JD.com, Inc.

We have established additional subsidiaries inside and outside of China and assisted in establishing PRC consolidated variable interest entities to conduct our business operations.

Our significant subsidiaries that conduct business operations in China include the following:

- Jingdong Century, established in April 2007, and certain of its subsidiaries in China, which primarily engage in retail business;
- Shanghai Shengdayuan Information Technology Co., Ltd., or Shanghai Shengdayuan, which was established in April 2011 and primarily operates our online marketplace business;
- Tianjin Star East Corporation Limited, or Star East, which was established in April 2012 and provides primarily warehousing and related services; and
- Beijing Jingbangda Trade Co., Ltd., or Jingbangda, which was established in August 2012 and provides primarily courier services.

[Table of Contents](#)

The significant consolidated variable interest entities and their subsidiaries that conduct our business operations in China include the following:

- Beijing Jingdong 360 Degree E-Commerce Co., Ltd., or Jingdong 360, which was established in April 2007 and holds our ICP license as an internet information provider and operates our *www.jd.com* website;
- Jiangsu Yuanzhou E-Commerce Co., Ltd., or Jiangsu Yuanzhou, which was established in September 2010 and primarily conducts the sale of books and audio and video products;
- Suqian Limao, which was established in December 2015 and holds our interest in the finance business, JD Finance;
- Beijing Jingdong Financial Technology Holding Co., Ltd., formerly known as Beijing Jingdong Shangboguanyi Investment Management Co., Ltd., or JD Finance Holdco, a subsidiary of Suqian Limao, which was established in September 2012 and is the holding company of JD Finance;
- Chinabank Payment Technology Co., Ltd., currently an indirect subsidiary of JD Finance Holdco, which was acquired in October 2012 and holds our online payment license and provides online payment services; and
- Shanghai Banghui Commercial Factoring Co., Ltd., a subsidiary of JD Finance Holdco, which was established in 2013 and engages in commercial factoring business.

In March 2014, we entered into a series of agreements with Tencent and its affiliates pursuant to which we acquired 100% interests in Tencent's Paipai and QQ Wanggou online marketplace businesses, a 9.9% stake in Shanghai Icton, logistics personnel and certain other assets. We also entered into a five-year strategic cooperation agreement and an eight-year non-compete agreement with Tencent. In April 2016, we acquired the remaining equity interest in Shanghai Icton by exercising the right previously granted to us in March 2014.

On May 22, 2014, our ADSs commenced trading on NASDAQ under the symbol "JD." We raised from our initial public offering approximately US\$1.5 billion in net proceeds after deducting underwriting commissions and the offering expenses payable by us. Concurrently with our initial public offering, we also raised US\$1.3 billion from Huang River Investment Limited, our existing shareholder, in a private placement.

In December 2014, we completed a secondary public offering, pursuant to which certain selling shareholders sold an aggregate of 26,003,171 ADSs, representing 52,006,342 Class A ordinary shares, for an aggregate gross proceeds of approximately US\$619 million, and we did not sell any ADSs in the offering.

In February 2015, we invested a combination of US\$400 million in cash and certain resources valued at US\$497 million, including exclusive access to the new and used car channels on our e-commerce sites including mobile apps and additional support from our key platforms, as consideration for newly issued ordinary shares of Bitauto, an NYSE-listed provider of internet content and marketing services for China's fast-growing automotive industry. In June 2016, we made an additional investment of US\$50 million in cash to purchase newly issued ordinary shares of Bitauto. In addition, we invested US\$100 million in newly issued series A preferred shares of Yixin, a subsidiary of Bitauto primarily engaged in e-commerce-related automotive financing platform business. In August 2016, we, together with Tencent, Baidu, Bitauto and other investors, entered into definitive agreements, pursuant to which we and other investors, invested an aggregate of US\$550 million in cash in Yixin. We currently hold approximately 25.7% of Bitauto's issued and outstanding shares and approximately 14.2% of Yixin's issued and outstanding shares.

[Table of Contents](#)

In May 2015, we made further investment to acquire newly issued Class A ordinary shares of Tuniu, a Nasdaq-listed and leading online leisure travel company in China, through a combination of US\$250 million in cash and certain resources valued at US\$108 million, including exclusive rights to operate the leisure travel channel for both our *www.jd.com* website and mobile apps, and Tuniu's being our preferred partner for hotel and air tickets booking services. Previously in December 2014, we purchased certain newly issued Class A ordinary shares of Tuniu by a cash consideration of US\$50 million. We currently hold approximately 20.7% of Tuniu's outstanding shares. Our leisure travel channel is currently operated by Tuniu.

In August 2015, we entered into definitive agreements with Yonghui, pursuant to which we subscribed for newly issued ordinary shares of Yonghui with a total consideration of RMB4.23 billion (US\$610 million). The transaction with Yonghui was completed in August 2016. As a result of the transaction, we hold approximately 10% equity interest in Yonghui. In addition, we have formed a strategic partnership with Yonghui to strengthen supply chain management capability primarily through joint procurement, and will continue to explore development opportunities in O2O initiatives and other areas of potential strategic cooperation.

In January 2016, we entered into definitive agreements with a group of investors for a RMB6.65 billion (US\$0.96 billion) financing for JD Finance. Following the closing of the financing in March 2016, we maintain a majority ownership in JD Finance.

In April 2016, we completed the transaction with Dada Nexus Limited, or Dada, China's largest crowdsourcing delivery company, pursuant to which our O2O business, JD Daojia, became a subsidiary of Dada and we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada. We owned approximately 47% equity interest of Dada after the completion of the transaction on a fully diluted basis.

In June 2016, we entered into a series of agreements with Walmart in relation to our strategic alliance with Walmart, pursuant to which Walmart subscribed for 144,952,250 of our newly issued Class A ordinary shares, which amounted to approximately 5% of our total issued and outstanding shares on a fully diluted basis at the

time. As of December 31, 2016, Walmart held Class A ordinary shares representing 10.1% of our total issued and outstanding shares, according to Walmart's statement on Schedule 13G with respect to our Class A ordinary shares, as amended. As part of our strategic alliance with Walmart, we acquired ownership of the Yihaodian marketplace platform assets, including the Yihaodian brand, websites and mobile apps. We have collaborated with Walmart on e-commerce, including launching a Sam's Club Flagship Store on JD.com, the Walmart Global Flagship Store on JD Worldwide and a two-hour delivery service from Walmart Stores in select cities through the JD Daojia app, as well as leveraging one another's supply chain to increase product selection for customers across China. As part of the strategic alliance, we also entered into an eight-year non-compete arrangement with Walmart, subject to certain conditions and exceptions.

In March 2017, we entered into definitive agreements relating to the reorganization of JD Finance. Pursuant to the definitive agreements, we will dispose of all of our 68.6% equity interest in JD Finance so that we will hold neither legal ownership nor effective control of JD Finance. Under the definitive agreements, we will receive approximately RMB14.3 billion (US\$2.1 billion) in cash upon completion of the transactions, and in exchange for certain licenses and services to be provided by us to JD Finance, we will receive 40% of the future pre-tax profit of JD Finance when JD Finance has a positive pre-tax income on a cumulative basis. In addition, we may be able to convert our profit sharing right with respect to JD Finance into 40% of JD Finance's equity interest, subject to applicable regulatory approvals. The above percentage of profit sharing and maximum equity interest issuance to us is subject to potential proportional dilution as a result of any future equity financings or ESOP increases of JD Finance. Our board of directors, acting upon the unanimous recommendation of our audit committee consisting of independent and disinterested directors, approved the definitive agreements and the transactions contemplated thereunder. The transactions contemplated by the definitive agreements are subject to certain closing conditions and are currently expected to close in mid-2017. We expect that, upon the completion of the transactions, JD Finance will be deconsolidated from our consolidated financial statements.

B. Business Overview

We are the largest e-commerce company in China and the largest Chinese retailer, both in terms of revenue, in 2016. We generated total net revenues of RMB115.0 billion, RMB181.3 billion and RMB260.1 billion (US\$37.5 billion) in 2014, 2015 and 2016, respectively. Our GMV increased from RMB242.5 billion in 2014 to RMB446.5 billion in 2015 and further to RMB658.2 billion (US\$94.8 billion) in 2016.

52

[Table of Contents](#)

We believe we provide consumers an enjoyable online retail experience. Through our content-rich and user-friendly website www.jd.com and mobile apps, we offer a wide selection of authentic products at competitive prices which are delivered in a speedy and reliable manner. We also offer convenient online and in-person payment options and comprehensive customer services. In order to have better control over fulfillment and to ensure customer satisfaction, we have built our own nationwide fulfillment infrastructure and last-mile delivery network, staffed by our own employees, which supports both our online direct sales and our online marketplace businesses. We have established strong relationships with our suppliers as we develop our online direct sales business. Leveraging our strengths, we launched our online marketplace business in 2010, which has allowed us to significantly expand our selection of products and services.

As a result of our superior customer experience, our business has grown rapidly. As a result of the rapid growth of the number of products we offer through online direct sales and marketplace, electronic products and home appliances accounted for 57.2%, 51.3% and 49.8% of our total GMV in 2014, 2015 and 2016, respectively, and general merchandise and others for 42.8%, 48.7% and 50.2%.

We foster an interactive user community that discusses, rates and reviews our products and services. We believe we have the largest online product review database of any online direct sales company in China with approximately 2,160 million product reviews generated by our customers as of December 31, 2016. We had 90.6 million, 155.0 million and 226.6 million annual active customer accounts and fulfilled approximately 651.9 million, 1,263.1 million and 1,775.4 million orders in 2014, 2015 and 2016, respectively. Our fulfilled orders excluding virtual items were 518.2 million, 1,026.8 million and 1,593.3 million in 2014, 2015 and 2016, respectively.

Timely and reliable fulfillment is critical to the success of an online retail business. Given the underdevelopment of third-party fulfillment services in China in terms of both warehousing and logistics facilities and last-mile delivery services, we made a strategic decision in 2007 to build and operate our own nationwide fulfillment infrastructure. We believe we have the largest fulfillment infrastructure of any e-commerce company in China. We operated 256 warehouses with an aggregate gross floor area of approximately 5.6 million square meters in 54 cities and 6,906 delivery stations and pickup stations in 2,655 counties and districts across China as of December 31, 2016, and had 65,968 delivery personnel, 17,544 warehouse staff and 11,699 customer service personnel as of the same date. Leveraging this nationwide fulfillment infrastructure, we deliver a majority of the orders directly to customers ourselves. As of December 31, 2016, we provided same-day and next-day delivery in 1,410 counties and districts across China.

We are a technology-driven company and have invested heavily in developing our own highly scalable proprietary technology platform that supports our rapid growth and enables us to provide value-added technology services. In addition, our sophisticated business intelligence system enables us to refine our merchandise sourcing strategy to manage our inventory turnover and control costs and to leverage our large customer database to create customized product recommendations and cost-effective and targeted advertising.

We introduced an online marketplace to leverage our brand recognition, large and growing customer base, extensive transaction data, fulfillment infrastructure and proprietary technology platform. Our online marketplace allows us to provide customers a much greater selection of products. Our online direct sales and marketplace businesses together made us the second largest B2C e-commerce company in China, with a 32.6% market share based on transaction volume in the nine months ended September 30, 2016, according to iResearch. We attract and select third-party sellers to offer authentic products to our customers through our online marketplace. We monitor third-party sellers' performance and activities on our online marketplace closely to ensure that they meet our requirements for authentic products and high-quality customer service. In addition to basic transaction processing and billing services, we offer third-party sellers a suite of value-added fulfillment and other services.

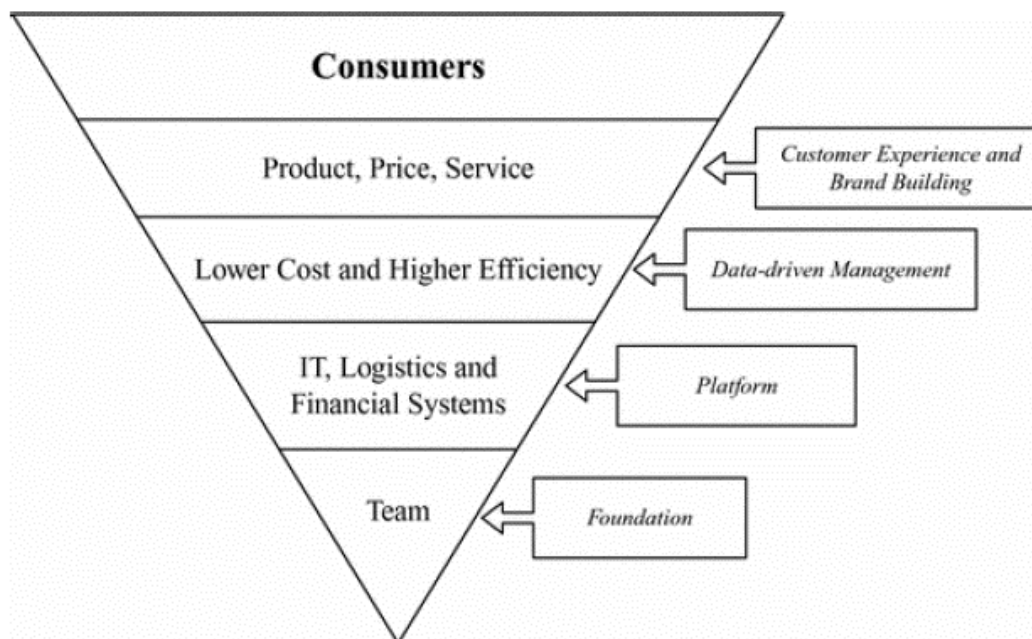
Furthermore, we launched a cross-border e-commerce platform, JD Worldwide, on JD.com in April 2015. JD Worldwide is a cross-border e-commerce platform that leverages China's free trade zones and our industry-leading logistics and marketing capabilities to provide international brands, including those without an on-the-ground presence in China, a fully integrated solution for reaching Chinese consumers. As of the end of 2016, JD Worldwide offered authentic imported products from over 70 countries and regions, covering more than 18,400 brands, with the number of stock keeping units increasing by over 270% from that as of the end of 2015. In order to better fulfill the demands from Chinese consumers, during 2016, JD Worldwide introduced more world famous brands, such as Wal-Mart, Shiseido, Philips, Barcelona Football Club, DHC, GNC, Yamada and Mattel.

53

[Table of Contents](#)

Core Philosophy

Our core philosophy to put customers always as our top priority can be illustrated by the following:



- Our team is the foundation of our company. We have built a strong and dedicated team and made significant efforts in hiring, training and retaining our workforce.
- To support our anticipated growth, we have developed a platform of comprehensive IT, logistics and financial systems to manage our flow of products, services, information and finances.
- Our data-driven management employs an array of key performance indicators to minimize costs and maximize efficiency in our operations.
- As a result, we are able to offer a broad selection of authentic products at competitive prices with comprehensive services. We strive to create a compelling online shopping experience that generates customer loyalty.

Our Business Model

Since founding our company, we have focused on developing our online direct sales business as well as building our own fulfillment infrastructure, including last mile delivery capability, and our proprietary technology platform to support our operations. As our online direct sales business grew substantially in size, we launched our online marketplace to complement it to expand our product offerings, leverage our established fulfillment infrastructure and technology platform and ensure superior customer experience. We believe that the combination of our online direct sales and online marketplace with our own nationwide fulfillment infrastructure and technology platform makes us a uniquely strong player in China's online retail industry in terms of providing superior customer experience.

Leveraging the significant scale of our business, we have also begun to offer other services that are complementary to our core business, create significant value to our business partners, including third-party sellers and suppliers, and ultimately benefit our business and customers.

[Table of Contents](#)

Online Direct Sales

In our online direct sales business, we acquire products from suppliers and sell them directly to customers. We started selling computer products online in 2004 and had introduced mobile handsets, consumer electronics products and auto parts and accessories by 2007. We significantly expanded our product offerings in 2008 with home appliances and a wide array of general merchandise product categories, and have been continually bringing new products since then. As of December 31, 2016, we offered 15 product categories through our online direct sales business model. As a result, net revenues from electronics products, which include computers, mobile handsets and other mobile digital products, and home appliances, have declined as a percentage of our total net revenues.

Online Marketplace

In our online marketplace business, third-party sellers offer products to customers over our online marketplace and pay us commissions on their sales. We launched our online marketplace in October 2010, and have been bringing new products and services to our online marketplace since then. As of December 31, 2016, there were over 120,000 third-party sellers over our online marketplace. The GMV from our online marketplace increased from RMB83.2 billion in 2014 to RMB190.9 billion in 2015 and further to RMB285.9 billion (US\$41.2 billion) in 2016. We provide transaction processing and billing services on all orders on our online marketplace, and we leverage our own nationwide fulfillment infrastructure to offer our third-party sellers additional value-added services, including delivery services or a combination of warehousing and delivery services. We require third-party sellers to meet our standards for authenticity and reliability. We aim to offer customers the same high quality customer experience regardless of the source of the products they choose.

Other Services

Value-added services. The significant scale of our business allows us to provide a variety of services to create value for our business partners and ultimately benefit our customers. For example, we provide extra value-added fulfillment services to the third-party sellers on our online marketplace, including their choice of either delivery services or a combination of warehousing plus delivery services, in addition to the basic transaction processing and billing services that we provide to them at no extra cost. We also provide online marketing services in various formats, including a proprietary online marketing technology platform through which we offer services to our suppliers and sellers on our marketplace.

JD Finance. JD Finance has developed various financial products and services, including supply chain financing and microcredit, which are additional value-added services we provide to our suppliers and third-party sellers on our online marketplace, as well as consumer financing, online payment, and various others. We are

investing in our risk assessment technologies and we believe our risk management is prudent. We will continue to develop innovative financial products that can further leverage our technology platform and our strengths in online retail. In March 2017, we entered into definitive agreements relating to the reorganization of JD Finance, pursuant to which we will dispose of all of our 68.6% equity interest in JD Finance so that we will hold neither legal ownership nor effective control of JD Finance. For a more detailed description of the agreements in relation to JD Finance, see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Agreements and Transactions Relating to JD Finance.”

O2O solutions. We believe we are well positioned to provide online-to-offline (O2O) solutions to customers and offline retailers in select locations in China by capitalizing on our strong online presence and leveraging crowdsourced delivery system.

In April 2016, we completed the transaction with Dada, China’s largest crowdsourcing delivery company, pursuant to which our O2O business, JD Daojia, became a subsidiary of Dada and we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada. We owned approximately 47% equity interest of Dada after the completion of the transaction on a fully diluted basis. The new company continues to operate its crowdsourcing delivery platform under the Dada brand. By leveraging the combined extensive crowdsourcing network of Dada and JD Daojia, the new company provides low-cost delivery services to China’s retailers, service providers and O2O enterprises. The O2O supermarket platform continues to be operated under the JD Daojia brand, and leverages the expanded delivery network, focuses on the location-based mobile commerce sector and collaborates with offline supermarkets, convenience stores and other local businesses to provide consumers with speedy premium shopping experience. As of January 31, 2017, the new Dada, had partnered with 68 Walmart stores and 139 Yonghui stores to provide consumers with speedy premium online grocery shopping experience.

[Table of Contents](#)

In June 2016, we entered into a series of agreements in relation to our strategic alliance with Walmart. As part of the strategic alliance, we acquired ownership of the Yihaodian marketplace platform assets, including the Yihaodian brand, websites and mobile apps. We have collaborated with Walmart on e-commerce, including launching a Sam’s Club Flagship Store on JD.com, the Walmart Global Flagship Store on JD Worldwide and a two-hour delivery service from Walmart Stores in select cities through the JD Daojia app, as well as leveraging one another’s supply chain to increase product selection for customers across China.

Strategic Cooperation with Tencent

On March 10, 2014, we acquired certain e-commerce businesses and assets from, and entered into a strategic cooperation agreement and formed a strategic partnership with, Tencent, a leading internet company serving the largest online community in China. Tencent offers a wide variety of internet services in China including instant messaging, social networking, online games and online media. Tencent has a large mobile internet user base, as evidenced by 889 million monthly active user accounts on Tencent’s mobile apps Weixin and Wechat as of December 31, 2016 based on publicly available data.

As part of the strategic partnership, Tencent agrees to offer us prominent level 1 access points in its mobile apps Weixin and Mobile QQ and provide internet traffic and other support from other key platforms to us. Level 1 access points refer to entries and links that Tencent users can directly access on the interfaces that will launch after one click on the home interface on Tencent’s mobile apps. We launched level 1 access on Tencent’s Weixin platform for selected Weixin users in Beijing and Shanghai first in May 2014 and subsequently rolled it out to all Weixin users in June 2014, and we also launched direct access on Tencent’s Mobile QQ in August 2014. Our partnership with Tencent’s dominant Weixin and Mobile QQ platforms has helped us generate mobile user traffic from Tencent’s large mobile user base and enhance our customers’ mobile shopping experience.

The two parties agree to cooperate in a number of areas including mobile-related products, social networking services, membership systems and payment solutions. The strategic cooperation agreement has a term of five years and applies within the territory of the Greater China, including Hong Kong, Macau and Taiwan. Under the strategic cooperation agreement, we are Tencent’s preferred partner for all physical goods e-commerce businesses, and Tencent agrees not to engage in any direct sales or managed marketplace business model in physical goods e-commerce businesses in Greater China and a few selected international markets for a period of eight years, other than through its controlled affiliate Shanghai Ictson E-Commerce Development Company Limited, or Shanghai Ictson. We expect to further leverage the strategic partnership with Tencent to enhance our customers’ online shopping experience, reach Tencent’s large mobile and internet user base and further expand our presence on mobile commerce.

On March 10, 2014, we entered into a series of agreements with Tencent and its affiliates pursuant to which we acquired 100% interests in Tencent’s Paipai and QQ Wanggou online marketplace businesses, a 9.9% stake in Shanghai Ictson, logistics personnel and certain other assets. Paipai and QQ Wanggou, which we acquired from Tencent, are online marketplaces in China that bring buyers and sellers together online. Paipai was a consumer-to-consumer or C2C marketplace, whereas QQ Wanggou was a business-to-consumer or B2C marketplace. We re-launched the Paipai C2C marketplace in July 2014, but have closed it down as of the date of this annual report. In addition, we obtained the right to acquire the remaining equity of Shanghai Ictson by March 10, 2017 at the higher of the then fair value of Shanghai Ictson or RMB800 million (US\$115 million). In April 2016, we exercised the right paying RMB800 million (US\$115 million) and acquired the remaining equity interest in Shanghai Ictson. Shanghai Ictson operates a B2C e-commerce platform in China.

Concurrent with the above transactions, the execution of the strategic cooperation agreement and for US\$214.7 million in cash to us, we issued a total of 351,678,637 ordinary shares to Huang River Investment Limited, a wholly-owned subsidiary of Tencent. We paid Tencent RMB181 million (US\$26 million) in cash as part of the consideration for the transaction during 2014. As part of the agreements, in a private placement concurrent with our initial public offering in May 2014, we issued an aggregate of 139,493,960 Class A ordinary shares to Huang River Investment Limited at the per share equivalent of the price to the public. Huang River Investment Limited is currently one of our principal shareholders and held 18.1% of our total issued and outstanding shares as of February 28, 2017.

[Table of Contents](#)

We expect to continue to leverage our strategic partnership with Tencent to enhance our ability to increase our internet and mobile user traffic, to strengthen our direct sales and marketplace businesses on internet and mobile. We believe our continued cooperation with Tencent will raise our profile among China’s fast growing and large mobile internet users, many of whom frequently use Weixin and Mobile QQ in their daily lives. We have further strengthened our team with the addition of former employees from Tencent. In October 2015, we expanded partnership with Tencent to provide merchants with innovative mobile marketing solutions. The collaboration offers businesses advanced online tools to more precisely reach their target customer groups, build brand recognition and increase return on investment on marketing by providing brands access to Tencent users.

Customer Experience

Our slogan is “多快好省” (selection, speed, quality, value), and we are committed to optimizing customer experience and achieving customer satisfaction. This commitment drives every aspect of our operations, which are focused on six core components: extensive product offerings, compelling online experience, competitive pricing, timely and accurate fulfillment, convenient payment options and superior customer service.

Products

We continually seek to add more products that appeal to our target customers. The number of products we offer has grown rapidly. Our offerings are organized into 15 product categories on our www.jd.com website:

- computers, including desktop, laptop and other varieties, as well as printers and other office equipment;
- mobile handsets and other digital products;
- home appliances;
- automobiles and accessories;
- apparel;
- shoes, bags, jewelry and luxury goods;
- furniture and household goods;
- cosmetics and other personal care items and cleaning products;
- food, beverage and fresh produce;
- nutritional supplements;
- books, e-books, music, movies and other media products;
- mother and childcare products and toys;
- sports and fitness equipment and watches;
- virtual goods, including online travel agency, tickets to the performing arts, and prepaid phone cards and game cards; and
- financing services and financial products.

[Table of Contents](#)

Each of these categories is further divided into numerous subcategories to facilitate browsing.

In building up our product offerings, we focus on quality as well as quantity. Due to our nationwide reach and our efficient fulfillment system, suppliers often choose us to launch new products that they expect will be in high demand, and we often act as the exclusive distributor for a period of days or weeks when a hot new product first becomes available for sale to the public.

Online Experience

We believe that providing a compelling online experience is critical to attracting and retaining customers and increasing orders. We make sales primarily through our content-rich and user-friendly website www.jd.com and mobile apps. Our website not only offers a broad selection of authentic products at competitive prices but also provides easy site navigation, basic and advanced search functions, comprehensive product information and a large volume of customer reviews and ratings. These features address customers' desire to view, understand and compare products before purchasing. With the increasing popularity of mobile internet-enabled devices, we have also developed apps and features adapted to mobile internet users, and we currently offer mobile access through our mobile website m.jd.com and our various iOS, Android and Windows-based mobile apps. As part of our strategic partnership with Tencent, we have launched level 1 access on Tencent's Weixin and Mobile QQ, whereby Tencent users can easily access our product offerings and have enjoyable mobile shopping experience. Approximately 80% of orders fulfilled were placed through our mobile apps in the fourth quarter of 2016, as compared to approximately 61% in the fourth quarter of 2015.

Our www.jd.com website contains the following information and features:

Comprehensive product information. Each product page contains pictures of the product, the price, a pull-down menu to show whether the product is in stock at the customer's location, customer reviews and ratings, and whether the product will be delivered by us or by one of our third-party sellers. Depending on the type of product, there will be additional information to help the customer make a purchase decision or recommendations to steer the customer towards additional products.

Interactive user community. Our website contains a large volume of helpful user-generated content. For each product, customers can provide reviews and ratings that are featured prominently on the product page. We encourage participation by granting loyalty points for posting reviews and ratings, and popular products may have thousands of reviews. We believe that we have the largest online product review database of any online direct sales company in China, which benefits our customers, suppliers and third-party sellers.

Product recommendations. Our business intelligence system generates recommendations to customers of additional products that they may wish to buy. These recommendations come in two forms. Each product page typically has recommendations for other products that are often purchased together with that product. In addition, our website makes recommendations to customers based on their past purchases and on products that they viewed but did not purchase. Our sales volume gives us extensive marketing data about customer preferences that we believe enables us to make recommendations that are appealing to our customers.

Online order tracking. Customers can log into their accounts to check the status of their orders. All packages in our system are given a bar code and their location is updated each time they are handled by one of our warehouse or delivery personnel or one of our contracted third-party couriers. Furthermore, each of our delivery personnel carries a mobile personal digital assistant, which allows customers to track their location in real time on an online map.

Pricing

We offer competitive pricing to attract and retain customers. We make continual efforts to maintain and improve an efficient cost structure and create incentives for our suppliers to provide us with competitive prices.

Pricing policy. We set our prices to be competitive with those on other major online retail websites and in physical stores in China. We typically negotiate with our suppliers for prices that are comparable to or lower than those offered to retailers in other sales channels. If we reduce the price on our website before the product is delivered to the customer, then the customer generally has an opportunity to lock in the lower price. Currently, third-party sellers are free to set their own prices on our online marketplace.

[Table of Contents](#)

Special promotions. We offer a selection of discounted products on special occasions, such as the anniversary of the founding of our company on June 18 and China's new online shopping festival on November 11, and on important holidays such as Christmas and Chinese New Year. We also hold daily promotions for selected products for a limited period of time. Special promotions attract bargain hunters and give our customers an additional incentive to visit our website regularly.

Delivery

We believe that timely and reliable fulfillment is critical to the continuing success of our business. To this end, we have incurred and will continue to incur significant expenditures in building and operating our own nationwide fulfillment infrastructure. The following are some of the advantages that derive from our nationwide fulfillment infrastructure:

Delivery network and personnel. We delivered products directly to customers in 2,655 counties and districts across China as of December 31, 2016. We deliver a majority of the orders directly to customers ourselves, and therefore our customers interact with delivery personnel more often than with any other representatives of our company. For this reason, we place great emphasis on training our delivery personnel and setting up delivery stations in more and more counties and districts. We believe that our professionally trained delivery personnel are important in helping us to shape customer experience and distinguish ourselves from our competitors.

Flexible delivery arrangements. We believe that timely and convenient delivery is an essential part of customer satisfaction, and we arrange our delivery schedule to suit our customers' needs. Customers can choose their preferred delivery period during a day, including evening delivery in selected areas, when they place orders. Our delivery personnel contact customers by telephone to arrange a convenient time for delivery. Customers who need to reschedule a delivery can log into their account on our website to look up the contact information for the delivery person and contact the delivery person directly themselves, provided that the delivery will be made by our employees.

Speedy delivery. We introduced our 211 program in 2010. For goods that we have in stock at the corresponding fulfillment center or front distribution center, any orders received by the morning deadline (11:00 a.m. in most of the locations) will be delivered on the same day, and any orders received by the evening deadline (11:00 p.m.) will be delivered by 3:00 p.m. on the following day. Customers also can request that an order placed by 3:00 p.m. be delivered in the evening on the same day in selected cities. There is no extra charge for delivery under our 211 program for orders that satisfy the minimum size requirement, and customers can check the product page on our website to see whether the product is in stock and thus eligible. The program does not cover delivery to addresses through third-party couriers or products shipped directly from our third-party sellers. Bulky items such as refrigerators or washing machines are also eligible for same-day or next-day delivery in selected areas. Customers can also request expedited delivery within two hours by paying an extra charge in a few of the major cities where we have fulfillment centers. As of December 31, 2016, our same-day and next-day delivery service covered 1,410 counties and districts across China.

Customer pickup. Customers who prefer to pick up their order themselves can select a pickup station when placing the order and use the tracking function on our website to find out when the order has arrived there. We have pickup stations at convenient locations across the country and payment can be made at the pickup station.

Global shipping. We can ship to addresses outside of China using trusted third-party courier services such as UPS, DHL and EMS. The cost of delivery is calculated and charged based on the shipping method, destination country/region and the combined package size and product weight. We take payment through various global or local payment methods, such as credit card, PayPal or Yandex money for sales outside of China.

[Table of Contents](#)

Payment

Payment-on-delivery. We accept payment-on-delivery in all of the 2,655 counties and districts where we make deliveries through our own delivery personnel. Our delivery personnel carry mobile POS machines for processing debit cards and credit cards and they also accept cash. Customers chose payment-on-delivery approximately 23% of the time in 2016.

Online payment. Customers may pay online at the time they place their order, using third-party online payment platforms such as 99Bill, Weixin Pay and UnionPay. Customers chose online payment approximately 77% of the time in 2016. We also provide our own online payment and settlement services, which we use for all of our own payment processing needs.

Other payment options. Customers may also choose to pay by postal money order. Enterprise customers can also make payment by wire transfer.

Customer Service

Providing satisfactory customer services is a high priority. Our commitment to customers is reflected in the high service levels provided by our customer service staff as well as in our product return and exchange policies.

24-7 customer service centers. We operate three 24-7 customer service centers in Suqian and Yangzhou of Jiangsu Province and Chengdu of Sichuan Province, handling all kinds of customer queries and complaints regarding our products and services. We obtained COPC (Customer Operation Performance Center) Certification in November 2014. Customers can make queries and file complaints by various means such as phone calls, online written instant messengers, JD official accounts in Weixin and Weibo, and emails. As of December 31, 2016, we had 3,696, 1,108 and 2,051 full-time customer service representatives at the Suqian, Yangzhou and Chengdu centers respectively.

Returns and exchanges. We generally allow customers to return unused goods within 7 days and to exchange defective goods within 15 days, in each case counting from the date when the customer receives the product. If customers report defects more than 15 days after receipt but still within the warranty period, we will

have defective goods repaired or take other appropriate action to satisfy the customer, depending on the nature of the problem. We will generally pick up defective items for return or exchange at the customer's address, provided that the return or exchange is requested within 15 days of receipt of the item and the address is one that is serviced by our own employees or by one of the third-party couriers that have agreed to provide this service for us. Otherwise, the customer can mail the item to one of our fulfillment centers or bring it in person to one of our pickup stations. The same policies apply to products sold through our online marketplace.

Membership program. We have established a membership program to cultivate customer loyalty and encourage our customers to make additional purchases. In addition to the original five-level membership based on the customer's level of activity on our website, we also launched a paid membership program in March 2016, called JD Plus, to further enhance customer service and increase customer stickiness. With promotional membership fee of RMB149 per year at trial stage, customers can enjoy privileges including expanded free delivery coupons, extra membership points and access to certain exclusive products. JD Plus customers also enjoy members-only prices on selected hot selling items in our new JD Selection Channel launched in early 2017.

Merchandise Sourcing

In our online direct sales business, we sourced products from over 12,000 suppliers as of December 31, 2016. Procuring products on such a massive scale requires considerable expertise, which we have built up over a number of years. We negotiate with the manufacturer or a higher-level distributor where possible in order to obtain the most favorable terms, even if we sign a contract with a lower-level distributor for operational reasons. None of our suppliers accounted for over 10% (by value) of the products we purchased in 2016. In addition, we had over 120,000 third-party sellers on our online marketplace as of December 31, 2016.

60

[Table of Contents](#)

As we increase in scale in particular product categories, we expect to increase our direct purchases from manufacturers and, where appropriate, to become an authorized reseller. We believe that our ability to establish direct relationships with manufacturers will provide improved product pricing and access to hard-to-get products. We believe that manufacturers and distributors consider us an important channel in certain product categories such as computers and mobile devices, where we are one of the largest channels in China, and we are gaining significant traction in related categories like home electronics. In addition, we have created a supplier interface on our website where our suppliers and third-party sellers access reports regarding inventory status, purchase history and customer reviews of their products. Suppliers and third-party sellers can use this information in their marketing and product development efforts and also in managing their own inventory, which helps them manage costs and makes our services more valuable to them. Leveraging our scale, strong brand and geographic reach, we seek to enter into exclusive arrangements with selected suppliers and third-party sellers for some or all of their products.

We select suppliers and third-party sellers on the basis of brand, reliability, volume and price. They must be able to meet our demands for timely supply of authentic products and also provide high quality post-sale customer service. We perform background checks on each supplier and third-party seller and the products it provides before we enter into any agreement. We examine their business licenses and the qualification certificates for their products, and check their brand recognition and make inquiries about the market acceptance of their products among players in the same industry. We also conduct on-site visits to assess and verify their location, scale of business, production capacity, property and equipment, human resources, research and development capability, quality control system and fulfillment capability. Our standard form contract requires suppliers and third-party sellers to represent that their goods are authentic and from lawful sources and do not infringe upon lawful rights of third parties and to pay us liquidated damages for any breach. We normally enter into one-year framework agreements with our suppliers and third-party sellers and renew them annually. We have also put stringent rules in place governing the operations of third-party sellers on our online marketplace. Third-party sellers will be subject to penalties or be asked to end their operations on our online marketplace if they violate the marketplace rules, for example by selling counterfeit products.

We have leveraged our insights into our suppliers' business operations to develop various financial products, including supply chain financing, as an additional value-added service we provide to our suppliers, which we believe will further strengthen our merchandising capability.

Fulfillment

We deliver a compelling customer experience by fulfilling orders quickly and accurately. To this end, we have built our nationwide fulfillment infrastructure for the prompt receipt, storage and shipment of our products. Our fulfillment infrastructure is primarily comprised of a nationwide warehouse and delivery network that we operate ourselves, supplemented by contracted third-party couriers to service areas that are not covered by our network. To further enhance inventory accountability and security, we track our inventory at all stages of the receiving and order fulfillment process.

Nationwide Fulfillment Infrastructure

We have built a nationwide fulfillment infrastructure that we believe is the largest among all e-commerce companies in China.

We had established fulfillment centers in seven major cities in China as of December 31, 2016: Shenyang in the northeast, Beijing in the north, Shanghai in the east, Wuhan in the center, Guangzhou in the south, Chengdu in the southwest and Xi'an in the northwest. Each of these fulfillment centers consists of between 11 and 32 warehouses for normal-sized items, 1 to 2 warehouses for bulky items, and associated sorting centers and related facilities. We had also established front distribution centers in another 25 major cities in China as of December 31, 2016. Each front distribution center consists of 1 to 2 warehouse stocking products that are in high demand with high turnover, 1 warehouse for bulky items, and associated sorting centers and related facilities. We have also established standalone warehouses in another 22 cities in China. We operated a total of 256 warehouses with an aggregate gross floor area of approximately 5.6 million square meters in 54 cities as of December 31, 2016. In addition, we operated 6,906 delivery stations and pickup stations in 2,655 counties and districts across China as of December 31, 2016.

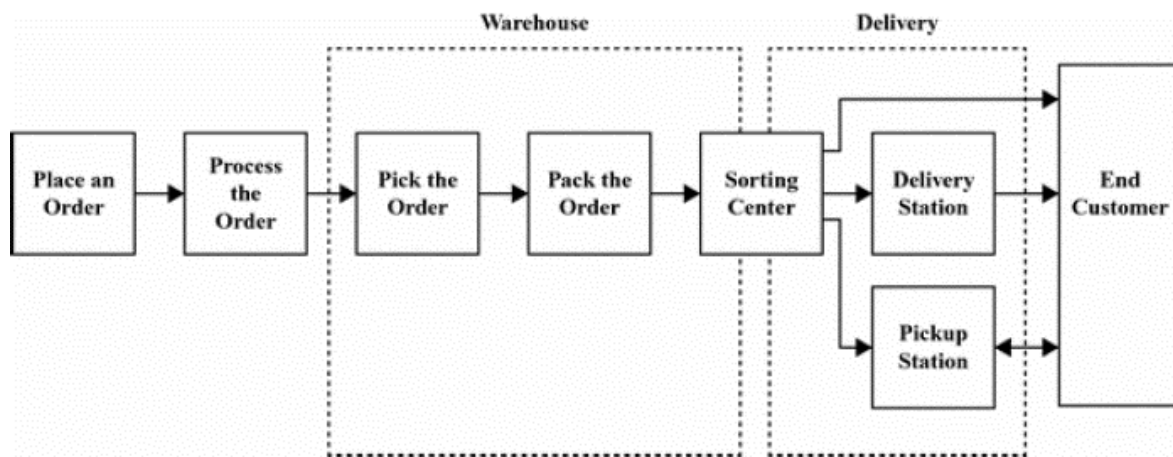
61

[Table of Contents](#)

We deliver a majority of the orders directly to customers ourselves. We maintain cooperation arrangements with a number of third-party couriers to deliver our products to our customers in those areas not covered by our own fulfillment infrastructure, particularly in smaller and less developed cities. Third-party sellers also use third-party couriers if they do not use our delivery services.

Fulfillment Process

The following flow chart outlines our fulfillment process:



When a customer places an order, our delivery management system automatically processes the order and matches it to the warehouse or warehouses with the appropriate inventory. Picking is done manually on the basis of instructions that are generated automatically by our warehouse management system. The warehouse management system also automatically generates the bar codes and shipping labels that allow our staff to match the items to the correct order in the packing process. After picking and packing, the sorting center at the warehouse ships the order to a delivery or pickup station in the customer's city for further handling and delivery. If a customer order contains products from different warehouses, the products will be combined at the last-mile delivery station and then sent to the customer in one delivery. If the customer's address is not one to which we make deliveries ourselves, we will have a third-party courier pick up the order at our sorting center to make the delivery. In some cases we also use third-party couriers to carry orders between a sorting center and a delivery station. Once the order has shipped, our system automatically updates the inventory level for each product in the order, ensuring that additional inventory will be ordered as needed. Our customers can track the shipping status of their orders through our websites or mobile apps at each step in the process.

We are in the process of constructing new, larger, custom-designed warehouses on land where we have obtained land use rights. As of December 31, 2016, we had launched the initial phase of warehouse in Shanghai, Guangzhou, Wuhan and Chongqing, and other warehouses in Shenyang and Guiyang, with an aggregate floor space of approximately 478,000 square meters. In addition, we are constructing the remaining phases of warehouses in Shanghai, Guangzhou, Wuhan and Chongqing, and also additional custom-designed warehouses in certain other cities in China. We plan to construct additional such warehouses. We believe that building our own custom-designed warehouses will not only increase our storage capacity but also allow us to restructure and reorganize our fulfillment workflow and processes.

Technology Platform

We have built our technology platform relying primarily on software and systems that we have developed in-house and to a lesser extent on third-party software that we have modified and incorporated. Our server fleet consisted of approximately 79,000 servers stored in multiple locations across the country as of December 31, 2016, and we employed 9,091 IT professionals to design, develop and operate our technology platform as of the same date. We believe that creating a comparable technology platform is an expensive and time-consuming process and constitutes a significant barrier to entry for potential competitors.

[Table of Contents](#)

Our proprietary technology platform supports our rapidly growing processing capacity requirements, provides us detailed and accurate visibility and information throughout our operation value chain, and enables harnessing of insightful data analytics.

Our strong technology platform is vital in supporting our pursuit of a continually improving customer experience, including the customer experience of our mobile users. From our website, the primary customer interface, to the back end management systems, our technology platform supports smooth and accurate operational execution as well as seamless information flow, data consistency and analytics.

The principal components of our technology platform include:

- *Website and mobile apps.* Our website, together with our mobile apps, is our primary customer interface. It provides a user-friendly customer interface, including a powerful search engine and customized product recommendations to enhance our customers' shopping experience.
- *Supplier interfaces.* Our supplier interfaces support key functions such as order tracking and inventory checking and provide data analytics to help our suppliers and third-party sellers better understand consumer needs. We have separate supplier interfaces for suppliers and third-party sellers.
- *Customer relationship management system.* Our customer relationship management system tracks customer information, including customers' outstanding orders, order and payment history, and settings and preferences, as well as all interaction between our customer service representatives and our customers, to ensure consistent and high quality customer service.
- *Supply chain management system.* Our supply chain management system includes sales forecasting, inventory management, inventory reallocation, inventory restocking, supplier management, supplier evaluations and other subsystems. It enables effective sales forecasting and inventory management that increases the efficiency of our supply chain and helps us control costs.
- *Warehouse management system.* Our warehouse management system includes such features as multiple location inventory management, cross-docking, and pick-and-pack, packaging, labeling and sorting functions to efficiently manage our warehouse workflow.
- *Delivery management system.* Our delivery management system coordinates the flow of goods between our fulfillment centers, front distribution centers and standalone warehouses and our delivery and pickup stations and the delivery address for each package in each order, providing instructions for both our own delivery personnel and our contracted third-party couriers.
- *Transaction processing system.* Our transaction processing system handles transaction processing, online receipts and disbursements, remote reimbursement and other prerequisites for conducting an online business.
- *Business intelligence system.* Our sophisticated business intelligence system leverages our large customer database to create customized product recommendations to support push and targeted marketing, allowing us to efficiently acquire new customers and increase revenue per active customer.

We have adopted security policies and measures, including encryption technology, to protect our proprietary data and customer information, and we back up our database, including customer data, every day with both on-site and off-site storage.

We will continue to develop our business intelligence system to effectively utilize the huge amount of transaction, logging and click stream data generated by our website. We are in the process of rolling out a big data platform built on top of our cloud computing infrastructure, which will further automate and streamline our data extraction, loading, transformation and mining on a distributed data storage infrastructure with unified logical data models, unified data sources, and unified access and access control.

[Table of Contents](#)

Marketing

We believe that the most effective form of marketing is to continually enhance our customer experience, as customer satisfaction engenders word-of-mouth referrals and additional purchases. We have been able to build a large base of loyal customers primarily through providing superior customer experience and conducting marketing and brand promotion activities.

In addition to continuing marketing activities through traditional online and offline channels, we have also designed certain new programs and promotion activities to further enhance the brand awareness of both us and our partners. In 2016, we successfully launched a series of “Super Brand Days” joint marketing campaigns in cooperation with 23 domestic and international top brands. As part of our overall efforts to help business partners develop brand recognition in China, the customized campaigns bring brands closer to consumers through highly effective, targeted promotions based on data-driven customer insights. Additionally, we strengthened our JD Co-branding Program to jointly promote brand awareness with many of our brand partners.

With the increasing popularity of mobile internet-enabled devices, approximately 78.3% of our orders fulfilled were placed through our mobile apps in 2016. In order to further improve customer experience and increase user engagement on mobile internet, we are exploring cooperation opportunities with many business partners on the mobile side. One successful example in 2016 is our strategic partnership with Toutiao, a leading Chinese online news and content distribution platform providing personalized content. In addition to having level one access point with Toutiao, we developed with Toutiao targeted and personalized marketing campaigns using Toutiao’s highly-regarded data mining capabilities and our sophisticated digital marketing technologies. We incurred RMB4,010 million, RMB7,736 million and RMB10,573 million (US\$1,523 million) of marketing expenses in 2014, 2015 and 2016, respectively.

Competition

The online retail industry in China is intensely competitive. Our current or potential competitors include (i) major e-commerce companies in China that offer a wide range of general merchandise product categories, such as Alibaba Group, which operates *taobao.com* and *tmall.com*, and Amazon China, which operates *amazon.cn*, and (ii) major traditional retailers in China that are moving into online retailing, such as Suning Appliance Company Limited, which operates *suning.com*, and Gome Electrical Appliances Holding Limited, which operates *gome.com.cn*. We also face competition from online retail companies in China focused on specific product categories and from physical retail stores, including big-box stores that also aim to offer a one-stop shopping experience.

We anticipate that the online retail market will continually evolve and will continue to experience rapid technological change, evolving industry standards, shifting customer requirements, and frequent innovation. We must continually innovate to remain competitive. We believe that the principal competitive factors in our industry are:

- brand recognition and reputation;
- product quality and selection;
- pricing;
- fulfillment capabilities; and
- customer service.

In addition, new and enhanced technologies may increase the competition in the online retail industry. New competitive business models may appear, for example based on new forms of social media or social commerce.

[Table of Contents](#)

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, some of our current or future competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technical or marketing resources than we do.

Seasonality

We experience seasonality in our business, reflecting a combination of seasonal fluctuations in internet usage and traditional retail seasonality patterns. For example, we generally experience less user traffic and purchase orders during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Furthermore, sales in the traditional retail industry are significantly higher in the fourth quarter of each calendar year than in the preceding three quarters. E-commerce companies in China hold special promotional campaigns on November 11 each year that tend to boost sales in the fourth quarter relative to other quarters, and we hold a special promotional campaign in the second quarter of each year, on June 18, to celebrate the anniversary of the founding of our e-commerce business. Overall, the historical seasonality of our business has been relatively mild due to our rapid growth but may increase further in the future. Due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

Intellectual Property

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our

proprietary rights. As of December 31, 2016, we owned 214 computer software copyrights in China relating to various aspects of our operations and maintained 3,035 trademark registrations inside China and 435 trademark registrations outside China. We had approximately 3,957 trademark applications inside China and 460 outside China. As of December 31, 2016, we had 297 patents granted in China, 2,345 patent applications pending in China and 184 patent applications pending outside China. As of December 31, 2016, we had registered approximately 3,344 domain names. Our registered domain names include *jd.com*, *360buy.com*, *360buy.com.cn* and *360buy.cn*, among others.

Insurance

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased all risk property insurance covering our inventory and fixed assets such as equipment, furniture and office facilities. We maintain public liability insurance for our business activities at one location. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees. Additionally, we provide group accident insurance for all employees and supplementary medical insurance for all management and technology and other professional personnel. We do not maintain business interruption insurance, nor do we maintain product liability insurance or key-man life insurance. We consider our insurance coverage to be sufficient for our business operations in China.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulations Relating to Foreign Investment

Industry Catalogue Relating to Foreign Investment. Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce and the National Development and Reform Commission. Industries listed in the Catalogue are divided into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally deemed as constituting a fourth “permitted” category. Establishment of wholly foreign-owned enterprises is generally allowed in encouraged and permitted industries. Some restricted industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to higher-level government approvals. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

65

[Table of Contents](#)

Through our subsidiaries and variable interest entities, we are engaged in certain industries that are classified as “restricted” or “prohibited” under the Catalogue. Pursuant to the latest Catalogue amended in March 2015, the provision of value-added telecommunications services falls in the restricted category and the percentage of foreign ownership cannot exceed 50% (excluding e-commerce). The publication of e-books and online audio and video products and online publication are in the prohibited category.

Each of Jingdong Century and Shanghai Shengdayuan primarily engages in the online wholesale and retail of products, the development of computer network technology, technical consultancy and technical services, which are in the permitted category. Jingbangda primarily engages in courier services that are in the permitted category and Star East primarily engages in warehousing and related services that are in the permitted category as well. Under PRC law, the establishment of a wholly foreign owned enterprise is subject to the approval of, or the requirement for record filing with, the Ministry of Commerce or its local counterparts and the wholly foreign owned enterprise must register with the competent industry and commerce bureau. We have duly obtained the approvals from the Ministry of Commerce or its local counterparts for our interest in our wholly-owned PRC subsidiaries and completed the registration of these PRC subsidiaries with the competent industry and commerce bureau.

In October 2016, the Ministry of Commerce issued the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises, or FIE Record-filing Interim Measures, effective on the same day. Pursuant to FIE Record-filing Interim Measures, the establishment and change of foreign-invested enterprises are subject to record-filing procedures, instead of prior approval requirements, provided that the establishment or change does not involve special entry administration measures. If the establishment or change of FIE matters involve the special entry administration measures, the approval of the Ministry of Commerce or its local counterparts is still required. Pursuant to the Announcement [2016] No. 22 of the National Development and Reform Commission and the Ministry of Commerce dated October 8, 2016, the special entry administration measures for foreign investment apply to restricted and prohibited categories specified in the Catalogue, and the encouraged categories are subject to certain requirements relating to equity ownership and senior management under the special entry administration measures.

Foreign Investment in Value-Added Telecommunications Businesses. The Regulations for Administration of Foreign-invested Telecommunications Enterprises promulgated by the PRC State Council in December 2001 and subsequently amended in September 2008 and February 2016 set forth detailed requirements with respect to capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-invested telecommunications enterprise. These regulations prohibit a foreign entity from owning more than 50% of the total equity interest in any value-added telecommunications service business in China and require the major foreign investor in any value-added telecommunications service business in China have a good and profitable record and operating experience in this industry. Due to these regulations, we operate our *www.jd.com* website through Jingdong 360, one of our consolidated variable interest entities.

In July 2006, the Ministry of Information Industry, the predecessor of the Ministry of Industry and Information Technology, or the MIIT, issued the Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business, pursuant to which a domestic PRC company that holds an operating license for value-added telecommunications business, which we refer to as an ICP License, is prohibited from leasing, transferring or selling the ICP License to foreign investors in any form and from providing any assistance, including resources, sites or facilities, to foreign investors that conduct a value-added telecommunications business illegally in China. Further, the domain names and registered trademarks used by an operating company providing value-added telecommunications services must be legally owned by that company or its shareholders. In addition, the company’s operational premises and equipment must comply with the approved coverage region on its ICP License, and the company must establish and improve its internal internet and information security policies and standards and emergency management procedures. If an ICP License holder fails to comply with the requirements and also fails to remedy such non-compliance within a specified period of time, the MIIT or its local counterparts have the discretion to take administrative measures against the license holder, including revoking its ICP license. Jingdong 360, the operator of our *www.jd.com* website, owns the relevant domain names and registered trademarks and has the necessary personnel to operate the website.

66

[Table of Contents](#)

Foreign Investment in Road Transportation Businesses. According to the Administrative Provisions for Foreign Investment in the Road Transportation Industry promulgated in November 2001 by the Ministry of Transport and the Ministry of Foreign Trade and Economic Cooperation, the predecessor of the Ministry of Commerce, and amended in January 2014 and its supplements and implementing rules, investment in a road transportation business (including, among other things, road freight transportation, and flitting, loading, unloading and storage of road cargo) by a foreign investor is subject to the approval of the provincial counterparts of the Ministry of Transport, and the newly established foreign-invested enterprise must obtain a Road Transportation Operation Permit from the provincial-level Ministry of Transport. The incorporation of a subsidiary of a foreign-invested enterprise that intends to engage in a road transportation business is subject to the same approval procedure. Currently, Jiangsu Jingdong, a subsidiary of Jingdong Century, and Jingbangda engage in our road transportation business. Jingbangda has obtained a Road Transportation Operation Permit from the provincial-level Ministry of Transport. Jiangsu Jingdong was established without obtaining the prior approval from the local counterpart of the Ministry of Transport and each of the branches of Jiangsu Jingdong obtained a Road Transportation Operation Permit from the county level instead of provincial-level Ministry of Transport. See “Item 3.D. Key Information—Risk Factors—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.”

Licenses and Permits

We are required to hold a variety of licenses and permits in connection with various aspects of our business, including the following:

Value-added Telecommunication License. The Telecommunications Regulations promulgated by the State Council and its related implementation rules, including the Catalogue of Classification of Telecommunications Business issued by the MIIT, categorize various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services, and internet information services, or ICP services, are classified as value-added telecommunications businesses. Under the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain an ICP License from the MIIT or its provincial level counterparts. In 2000, the State Council also issued the Administrative Measures on Internet Information Services, which was amended in 2011. According to these measures, a commercial ICP service operator must obtain an ICP License from the relevant government authorities before engaging in any commercial ICP service in China. When the ICP service involves areas of news, publication, education, medical treatment, health, pharmaceuticals and medical equipment, and if required by law or relevant regulations, specific approval from the respective regulatory authorities must be obtained prior to applying for the ICP License from the MIIT or its provincial level counterpart. In 2009, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses, which set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Jingdong 360, as our ICP operator, holds an ICP License issued by the Beijing Telecommunications Administration for the provision of information services through the internet and also a value-added telecommunication license issued by the MIIT for the provision of information services through a mobile network, the provision of internet data center services, internet access services, and online data processing and transaction processing services.

Internet Publication License/Network Publication Service License. The General Administration of Press and Publication, Radio, Film and Television, or the GAPPFRFT, established in March 2013 as a result of institutional reform integrating the State Administration of Radio, Film and Television, and the General Administration of Press and Publication, is the government agency responsible for regulating publication activities in China. In June 2002, the MIIT and the General Administration of Press and Publication jointly promulgated the Tentative Administrative Measures on Internet Publication, which require internet publishers to obtain a license from the General Administration of Press and Publication to conduct internet publication activities. In February 2016, the GAPPFRFT and the MIIT jointly issued the Administrative Measures on Network Publication, which took effect in March 2016 and replaced the Tentative Administrative Measures on Internet Publication. The Administrative Measures on Network Publication further strengthened and expanded the supervision and management on the network publication service. Pursuant to the Administrative Measures on Network Publication, entities engage in the network publication service are required to obtain a network publication service license from GAPPFRFT; the network publishing services refer to the activities of providing network publications to the public through information networks; and the network publications refer to the digitalized works with the publishing features such as editing, producing and processing. The Administrative Measures on Network Publication also provide the detailed qualifications and application procedures for obtaining a Network Publication Service License. Jingdong 360 holds a Network Publication Service License, which will expire in December 2021.

[Table of Contents](#)

Online Culture Operating Permit. The Provisional Measures on Administration of Internet Culture, promulgated by the Ministry of Culture in 2011, and other related rules require entities to obtain an Online Culture Operating Permit from the applicable provincial level culture administrative authority to engage in activities related to “online cultural products.” Cultural products include music, games, performances, performing arts, works of art, and animation features and cartoons, while “online” includes both products produced for the internet and products converted from offline products and disseminated over the internet. Jingdong 360 holds an Online Culture Operating Permit issued by the Beijing Municipal Bureau of Culture, which will remain valid until December 2017.

Internet Drug Information Service Qualification Certificate. The State Food and Drug Administration, or the SFDA, promulgated the Administrative Measures on Internet Drug Information Service in July 2004 and certain implementing rules and notices thereafter. 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 SFDA. Jingdong 360 holds an Internet Drug Information Service Qualification Certificate issued by the Beijing Drug Administration for the provision of internet medical information services, which will remain valid until August 2019.

Aviation Transport Sales Agency Certificate. The Rules on Cognizance of Qualification for Civil Aviation Transport Sales Agencies, issued by the China Aviation Transportation Association in 2006, require any entity acting as an air-ticketing sales agency to obtain an Aviation Transport Sales Agency Certificate. Supplemental rules issued in 2008 require any air-ticketing sales agency engaging in online ticket sales to obtain an ICP License and complete a commercial website registration with the local administration for industry and commerce. Jingdong 360, has obtained an ICP License as well as Aviation Transport Sales Agency Certificate, which remains valid until April 2018, for sales of air passengers transport tickets for both domestic and international air routes. In addition, Beijing Yuanyi, another consolidated variable interest entity, has obtained an Aviation Transport Sales Agency Certificate for sales of air freight transport tickets for domestic air routes, which remains valid until October 2018.

Courier Service Operation Permit. Pursuant to the Administrative Measures on the Courier Service Market and the Administrative Measures on Courier Service Operation Permits, any entity engaging in courier services must obtain a Courier Service Operation Permit from the State Post Bureau or its local counterpart and is subject to their supervision and regulation. Entities applying for a permit to operate courier services in a certain province should apply to the provincial level post bureau, while an entity applying for a permit to operate courier services across multiple provinces should apply to the State Post Bureau. An entity holding a cross-provincial Courier Service Operation Permit may provide courier services in cities other than its place of registration by establishing new branches at these cities and then filing with the relevant provincial post bureau for those branches within 20 days. The courier business must be operated within the permitted scope and valid term of the Courier Service Operation Permit. We have one cross-provincial Courier Service Operation Permit that allows Jingbangda, one of our PRC subsidiaries providing logistics services, to operate an express delivery business in 31 provinces and 158 cities in China. As of December 31, 2016, Jingbangda and its 798 branches had obtained Courier Service Operation Permits. We are in the process of applying for extension of the coverage of our Courier Service Operation Permits to other areas of China. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.”

[Table of Contents](#)

Road Transportation Operation Permit. Under the Regulations on Road Transportation promulgated by the State Council in April 2004 and as amended, and the Provisions on Administration of Road Transportation and Stations (Sites) issued by the Ministry of Transport in June 2005 and as amended, anyone engaging in the business of operating road transportation and stations (sites) must obtain a Road Transportation Operation Permit, and each vehicle used for shipping must have a Road Transportation Certificate. As of December 31, 2016, Jiangsu Jingdong and its 39 branches and Jingbangda and its 19 branches had obtained Road Transportation Operation Permits, and Jiangsu Jingdong's and Jingbangda's other branches are in the process of applying for additional Road Transportation Operation Permits. See "Item 3.D. Key Information—Risk Factors—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations."

Publication Operation Permit. In May 2016, the Ministry of Commerce and the General Administration of Press and Publication jointly promulgated the Administrative Measures for the Publication Market (2016 Version), or the Publication Market Measures (2016 Version), which replaced the Administrative Measures for the Publication Market (2011 Version), or the Publication Market Measures (2011 Version). According to the Publication Market Measures (2016 Version), where an entity or individual is engaged in the distribution of publications via the internet or other information networks, the entity or individual is required to obtain a Publication Operation Permit. Entities and individuals engaged in the wholesale or retail of publications are required to carry out the relevant activities within the scope of a Publication Operation Permit. Where an entity or individual has obtained the Publication Operation Permit and is engaged in the distribution of publications via the internet or other information networks within the approved business scope, the entity or individual is required to complete record filing with the publication administrative department within 15 days after launching the online distribution business. Although the Publication Market Measures (2016 Version) allow foreign-invested enterprises to engage in the distribution of publications, it is uncertain how this will be implemented in practice. According to the Publication Market Measures (2011 Version), foreign investors may engage in the distribution of audio and video products in China only in the form of contractual joint ventures between foreign and Chinese investors. Due to these restrictions in practice, we engage in wholesale and retail of books and audio and video products and other publications through Jiangsu Yuanzhou, one of our consolidated variable interest entities. Jiangsu Yuanzhou has obtained a Publication Operation Permit, which remains valid until March 31, 2017, and we have applied to renew the Publication Operation Permit.

Payment Service License. The Measures for the Administration of Payment Services of Non-Financial Institutions, issued by the People's Bank of China in 2010, and its implementing rules require any non-financial institution engaging in payment services, such as online payment, issuance and acceptance of prepaid cards, and bill collection via bankcard, to obtain a Payment Service License. The registered capital of an applicant that engages in a nationwide payment business must be at least RMB100 million (US\$14.4 million), while that of an applicant engaging in payment business within a province must be at least RMB30 million (US\$4.3 million). Pursuant to the Administrative Measures for Online Payment Services of Non-bank Payment Institutions issued by the People's Bank of China in 2015, a payment institution must follow the principles of "know your clients" and establish a sound client identification mechanism. A payment institution must not open payment accounts for financial institutions, or other institutions engaging in financial services such as credit extension, financing, wealth management, guarantee, trust or currency exchange. In addition, it must not engage in or, in a disguised form, engage in businesses such as securities, insurance, credit loans, financing, wealth management, guarantee, trust, currency exchange, cash deposit and withdrawal services. Pursuant to the Guiding Opinions on Pilot Services of Cross-border Foreign Exchange Payment by Payment Institutions issued by SAFE in January 2015, any payment institution engaging in providing cross-border foreign exchange payment services must be approved by SAFE or its branches. An indirect subsidiary of JD Finance Holdco has obtained a Payment Service License from the People's Bank of China with a term valid until May 2021. The Payment Service License enables us to engage in nationwide online payment business through internet, mobile phone and bill collection business via bankcard in Beijing. In addition, the subsidiary has also applied to the People's Bank of China for the expansion of the business types covered in the Payment Service License to cover issuance and acceptance of pre-paid cards, and the application has been publicized by the relevant government authority on its official website. Furthermore, the subsidiary has also obtained the approval from SAFE for cross-border foreign exchange payment services.

Food Distribution Permit. China has adopted a licensing system for food supply operations under the Food Safety Law and its implementation rules. Entities or individuals that intend to engage in food production, food distribution or food service businesses must obtain licenses or permits for such businesses. Pursuant to the Administrative Measures on Food Operation Licensing issued by the SFDA in August 2015, an enterprise needs to obtain a Food Operation Permit from the local food and drug administration, and the permits already obtained by food business operators prior to the effective date of these new measures will remain valid for their originally approved validity period. We sell food, liquor and nutritional supplements through our websites. Our PRC subsidiaries or their branches engaging in food distribution business have obtained Food Distribution Permits.

[Table of Contents](#)

Medical Device Operation Enterprise Permit. The Regulations on Supervision and Administration of Medical Devices, issued by the State Council in 2000 and further amended in March 2014, divide medical devices into three types. Enterprises engaging in the sale of Type I medical devices must file with the relevant drug supervision and administration authority while those engaging in the sale of Type II and Type III medical devices must obtain a Medical Device Operation Enterprise Permit from the relevant drug supervision and administrative authority. Beijing Jingdong Century Information Technology Co., Ltd., a subsidiary of Jingdong Century, has obtained a Medical Device Operation Enterprise Permit for the sale of several types of Type III medical devices, which remains valid until October 2021.

Permit for Production and Operation of Radio and TV Programs. Under the Regulations on the Administration of Production of Radio and Television Programs issued by the State Administration of Radio, Film and Television in July 2004 and amended in August 2015, any entities that engage in the production of radio and television programs are required to apply for a Permit for Production and Operation of Radio and TV Programs from the State Administration of Radio, Film and Television, now the General Administration of Press and Publication, Radio, Film and Television, or its provincial branches. Entities with this permit must conduct their business operations in compliance with the approved scope of production and operation. Furthermore, entities other than radio and TV stations are prohibited from producing consolidated radio and TV programs regarding current political news or similar subjects. Jingdong 360 has obtained a Permit for Production and Operation of Radio and TV Programs, which remains valid until November 2017.

Regulations Relating to E-Commerce

China's e-commerce industry is at a relatively early stage of development and there are few PRC laws or regulations specifically regulating the e-commerce industry. In May 2010, the State Administration of Industry and Commerce adopted the Interim Measures for the Administration of Online Commodities Trading and Relevant Services, which took effective in July 2010. Under these measures, enterprises or other operators which engage in online commodities trading and other services and have been registered with the State Administration of Industry and Commerce or its local branches must make the information stated in their business license available to the public or provide a link to their business license on their website. Online distributors must adopt measures to ensure safe online transactions, protect online shoppers' rights and prevent the sale of counterfeit goods. Information on products and transactions released by online distributors must be authentic, accurate, complete and sufficient.

In January 2014, the State Administration of Industry and Commerce promulgated the Administrative Measures for Online Trading, which terminated the above interim measures and became effective in March 2014. The Administrative Measures for Online Trading further strengthen the protection of consumers and impose more stringent requirements and obligations on online business operators and third-party online marketplace operators. For example, online business operators are required to issue invoices to consumers for online products and services. Consumers are generally entitled to return products purchased from online business operators within seven days upon receipt, without giving any reason. Online business operators and third-party online marketplace operators are prohibited from collecting any information on consumers and business operators, or disclosing, selling or providing any such information to any third party, or sending commercial electronic messages to consumers, without their consent. Fictitious transactions, deletion of adverse comments and technical attacks on competitors' websites are prohibited as well. In addition, third-party online marketplace operators are required to examine and verify the identifications of the online business operators and set up and keep relevant records for at least two years. Moreover, any third-party online marketplace operator that simultaneously engages in online trading for products and services should clearly distinguish itself from other online business operators on the marketplace platform.

In March 2016, the State Administration of Taxation, the Ministry of Finance and the General Administration of Customs jointly issued the Circular on Tax Policy for Cross-Border E-commerce Retail Imports, which took effect in April 2016. Pursuant to this circular, goods imported through the cross-border e-commerce retail are subject to tariff, import value-added tax, or VAT, and consumption tax based on the types of goods. Individuals purchasing any goods imported through cross-border e-commerce retail are taxpayers, and e-commerce companies, companies operating e-commerce transaction platforms or logistic companies are required to withhold the taxes.

[Table of Contents](#)

We are subject to these measures as a result of our online direct sales and online marketplace.

Regulations Relating to Internet Content and Information Security

The Administrative Measures on Internet Information Services specify that internet information services regarding news, publications, education, medical and health care, pharmacy and medical appliances, among other things, are to be examined, approved and regulated by the relevant authorities. Internet information providers are prohibited from providing services beyond those included in the scope of their ICP licenses or filings. Furthermore, these measures clearly specify a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the lawful rights and interests of others. Internet information providers that violate the prohibition may face criminal charges or administrative sanctions by the PRC authorities. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offending content immediately, keep a record of it and report to the relevant authorities.

Internet information in China is also regulated and restricted from a national security standpoint. The National People's Congress, China's national legislative body, has enacted the Decisions on Maintaining Internet Security, which may subject violators to criminal punishment in China for any effort to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit use of the internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content.

In addition, the Standing Committee of the National People's Congress promulgated the Cyber Security Law of the People's Republic of China, or the Cyber Security Law, which will become effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cyber Security Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cyber security, or engage in activities by making use of the network that endanger the national security, honor and interests, or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cyber Security Law sets forth various security protection obligations for network operators, which are defined as "owners and administrators of networks and network service providers", including, among others, complying with a series of requirements of tiered cyber protection systems; verifying users' real identity; localizing the personal information and important data gathered and produced by key information infrastructure operators during operations within the PRC; and providing assistance and support to government authorities where necessary for protecting national security and investigating crimes.

Regulations Relating to Internet Privacy

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. The Administrative Measures on Internet Information Services prohibit ICP service operators from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the MIIT in 2011, an ICP operator may not collect any user personal information or provide any such information to third parties without the consent of a user. An ICP service operator must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An ICP service operator is also required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the ICP service operator must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunications regulatory authority. In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People's Congress in December 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An ICP service operator must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying of any such information, or selling or proving such information to other parties. Any violation of the above decision or order may subject the ICP service operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities. Furthermore, in June 2016, the State Internet Information Office issued the Administrative Provisions on Mobile Internet Applications Information Services, which became effect on August 1, 2016, to further strengthen the regulation of the mobile app information services. Pursuant to these provisions, owners or operators of mobile apps that provide information services are required to be responsible for information security management, establish and improve the protective mechanism for user information, observe the principles of legality, rightfulness and necessity, and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users' personal information. In addition, the new Cyber Security Law also requires network operators to strictly keep confidential users' personal information that they have collected and to establish and improve user information protective mechanism. We have required our users to consent to our collecting and using their personal information, and established information security systems to protect user's privacy.

[Table of Contents](#)

Regulations Relating to Product Quality and Consumer Protection

The Product Quality Law applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's

manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The Consumer Protection Law sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties when personal damages are involved or if the circumstances are severe. The Consumer Protection Law was further amended in October 2013 and became effective in March 2014. The amended Consumer Protection Law further strengthen the protection of consumers and impose more stringent requirements and obligations on business operators, especially on the business operators through the internet. For example, the consumers are entitled to return the goods (except for certain specific goods) within seven days upon receipt without any reasons when they purchase the goods from business operators on the internet. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online marketplace platforms may claim damages from sellers or service providers. Where the providers of the online marketplace platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages from the providers of the online marketplace platforms. Providers of online marketplace platforms that know or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers or knowingly sell substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

We are subject to the Product Quality Law and the Consumer Protection Law as an online supplier of commodities and a provider of online marketplace platform and believe that we are currently in compliance with these regulations in all material aspects.

[Table of Contents](#)

Regulations Relating to Pricing

In China, the prices of a very small number of products and services are guided or fixed by the government. According to the Pricing Law, business operators must, as required by the government departments in charge of pricing, mark the prices explicitly and indicate the name, origin of production, 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 commit the specified unlawful pricing activities, such as colluding with others to manipulate the market price, using false or misleading prices to deceive consumers to transact, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law may subject business operators to administrative sanctions such as warning, ceasing unlawful activities, compensation, confiscating illegal gains, fines. The business operators may be ordered to suspend business for rectification, or have their business licenses revoked if the circumstances are severe. We are subject to the Pricing Law as an online retailer and believe that our pricing activities are currently in compliance with the law in all material aspects.

Regulations Relating to Consumer Finance

Pursuant to the Pilot Administrative Measures for Consumer Finance Companies issued by China Banking Regulatory Commission, or the CBRC, in November 2013, which became effective in January 2014, any non-banking financial institution providing consumer loans to individual residents in mainland China must be approved by the CBRC. The capital contributors of a consumer finance company include a principal contributor and ordinary contributors. In order for a financial institution to serve as a principal contributor, it must satisfy a series of conditions, including the following: it must have at least five years of experience in the field of consumer finance, its total assets as at the end of the past year must be no less than RMB60 billion (US\$8.6 billion) or its equivalent in a freely convertible currency, it must be in sound financial conditions, and it has been profitable for the past two consecutive fiscal years. In order for a non-financial institution to serve as a principal contributor, it must satisfy a series of conditions, including the following: its revenue for the past year must be not less than RMB30 billion (US\$4.3 billion) or its equivalent in a freely convertible currency, its net assets as at the end of the past year must be not less than 30% of its total assets, it must be in sound financial conditions, and it has been profitable for the past two consecutive fiscal years. The minimum amount of registered capital of a consumer finance company is RMB300 million (US\$43.2 million) or its equivalent in a freely convertible currency, which must be fully paid in a lump sum. See "Item 3.D. Key Information—Risk Factors—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations."

Regulations Relating to Microcredit

The Guidance on the Pilot Establishment of Microcredit Companies, jointly promulgated by the CBRC and the People's Bank of China in 2008, allows provincial governments to approve the establishment of microcredit companies on a trial basis. Based on this guidance, many provincial governments in China, including that of Shanghai, Beijing and Chongqing, promulgated local implementing rules on the administration of microcredit companies, which provide that the sources of funds of a microcredit company must be limited to the capital contributions paid by its shareholders, monetary donations, and loans provided by no more than two banking financial institutions, and do not allow the loans from such banking financial institutions to exceed 50% of the net capital of the microcredit company. In addition, a microcredit company is not permitted to conduct any businesses outside the region where it is located. In May 2011, the Beijing Financial Service Office, the regulatory authority for microcredit companies in Beijing, issued the Interim Measures for Supervision and Administration of Pilot Program of Microcredit Company in Beijing (Trial) to provide more specific rules on the supervision and administration on microcredit companies in Beijing. In July 2014, the Shanghai Financial Services Office, the regulatory entity for microcredit companies in Shanghai, and Shanghai Administration for Industry and Commerce, jointly issued Several Opinions on Further Development Promotion of Microcredit Companies, pursuant to which the paid capital contribution of newly established microcredit company must be no less than RMB200 million (US\$30.9 million). In addition, the authorities have permitted certain qualified microcredit companies to conduct a cross-region microcredit business on a pilot basis. In September 2016, Shanghai Municipal Government issued the Measures for Administration of the Microcredit Companies in Shanghai, which became effect on October 1, 2016 to further standardize the establishment and operation of microcredit companies. Furthermore, in August 2016, the CBRC and several other government authorities jointly issued the Interim Measures for Administration of the Business Activities of Online Lending Information Intermediary Agencies to regulate the business activities of online lending information intermediary agencies. In December 2016, Shanghai Financial Services Office issued the Special Supervision Guidelines on Online Microcredit Business of Microcredit Companies in Shanghai. Pursuant to these rules, microcredit companies seeking to engage in online microcredit business are required to submit certain documents and materials in order to apply for approval by the Shanghai Financial Services Office. These rules also require online microcredit companies to adopt sound corporate governance, establish qualified IT system and reinforce consumer protection, among other requirements. Currently, we engage in online microcredit businesses through three subsidiaries in Shanghai, Beijing and Chongqing, and we are in the process of applying for the required approval by the Shanghai Financial Services Office. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Business—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations."

[Table of Contents](#)
Regulations Relating to Commercial Factoring

The Notice on the Pilot Launch of Commercial Factoring, issued by the Ministry of Commerce in June 2012, launched commercial factoring in the Shanghai Pudong New Area and the Tianjin Binhai New Area. The Ministry of Commerce also issued several other notices to expand the list of pilot areas to include Guangzhou, Shenzhen, the Chongqing Liangjiang New Area and other areas. Under these notices and local implementing rules, commercial factoring companies may be established in these areas upon the approval of the local counterpart of the Ministry of Commerce or other competent authority. The business scope of a commercial factoring company may include the services of trade financing, management of sales ledgers, investigation and assessment of client credit standings, management and collection of accounts receivable and credit risk guarantee. The commercial factoring company is not allowed to conduct other financial business, such as taking deposits and lending loans, or to specialize in or carry out debt collection. Currently, we engage in a commercial factoring business through a subsidiary of JD Finance Holdco in Shanghai.

Regulations Relating to Insurance Brokerages

The primary regulation governing the insurance intermediaries is the PRC Insurance Law, as amended. According to the PRC Insurance law, the China Insurance Regulatory Commission, or the CIRC, is the regulatory authority responsible for the supervision and administration of the PRC insurance companies and the intermediaries in the insurance sector, including insurance agencies and brokers. The principal regulation governing insurance brokerages is the Provisions on the Supervision and Administration of Insurance Brokerages promulgated by the CIRC in September 2009 and recently amended in October 2015. According to this regulation, the establishment of an insurance brokerage company is subject to the approval of the CIRC. An “insurance brokerage company” refers to an entity that receives commissions for providing intermediary services to policyholders and insurance company to facilitate their entering into insurance contracts based on the interests of the policyholders. An insurance brokerage company established in the PRC must meet the qualification requirements specified by the CIRC and obtain a license to operate an insurance brokerage business with the approval of the CIRC.

In July 2015, the CIRC issued Interim Measures for the Regulation of Internet Insurance Business, which took effect in October 2015 and replaced the Measures for Administration of Internet Insurance Business of Insurance Agencies and Insurance Brokerage Companies (Trial Implementation). Pursuant to these interim measures, no institutions or individuals other than insurance companies and professional insurance intermediaries may engage in the internet insurance business. Employees of insurance institutions may not carry out internet insurance business in their personal capacity. In addition, an insurance brokerage company or a third-party network platform engaging in the internet insurance brokerage business is required to meet certain requirements, including, but not limited to, establishing information management and internet information security management systems, and obtain the permit issued by the relevant internet regulator or complete website record-filing with the relevant internet regulator. The premiums paid by insurance customers are required to be directly transferred to the special account for premium income of the insurance institution, and the third-party network platform is not allowed collect premiums on behalf of the insurance institution. Pursuant to the current Foreign Investment Catalogue, as amended in March 2015, the insurance brokerage business falls within the industries in which foreign investment is permitted. We engage in insurance brokerage business through an indirect subsidiary of Suqian Limao. The entity has obtained an insurance brokerage license issued by the CIRC, which will remain valid until September 2018. We acquired 100% equity interest of this entity in November 2014, and the entity has reported the change in its shareholder to the CIRC and registered its internet insurance brokerage business with the CIRC.

[Table of Contents](#)
Regulations Relating to the Fund Sales, Payment and Settlement Service for Securities Investment Funds Distribution and Online Distributors through Third-Party E-Commerce Platforms

The Measures for the Administration of the Sales of Securities Investment Funds issued by the CSRC in June 2011 and amended in March 2013 provide that any entity engaging in fund sales activities must obtain a qualification for fund sales business from the CSRC. Fund sales institutions must select commercial banks or payment institutions that meet certain requirements to make payment and settlement for fund sales, and the payment institutions must have safe and efficient information systems and effective risk control systems to handle payment and settlement business. Among others, the payment institutions should hold the payment service license and their accounts of payment and settlement for fund sales must be effectively separated from their other business accounts.

Currently, we engage in fund sales business through an indirect subsidiary of Suqian Limao, and it has obtained the required qualification from the Beijing branch of the CSRC. We also provide ancillary services for fund sales institutions through Jingdong 360. In addition, we provide payment and settlement for fund sales through an indirect subsidiary of Suqian Limao, which has also reported to the CSRC as a payment and settlement institution.

Regulations Relating to Credit Reporting

The primary regulations governing credit reporting are the Administrative Regulations on the Credit Reporting Industry issued by the State Council in January 2013 and the Administrative Measures for Credit Reporting Agencies issued by the People’s Bank of China in November 2013. According to these regulations and measures, a Permit for Personal Credit Reporting Business is required to be obtained from the People’s Bank of China in order to establish a credit reporting agency, while a credit reporting agency that provides enterprise credit reporting service is required to complete record-filing procedures with the local office of the Credit Reporting Industry Regulatory Department under the State Council at its domicile within 30 days of its registration as a company. In addition, a credit reporting agency that provides personal credit reporting service is required to satisfy the following conditions in addition to those required for the establishment of a company: (i) the major shareholders must be credit worthy and must not have any record of material violations of laws and regulations in the past three years; (ii) the registered capital must not be less than RMB50 million (US\$7.2 million); (iii) facilities, equipment, systems and measures that protect information security and comply with the requirements of the Credit Reporting Industry Regulatory Department under the State Council are in place; (iv) the prospective directors, supervisors and senior management personnel must meet the criteria on post-holding qualifications; (v) the credit reporting agency must have a sound organizational structure; (vi) the credit reporting agency must have robust internal control systems covering business operations, information security management, compliance management and other aspects; and (vii) the personal credit information system must meet the standards on national information security protection at level two or higher. We provide credit reporting service to enterprises through an indirect subsidiary of Suqian Limao, which has completed the record-filing procedures required for enterprise credit reporting business.

Regulations Relating to Internet Finance Supervision

In April 2016, the General Office of the State Council issued the Proposals to Specifically Address Risks of Internet Finance, or the Internet Finance Risks Proposal, to address certain key issues relating to internet finance. Pursuant to the Internet Finance Risks Proposal, internet finance companies that have not obtained the relevant financial business qualifications may not carry out their business on the internet, and the nature of the business they carry out must comply with the business qualifications obtained. Equity-based crowdfunding platforms are prohibited from issuing fraudulent crowdfunding products, raising funds for themselves, or raising funds through borrowings while claiming to do so through equity issuance, or circumventing any applicable rules. In addition, equity-based crowdfunding platforms are

required to reinforce disclosure of information to borrowers and protection of shareholders' equity, and are prohibited from making misrepresentations or misleading promotional statements. Furthermore, a non-bank payment institution must not misappropriate or possess clients' reserves, or carry out inter-bank clearing business in disguised form. An account of such reserves must be opened with the People's Bank of China or a commercial bank complying with the requirements.

[Table of Contents](#)

Regulations Relating to Online Payment

Pursuant to the relevant PRC rules and regulations, a non-financial institution engaging in payment services, such as online payment, is required to obtain a Payment Service License. See “—Regulations—Licenses and Permits—Payment Service Licenses.” In June 2013, the People's Bank of China issued the Measures for Custody of Client Reserves of Payment Institutions, which requires a payment institution to deposit the full amount of the reserves received from clients in a special deposit account that the payment institution opens at a custodian bank. A payment institution is required to appoint one custodian bank for client reserves, and has the discretion to choose other banks as partner banks for client reserves based on its business needs. Client reserves may only be used for payments authorized by the clients and other permissible purposes, and may not be misappropriated, used or borrowed or used as security for borrowings. In December 2015, the People's Bank of China issued the Administrative Measures for the Online Payment Business of Non-bank Payment Institutions, which became effective in July 2016, to further regulate the online payment services provided by non-bank institutions. Pursuant to these measures, non-bank payment institutions are required to establish a sound “know your client” client identification mechanism, establish and improve its risk reserve system and transaction compensation system, and fully compensate clients' losses in the event that the losses of funds are caused by any reason that cannot be effectively proved to be attributable to clients. In January 2017, the People's Bank of China issued a notice in relation to the centralized deposit by non-bank payment institutions of their clients' funds pending payments. Pursuant to the notice, starting from April 17, 2017, a non-bank payment institution must deposit a certain percentage of their clients' funds pending payments in a special deposit account in a designated institution without interest. Currently, we are taking measures to strictly comply with such regulations.

Regulations Relating to Mobile Telecommunications Resale Business

In May 2013, the MIIT issued the Circular regarding the Pilot Work on Implementation of Mobile Telecommunications Resale Business and the Pilot Program on Mobile Telecommunications Resale Business, pursuant to which private capital is encouraged to invest in the mobile telecommunications resale business. The resale business refers to the business whereby a reseller purchases mobile telecommunications services (excluding mobile satellite telecommunications service) from a basic telecommunications service provider who owns a mobile network, repackages the services with its private brand and sells the services to end users. Under the circular and the pilot program, the mobile telecommunications resale is categorized as a Class II basic telecommunications business but managed by reference to the value-added telecommunications business. A mobile communications reseller does not build its own wireless network, core network, transmission network and other mobile telecommunications network infrastructures, but must build its customer service system and may build its own business management platform, and billing, business accounting and other business supporting systems as needed. The applicant for the mobile telecommunications resale business must be a private company of which the private capital must account for no less than 50% of the capital and the capital contributed by its largest shareholder must come from private capital. A mobile telecommunications reseller is required to enter into a commercial contract for mobile telecommunications resale business with a basic telecommunications service provider, specifying the resources for resale to mobile communications users, division of responsibilities for service quality assurance between both parties, as well as protection of users' rights and interests and user information. Resellers may pre-charge service fees for up to two years from users on the condition that they provide evidence of their measures to ensure long-term services, and must abide by the Telecommunications Regulations, the Administrative Measures on Internet Information Services and other PRC related laws and regulations. Jingdong 360 has been approved to be a pilot to conduct the mobile telecommunications resale business and has cooperated with China Telecom in 50 cities and with China Unicom in 51 cities. Although the pilot program expired on December 31, 2015, the Information and Communications Development Department of MIIT issued a notice to pilot enterprises, including Jingdong 360, and basic telecommunications service providers in December 2015. Pursuant to this notice, the pilot enterprises may continue the mobile telecommunications resale business after the expiration of the pilot program.

Regulations Relating to Leasing

Pursuant to the Law on Administration of Urban Real Estate, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the PRC Contract Law, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid.

[Table of Contents](#)

Pursuant to the PRC Property Law, if a mortgagor leases the mortgaged property before the mortgage contract is executed, the previously established leasehold interest will not be affected by the subsequent mortgage; and where a mortgagor leases the mortgaged property after the creation and registration of the mortgage interest, the leasehold interest will be subordinated to the registered mortgage.

Regulations Relating to Advertising Business

The State Administration for Industry and Commerce is the government agency responsible for regulating advertising activities in the PRC. According to PRC laws and regulations, companies that engage in advertising activities must obtain a business license from the State Administration for Industry and Commerce or its local branches which specifically includes operating an advertising business within its business scope. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant law or regulation. PRC advertising laws and regulations set forth certain content requirements for advertisements in the PRC including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies, and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in full compliance with applicable law. In providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to verify that such censorship has been performed and approval has been obtained. The release or delivery of advertisements through the internet must not impair the normal use of the network by users. The advertisements released in pop-up form on a webpage and other forms must show the close flag prominently and ensure one-click close. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to eliminate the effect of illegal advertisement. In circumstances involving serious violations, the State Administration for Industry and Commerce or its local branches may revoke the violators' licenses or permits for their advertising business operations.

In July 2016, the SAIC issued the Interim Measures for the Administration of Internet Advertising to regulate internet advertising activities. According to these measures, no advertisement of any medical treatment, medicines, food for special medical purpose, medical apparatuses, pesticides, veterinary medicines, dietary supplement or other special commodities or services subject to examination by an advertising examination authority as stipulated by laws and regulations may be published unless the advertisement has passed such examination. In addition, no entity or individual may publish any advertisement of over-the-counter medicines or tobacco on the internet. An internet advertisement must be identifiable and clearly identified as an “advertisement” to the consumers. Paid search advertisements are required to be clearly distinguished from natural search results. In addition, the following internet advertising activities are prohibited: providing or using any applications or hardware to intercept, filter, cover, fast forward or otherwise restrict any authorized advertisement of other persons; using network pathways, network equipment or applications to disrupt the normal data transmission of advertisements, alter or block authorized advertisements of other persons or load advertisements without authorization; or using fraudulent statistical data, transmission effect or matrices relating to online marketing performance to induce incorrect quotations, seek undue interests or harm the interests of others. Internet advertisement publishers are required to verify relevant supporting documents and check the content of the advertisement and are prohibited from publishing any advertisement with unverified content or without all the necessary qualifications. Internet information service providers that are not involved in internet advertising business activities but simply provide information services are required to block any attempt to publish an illegal advertisement that they are aware of or should reasonably be aware of through their information services.

Regulations Relating to Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

77

[Table of Contents](#)

Copyright. Pursuant to the Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights, including, among others, the right of disseminating the works through information networks. Pursuant to the relevant PRC regulations, rules and interpretations, internet service providers will be jointly liable with the infringer if they (a) participate in, assist in or abet infringing activities committed by any other person through the internet, (b) are or should be aware of the infringing activities committed by their website users through the internet, or (c) fail to remove infringing content or take other action to eliminate infringing consequences after receiving a warning with evidence of such infringing activities from the copyright holder. In addition, where an ICP service operator is clearly aware of the infringement of certain content against another’s copyright through the internet, or fails to take measures to remove relevant contents upon receipt of the copyright owner’s notice, and as a result, it damages the public interest, the ICP service operator could be ordered to stop the tortious act and be subject to other administrative penalties such as confiscation of illegal income and fines. To comply with these laws and regulations, we have implemented internal procedures to monitor and review the content we have licensed from content providers before they are released on our websites and remove any infringing content promptly after we receive notice of infringement from the legitimate rights holder.

Patent. The Patent Law provides for patentable inventions, utility models and designs, which must meet three conditions: novelty, inventiveness and practical applicability. The State Intellectual Property Office under the State Council is responsible for examining and approving patent applications. As of December 31, 2016, we had 297 patents granted in China, 2,345 patent applications pending in China and 184 patent applications pending outside China.

Trademark. The Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. As of December 31, 2016, we had 3,035 registered trademarks in different applicable trademark categories and had approximately 3,957 trademark applications in China.

Domain Name. Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the MIIT. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the CNNIC is responsible for the daily administration of .cn domain names and Chinese domain names. CNNIC adopts the “first to file” principle with respect to the registration of domain names. We have registered jd.com, 360buy.com, 360buy.cn, 360buy.com.cn and other domain names.

Regulations Relating to Employment

The Labor Contract Law and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee’s salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement. We have not made adequate contributions to employee benefit plans, as required by applicable PRC laws and regulations. See “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.”

78

[Table of Contents](#)

Regulations Relating to Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a

withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation), which became effective in October 2009, require that non-resident enterprises must obtain approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. Accordingly, JD.com International Limited, Jingdong E-Commerce (Logistics) Hong Kong Corporation Limited, Jingdong E-Commerce (Express) Hong Kong Co., Ltd. and Jingdong E-Commerce (Trade) Hong Kong Corporation Limited may be able to enjoy the 5% withholding tax rate for the dividends they receive from Jingdong Century, Star East, Jingbangda and Shanghai Shengdayuan, respectively, if they satisfy the conditions prescribed under Circular 81 and other relevant tax rules and regulations, and obtain the approvals as required. However, according to Circular 81, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can 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.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular No. 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular No. 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC. SAFE also strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. In March 2015, SAFE issued SAFE Circular No. 19, which took effective and replaced SAFE Circular No. 142 from June 1, 2015. Although SAFE Circular No. 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans.

[Table of Contents](#)

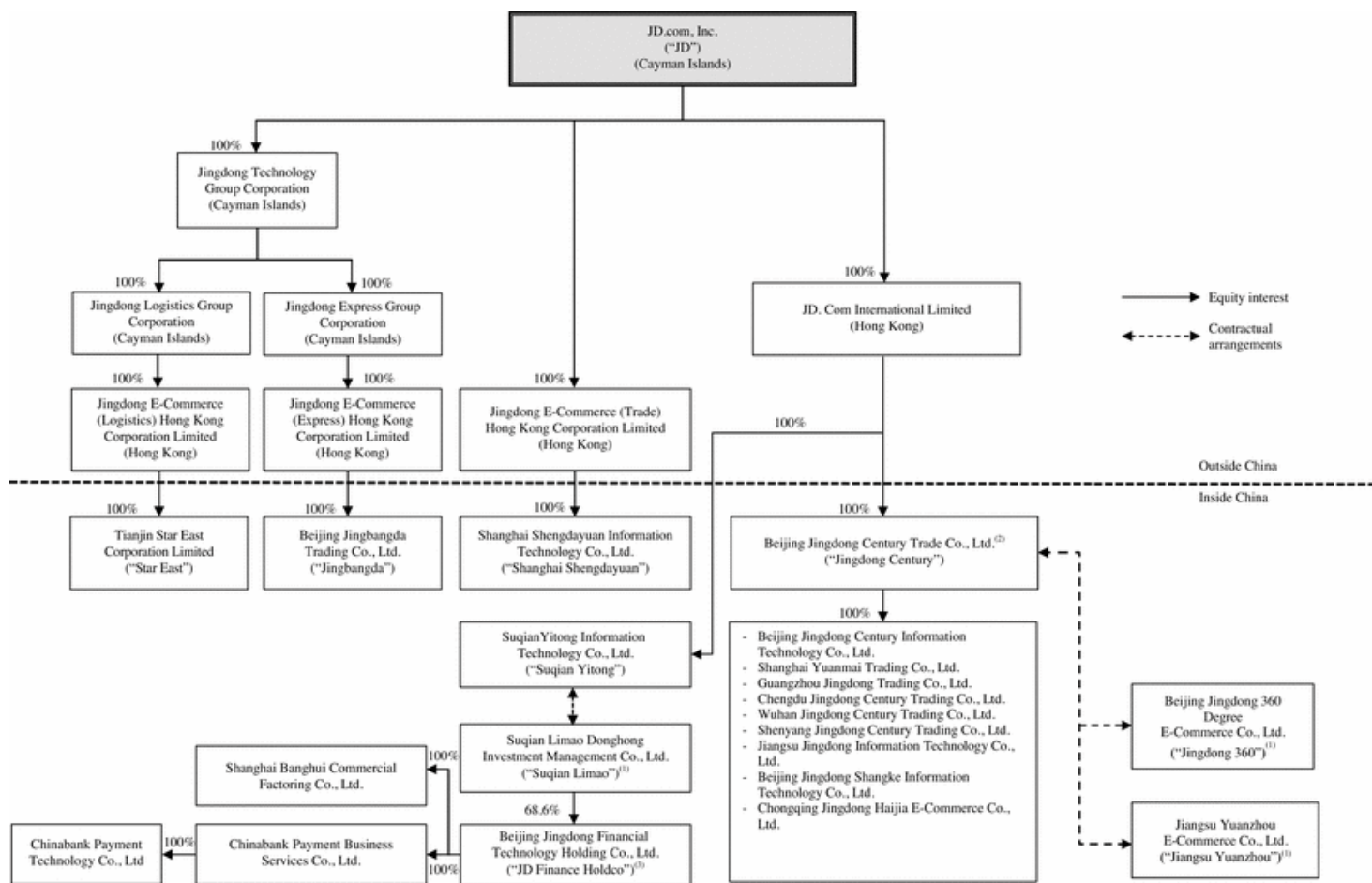
In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account, guarantee account), the reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

In February 2015, SAFE promulgated the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular No. 13, which took effect on June 1, 2015. SAFE Circular No. 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

[Table of Contents](#)

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries and consolidated variable interest entities as of the date of this annual report on Form 20-F:



- (1) Jingdong 360, Jiangsu Yuanzhou and Suqian Limao are our principal consolidated variable interest entities. Each of Jingdong 360 and Jiangsu Yuanzhou is 45% owned by Mr. Richard Qiangdong Liu, our chairman of board of directors and chief executive officer, 30% owned by Ms. Yayun Li, our employee, and 25% owned by Ms. Pang Zhang, also our employee. Suqian Limao is 62% owned by Mr. Richard Qiangdong Liu and 38% owned by Ms. Yayun Li. We effectively control these entities through contractual arrangements.
- (2) Jingdong Century has two other subsidiaries, Beijing Jinghui Microcredit Co., Ltd. and Shanghai Jinghui Microcredit Co., Ltd., which engage in in online microcredit businesses.
- (3) The other shareholders of JD Finance Holdco include a limited partnership holding equity interest of JD Finance Holdco for purposes of its share incentive plan and a group of investors that made their investment in March 2016.

* The diagram above omits our equity investees, which are insignificant individually and in the aggregate.

[Table of Contents](#)

Our Consolidated Variable Interest Entities

We obtained control over Jingdong 360 through Jingdong Century in April 2007 by entering into a series of contractual arrangements with Jingdong 360 and the shareholders of Jingdong 360, which we refer to as the Jingdong 360 Agreements. The Jingdong 360 Agreements were subsequently amended and restated, with the latest amendments and restatements in June 2016. As a result of our ownership of Jingdong Century, we became the primary beneficiary of Jingdong 360 in April 2007. We treat Jingdong 360 as our variable interest entity and have consolidated its financial results in our consolidated financial statements in accordance with U.S. GAAP.

We obtained control over Jiangsu Yuanzhou through Jingdong Century by commitments between the then shareholders of Jiangsu Yuanzhou, Jiangsu Yuanzhou and Jingdong Century at the time Jiangsu Yuanzhou was established. Jingdong Century entered into a series of contractual arrangements with Jiangsu Yuanzhou and its shareholders in April 2011, which we refer to as the Jiangsu Yuanzhou Agreements. The Jiangsu Yuanzhou Agreements were subsequently amended and restated, with the latest amendments and restatements in June 2016. We became the primary beneficiary of Jiangsu Yuanzhou in September 2010. We treat Jiangsu Yuanzhou as our variable interest entity and have consolidated its financial results in our consolidated financial statements in accordance with U.S. GAAP.

We obtained control over Suqian Limao through a subsidiary by entering into a series of contractual arrangements with Suqian Limao and the shareholders of Suqian Limao in December 2015, which we refer to as the original Suqian Limao Agreements and we became the primary beneficiary of Suqian Limao in December 2015. In December 2016, the original Suqian Limao Agreements were terminated, and concurrently, another subsidiary of ours Suqian Yitong Information Technology Co., Ltd., or Suqian Yitong, entered into a series of contractual arrangements with Suqian Limao and the shareholders of Suqian Limao, which we refer to as the Suqian Limao Agreements and contain terms substantially similar to the original Suqian Limao Agreements. We treat Suqian Limao as our variable interest entity and have consolidated its financial results in our consolidated financial statements in accordance with U.S. GAAP.

In addition to Jingdong 360, Jiangsu Yuanzhou and Suqian Limao, we assisted in establishing the following consolidated variable interest entities:

- Beijing Yuanyi Freight Forwarding Co., Ltd., or Beijing Yuanyi;
- Beijing Jiasheng Investment Management Co., Ltd, or Beijing Jiasheng;
- Jiangsu Jingdong Bangneng Investment Management Co., Ltd., or Jiangsu Jingdong Bangneng;
- Jiangsu Jingdong Saide E-commerce Co., Ltd., or Jiangsu Jingdong Saide;

[Table of Contents](#)

- Beijing Andist Technology Co., Ltd., or Beijing Andist; and
- Shanghai Jingdong Cai'ao E-commercial Co., Ltd., or Shanghai Jingdong Cai'ao.

We have entered into a series of contractual arrangements with each of these variable interest entities and their respective shareholders. The contractual arrangements allow us to:

- exercise effective control over our variable interest entities;
- receive substantially all of the economic benefits of our variable interest entities; and
- have an exclusive option to purchase all or part of the equity interests in our variable interest entities when and to the extent permitted by PRC law.

We became the primary beneficiary of Beijing Yuanyi and Beijing Jiasheng in December 2014, of Jiangsu Jingdong Bangneng in August 2015, of Jiangsu Jingdong Saide in January 2016, and of Beijing Andist and Shanghai Jingdong Cai'ao in December 2016, and we treat them as our variable interest entities under U.S. GAAP. We have consolidated the financial results of these variable interest entities in our consolidated financial statements in accordance with U.S. GAAP. Our consolidated variable interest entities collectively contributed 3.0%, 2.6% and 3.2% of our consolidated total net revenues for the years ended December 31, 2014, 2015 and 2016, respectively.

In the opinion of Zhong Lun Law Firm, our PRC legal counsel:

- the ownership structures of our variable interest entities and the PRC subsidiaries that have entered into contractual arrangements with the variable interest entities, including Jingdong Century, will not result in any violation of PRC laws or regulations currently in effect; and
- the contractual arrangements among the PRC subsidiaries, including Jingdong Century, the variable interest entities and their respective shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect.

However, we have been further advised by our PRC legal counsel that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our online retail business do not comply with PRC government restrictions on foreign investment in e-commerce and related businesses, including but not limited to online retail businesses, we could be subject to severe penalties including being prohibited from continuing operations. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the contractual arrangements in relation to our variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” and “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

Contractual Arrangements with Jingdong 360, Jiangsu Yuanzhou and Suqian Limao

The following is a summary of the currently effective Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements and Suqian Limao Agreements.

Agreements that Provide Us with Effective Control over Jingdong 360, Jiangsu Yuanzhou and Suqian Limao

Equity Pledge Agreements. On June 15, 2016, Jingdong Century, Jingdong 360 and each of the shareholders of Jingdong 360 entered into an amended and restated equity pledge agreement in replacement of the previous equity pledge agreement. Pursuant to the amended and restated equity pledge agreement, each of the shareholders of Jingdong 360 has pledged all of his equity interest in Jingdong 360 to guarantee their and Jingdong 360's performance of his obligations under, where applicable, the amended and restated exclusive technology consulting and services agreement, loan agreement, exclusive purchase option agreement and power of attorney. If Jingdong 360 or the shareholders of Jingdong 360 breach their contractual obligations under these agreements, Jingdong Century, as pledgee, will have the right to dispose of the pledged equity interests. The shareholders of Jingdong 360 agree that, during the term of the equity pledge agreements, they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests, and they also agree that Jingdong Century's rights relating to the equity pledge should not be prejudiced by the legal actions of the shareholders, their successors or their designates. During the term of the equity pledge, Jingdong Century has the right to receive all of the dividends and profits distributed on the pledged equity. The amended and restated equity pledge agreements will terminate on the second anniversary of the date when Jingdong 360 and the shareholders of Jingdong 360 have completed all their obligations under the amended and restated exclusive technology consulting and services agreement, loan agreement, exclusive purchase option agreement and powers of attorney.

[Table of Contents](#)

On June 15, 2016, Jingdong Century, Jiangsu Yuanzhou and each of the shareholders of Jiangsu Yuanzhou entered into an amended and restated equity pledge agreement in replacement of the previous equity pledge agreements. The amended and restated equity pledge agreement between Jingdong Century and the shareholders of Jiangsu Yuanzhou contains terms substantially similar to the amended and restated equity pledge agreement relating to Jingdong 360 described above.

On December 28, 2016, Suqian Yitong, Suqian Limao and each of the shareholders of Suqian Limao entered into an equity pledge agreement. The equity pledge agreement between Suqian Yitong and the shareholders of Suqian Limao contains terms substantially similar to the amended and restated equity pledge agreement relating to Jingdong 360 described above.

We have completed the registration of all the equity pledge for our variable interest entities with the relevant office of the administration for industry and commerce in accordance with the PRC Property Rights Law.

Powers of Attorney. On June 15, 2016, each of the shareholders of Jingdong 360 granted an irrevocable power of attorney to replace the irrevocable powers of attorney previously executed. Pursuant to the irrevocable power of attorney, each of the shareholders of Jingdong 360 appointed Jingdong Century's designated person as his attorney-in-fact to exercise all shareholder rights, including but not limited to voting on their behalf on all matters of Jingdong 360 requiring shareholder approval, disposing of all or part of the shareholder's equity interest in Jingdong 360, and electing, appointing or removing directors and executive officers. The person designated by Jingdong Century is entitled to dispose of dividends and profits on the equity interest subject to the instructions of the shareholder. Each power of attorney will remain

in force for so long as the shareholder remains a shareholder of Jingdong 360. Each shareholder has waived all the rights which have been authorized to Jingdong Century's designated person under each power of attorney.

On June 15, 2016, each of the shareholders of Jiangsu Yuanzhou granted an irrevocable power of attorney in replacement of the irrevocable powers of attorney previously executed. The powers of attorney contain terms substantially similar to the powers of attorney granted by the shareholders of Jingdong 360 described above.

On December 28, 2016, each of the shareholders of Suqian Limao granted an irrevocable power of attorney. The powers of attorney contain terms substantially similar to the powers of attorney granted by the shareholders of Jingdong 360 described above.

Agreements that Allow Us to Receive Economic Benefits from Jingdong 360, Jiangsu Yuanzhou and Suqian Limao

Exclusive Technology Consulting and Services Agreement. On May 29, 2012, Jingdong Century and Jingdong 360 entered into an amended and restated exclusive technology consulting and services agreement in replacement of the previous exclusive technology consulting and services agreement. Pursuant to the amended and restated exclusive technology consulting and services agreement, Jingdong Century has the sole and exclusive right to provide specified technology consulting and services to Jingdong 360. Without the prior written consent of Jingdong Century, Jingdong 360 may not accept the same or similar technology consulting and services provided by any third party during the term of the agreement. All the benefits and interests generated from the agreement, including but not limited to intellectual property rights, know-how and trade secrets, will be Jingdong Century's sole and exclusive rights. Jingdong 360 agrees to pay service fees to Jingdong Century on a quarterly basis and the amount of the service fee is decided by Jingdong Century on the basis of the work performed and commercial value of the services, the minimum amount of which is RMB10,000 (US\$1,440) per quarter subject to annual evaluation and adjustment. The term of this agreement will expire on May 28, 2022 and may be extended unilaterally by Jingdong Century with Jingdong Century's written confirmation prior to the expiration date. Jingdong 360 cannot terminate the agreement early unless Jingdong Century commits fraud, gross negligence or illegal acts, or becomes bankrupt or winds up.

84

[Table of Contents](#)

Jingdong Century and Jiangsu Yuanzhou entered into an amended and restated exclusive technology consulting and services agreement on May 29, 2012 in replacement of the previous exclusive technology consulting and services agreement. The amended and restated exclusive technology consulting and services agreement between Jingdong Century and Jiangsu Yuanzhou contains terms substantially similar to the exclusive technology consulting and services agreement relating to Jingdong 360 described above.

Suqian Yitong and Suqian Limao entered into an exclusive technology consulting and services agreement on December 28, 2016. The exclusive technology consulting and services agreement between Suqian Yitong and Suqian Limao contains terms substantially similar to the exclusive technology consulting and services agreement relating to Jingdong 360 described above.

Intellectual Property Rights License Agreement. On December 25, 2013, Jingdong Century and certain of its subsidiaries entered into an amended and restated intellectual property rights license agreement with Jingdong 360 in replacement of the previous intellectual property rights license agreement. Pursuant to the amended and restated intellectual property rights license agreement, Jingdong Century and the subsidiaries grant Jingdong 360 a non-exclusive right to use certain of its trademarks, patents, copyrights to computer software and other copyrights. Jingdong 360 is permitted to use the intellectual property rights only within the scope of its internet information service operation and in the territory of China. Jingdong 360 agrees that at any time it will not challenge the validity of Jingdong Century's license rights and other rights with respect to the licensed intellectual property and will not take actions that would prejudice Jingdong Century's rights and the license. Jingdong 360 agrees to pay license fees to Jingdong Century and the amount of the license fee is at least RMB10,000 (US\$1,440) per year, subject to annual evaluation and adjustment. Without Jingdong Century's written consent, Jingdong 360 cannot assign or sublicense its rights under the license agreement or transfer the economic interests arising from the license to any third party. The initial term of this agreement is 10 years and may be extended unilaterally by Jingdong Century with Jingdong Century's written confirmation prior to the expiration date.

On December 18, 2013, Jingdong Century and certain of its subsidiaries entered into an amended and restated intellectual property rights license agreement with Jiangsu Yuanzhou in replacement of the previous intellectual property rights license agreement. The amended and restated intellectual property rights license agreement with Jiangsu Yuanzhou contains terms substantially similar to the intellectual property rights license agreement with Jingdong 360 described above.

Business Cooperation Agreement. On May 29, 2012, Jingdong Century and Shanghai Shengdayuan entered into an amended and restated business cooperation agreement with Jingdong 360 in replacement of the previous business cooperation agreement between Jingdong Century and Jingdong 360. Pursuant to the amended and restated business cooperation agreement, Jingdong 360 agrees to provide to Jingdong Century and Shanghai Shengdayuan services, including operating our website, posting Jingdong Century's and Shanghai Shengdayuan's product and service information on the website, transmitting the users' order and transaction information to Jingdong Century and Shanghai Shengdayuan, processing user data and transactions in collaboration with banks and payment agents and other services reasonably requested by Jingdong Century and Shanghai Shengdayuan. Jingdong Century and Shanghai Shengdayuan agree to pay service fees to Jingdong 360 on a quarterly basis. The service fee should be 105% of Jingdong 360's operating costs incurred in the previous quarter, but in no event more than RMB20,000 (US\$2,880) per quarter. The term of this agreement will expire on May 28, 2022 and may be extended unilaterally by Jingdong Century and Shanghai Shengdayuan with their written confirmation prior to the expiration date.

Business Operations Agreement. On June 15, 2016, Jingdong Century entered into a business operations agreement with Jingdong 360 and its shareholders. Pursuant to the business operations agreement, Jingdong 360's shareholders must appoint the candidates nominated by Jingdong Century to be the directors on its board of directors in accordance with applicable laws and the articles of association of Jingdong 360, and must cause the persons recommended by Jingdong Century to be appointed as its general manager, chief financial officer and other senior executives. Jingdong 360 and its shareholders also agree to accept and strictly follow the guidance provided by Jingdong Century from time to time relating to employment, termination of employment, daily operations and financial management. Moreover, Jingdong 360 and its shareholders agree that Jingdong 360 will not engage in any transactions that could materially affect its assets, business, personnel, liabilities, rights or operations, including but not limited to the amendment of Jingdong 360's articles of association, without the prior consent of Jingdong Century's respective designees. Unless otherwise terminated early by Jingdong Century, the agreement will remain effective until Jingdong 360 is dissolved according to the PRC law.

85

[Table of Contents](#)

On June 15, 2016, Jingdong Century entered into a business operations agreement with Jiangsu Yuanzhou and its shareholders. The business operations agreement with Jiangsu Yuanzhou contains terms substantially similar to the business operations agreement with Jingdong 360 described above.

On December 28, 2016, Suqian Yitong entered into a business operations agreement with Suqian Limao and its shareholders. The business operations agreement with Suqian Limao contains terms substantially similar to the business operations agreement with Jingdong 360 described above.

Exclusive Purchase Option Agreements. On June 15, 2016, Jingdong Century, Jingdong 360 and the shareholders of Jingdong 360 entered into an amended and restated exclusive purchase option agreement in replacement of the previous exclusive purchase option agreements. Pursuant to the amended and restated exclusive purchase option agreement, the shareholders of Jingdong 360 irrevocably grant Jingdong Century an exclusive option to purchase or have its designated persons to purchase at its discretion, to the extent permitted under PRC law, all or part of their equity interests in Jingdong 360. In addition, the purchase price should equal the amount that the shareholders contributed to Jingdong 360 as registered capital for the equity interest to be purchased, or be the lowest price permitted by applicable PRC law. Without the prior written consent of Jingdong Century, Jingdong 360 may not amend its articles of associate, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans for any third parties, enter into any material contract (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. The shareholders of Jingdong 360 agree that, without the prior written consent of Jingdong Century, they will not dispose of their equity interests in Jingdong 360 or create or allow any encumbrance on the equity interests. The initial term of the amended and restated exclusive purchase option agreement is 10 years and can be renewed for an additional 10 years on the same terms at Jingdong Century's option, for an unlimited number of times.

On June 15, 2016, Jingdong Century, Jiangsu Yuanzhou and the shareholders of Jiangsu Yuanzhou entered into an amended and restated exclusive purchase option agreement in replacement of the previous exclusive purchase option agreement. The amended and restated exclusive purchase option agreement contains terms substantially similar to the amended and restated exclusive purchase option agreement relating to Jingdong 360 described above.

On December 28, 2016, Suqian Yitong, Suqian Limao and each of the shareholders of Suqian Limao entered into an exclusive purchase option agreement. The exclusive purchase option agreement contains terms substantially similar to the amended and restated exclusive purchase option agreement relating to Jingdong 360 described above.

Loan Agreements. Pursuant to the amended and restated loan agreement dated June 15, 2016 between Jingdong Century and the shareholders of Jingdong 360, Jingdong Century made loans in an aggregate amount of RMB200 million (US\$28.8 million) to the shareholders of Jingdong 360 solely for the capitalization of Jingdong 360. Pursuant to the amended and restated loan agreement, the shareholders can only repay the loans by the sale of all their equity interest in Jingdong 360 to Jingdong Century or its designated person. The shareholders must sell all of their equity interests in Jingdong 360 to Jingdong Century or its designated person and pay all of the proceeds from sale of such equity interests or the maximum amount permitted under PRC law to Jingdong Century. In the event that shareholders sell their equity interests to Jingdong Century or its designated person with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to Jingdong Century as the loan interest. The maturity date of the loans is on the tenth anniversary of the date when the shareholders received the loans and paid the amount as capital contribution to Jingdong 360. The term of the loans will be extended automatically for an additional 10 years, unless Jingdong Century objects, for an unlimited number of times. The loan must be repaid immediately under certain circumstances, including, among others, (i) if the shareholders terminate their services with us, (ii) if any other third party claims against shareholders for an amount more than RMB100,000 (US\$14,403) and Jingdong Century has reasonable ground to believe that the shareholders are unable to repay the claimed amount, (iii) if a foreign investor is permitted to hold majority or 100% equity interest in Jingdong 360 and Jingdong Century elects to exercise its exclusive equity purchase option, or (iv) if the loan agreement, relevant equity pledge agreement or exclusive purchase option agreement terminates for cause not attributable to Jingdong Century or is deemed to be invalid by a court.

[Table of Contents](#)

Pursuant to the amended and restated loan agreement dated June 15, 2016 between Jingdong Century and the shareholders of Jiangsu Yuanzhou, Jingdong Century made loans in an aggregate amount of RMB22 million (US\$3.2 million) to the shareholders of Jiangsu Yuanzhou solely for the capitalization of Jiangsu Yuanzhou. The amended and restated loan agreement contains terms substantially similar to the amended and restated loan agreement relating to Jingdong 360 described above.

Pursuant to the loan agreement dated December 28, 2016 between Suqian Yitong and the shareholders of Suqian Limao, Suqian Yitong made loans in an aggregate amount of RMB1 million (US\$0.1 million) to the shareholders of Suqian Limao solely for the capitalization of Suqian Limao. The loan agreement contains terms substantially similar to the amended and restated loan agreement relating to Jingdong 360 described above.

Additional Contractual Arrangements

In addition to the Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements and Suqian Limao Agreements, we have also entered into contractual arrangements with each of our other variable interest entities, Beijing Yuanyi, Beijing Jiasheng, Jiangsu Jingdong Bangneng, Jiangsu Jingdong Saide, Beijing Andist and Shanghai Jingdong Cai'ao, and their respective shareholders, including: equity pledge agreements, powers of attorney, exclusive technology consulting and services agreements, business operations agreements, exclusive purchase option agreements and loan agreements. Our contractual agreements with these other variable interest entities contain terms substantially similar to those in the Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements and Suqian Limao Agreements, unless otherwise described below.

On December 5, 2014, December 8, 2014, August 7, 2015 and January 7, 2016 Jingdong Century entered into a business operations agreement with each of Beijing Jiasheng, Beijing Yuanyi, Jiangsu Jingdong Bangneng and Jiangsu Jingdong Saide and their respective shareholders, respectively. Each of these business operations agreements contains terms substantially the same as the business operations agreement for Jingdong 360.

Under the applicable loan agreements, we, through the applicable subsidiary, extended loans in an aggregate amount of RMB1.0 million (US\$0.1 million) to the shareholders of Beijing Jiasheng, RMB1.3 million (US\$0.2 million) to the shareholders of Beijing Yuanyi, and RMB80.0 million (US\$11.5 million) to the shareholders of Jiangsu Jingdong Bangneng, and have agreed to extend RMB50.0 million (US\$7.2 million) to the shareholders of Jiangsu Jingdong Saide, RMB2.0 million (US\$0.3 million) to the shareholders of Beijing Andist and RMB10.0 million (US\$1.4 million) to the shareholders of Shanghai Jingdong Cai'ao.

D. Property, Plant and Equipment

Our national headquarters are located in Yizhuang Economic and Technological Development Zone in Beijing, where we own the office building with an aggregate floor area of approximately 280,000 square meters. We lease our other offices in Beijing and regional offices in 14 other cities with an aggregate floor area of approximately 190,000 square meters.

We own our national customer service center in Suqian, which, together with our own data center in Suqian, have an aggregate floor area of approximately 70,000 square meters. We lease our customer service centers in Chengdu and Yangzhou with an aggregate floor area of approximately 40,000 square meters.

As of December 31, 2016, we operated fulfillment centers in 7 cities, including Beijing, Shanghai, Wuhan, Guangzhou, Chengdu, Shenyang and Xi'an, with an aggregate floor area of approximately 3,559,000 square meters. Each fulfillment center consists of 11 to 32 warehouses stocking normal-sized products and 1 or 2 warehouses for bulky items.

In addition, we also operated front distribution centers in an additional 25 cities with an aggregate gross floor area of approximately 984,000 square meters, each consisting of 1 to 2 warehouses stocking products that are in high demand with high turnover, and one warehouse for bulky items, as well as additional standalone warehouses in another 22 cities with an aggregate gross floor area of 1,062,000 square meters, as of December 31, 2016. As of the same date, we operated 6,906 delivery stations and pickup stations in 2,655 counties and districts across China.

We own the initial phase of our custom-built warehouses in Shanghai, Guangzhou, Wuhan and Chongqing, and other warehouses in Shenyang and Guiyang. We lease the other warehousing facilities we currently have in operation.

We plan to expand our nationwide fulfillment network by leasing or purchasing additional facilities across China over the next several years. As of December 31, 2016, we had land use rights in 15 cities to build our own warehouses. As of December 31, 2016, we had launched the initial phase of warehouse in Shanghai, Guangzhou, Wuhan and Chongqing, and other warehouses in Shenyang and Guiyang, with an aggregate floor space of approximately 478,000 square meters. In addition, we are in the process of constructing the remaining phases of warehouses in Shanghai, Guangzhou, Wuhan and Chongqing, and also additional custom-designed warehouses in certain other cities in China. The highly automated and efficient warehouse will not only expand our ability to fulfill orders by ourselves but also support the third-party merchants on our online marketplace. In connection with our expansion of our fulfillment infrastructure, we had paid an aggregate of approximately RMB4.8 billion (US\$0.7 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2016.

We have acquired land use rights in Beijing to build our new headquarters. The phase one construction of the new office buildings was completed in the third quarter of 2015. As of December 31, 2016, we had paid an aggregate of approximately RMB1.6 billion (US\$0.2 billion) for the acquisition of land use rights and construction of the office buildings.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited consolidated financial statements and the related notes included in this annual report on Form 20-F. This report contains forward-looking statements. See "Forward-Looking Information." In evaluating our business, you should carefully consider the information provided under the caption "Item 3.D. Key Information—Risk Factors" in this annual report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are the largest e-commerce company in China and the largest Chinese retailer, both in terms of revenue, in 2016. We generated total net revenues of RMB115.0 billion, RMB181.3 billion and RMB260.1 billion (US\$37.5 billion) in 2014, 2015 and 2016, respectively. Our GMV increased from RMB242.5 billion in 2014 to RMB446.5 billion in 2015 and further to RMB658.2 billion (US\$94.8 billion) in 2016.

Our primary business model is online direct sales, where we acquire products from suppliers and sell them directly to our customers through our websites and mobile apps. We also operate an online marketplace, whereby third-party sellers sell products to customers through our websites and mobile apps and these sellers may also use our fulfillment and other value-added services. We also offer other services such as advertising, transaction processing and financing.

Our business has grown substantially in recent years. The number of products we offer has grown rapidly. We had 90.6 million, 155.0 million and 226.6 million active customer accounts and fulfilled approximately 651.9 million, 1,263.1 million and 1,775.4 million orders in 2014, 2015 and 2016, respectively. Our fulfilled orders excluding virtual items were 518.2 million, 1,026.8 million, and 1,593.3 million in 2014, 2015 and 2016, respectively. We had net losses of RMB5.0 billion, RMB9.1 billion and RMB3.4 billion (US\$0.5 billion) in 2014, 2015 and 2016, respectively.

Due to the PRC legal restrictions on foreign ownership of companies that engage in a value-added telecommunications service business or the distribution of media products and certain other businesses in China, we conduct the relevant parts of our operations through nine consolidated variable interest entities. We have contractual arrangements with these entities and their shareholders that enable us to effectively control and receive substantially all of the economic benefits from the entities. Accordingly, we consolidate the results of these entities in our financial statements.

Major Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by the general factors driving China's retail industry, including levels of per capita disposable income and consumer spending in China. In addition, they are also affected by factors driving online retail in China, such as the growing number of online shoppers, the adoption of online sales strategies by manufacturers and service providers, the availability of improved delivery services and the increasing variety of payment options. Our results of operations are also affected by general economic conditions in China. In particular, we have experienced and expect to continue to experience upward pressure on our operating expenses.

Our results of operations are also affected by PRC regulations and industry policies related to our business operations, licenses and permits and corporate structure. For example, the product quality and consumer protection laws require us to ensure the quality of the goods we sell and give customers the right to return goods within seven days of receipt with no questions asked, the labor contract law and related rules require employers to enter into written contracts with workers and to pay compensation to workers who are terminated under certain circumstances, regulations on foreign ownership and on transfer of funds into and out of China affect our corporate structure and financing, and regulations on business licenses affect our legal and compliance functions. For a summary of the principal PRC laws and regulations that affect us, see "Item 3.D. Key Information—Risk Factors" and "Item 4.B. Information on the Company—Business Overview—Regulation." Although we have generally benefited from the Chinese government's policies to encourage economic growth, we are also affected by the complexity, uncertainties and changes in

In terms of PRC regulations that may affect our results of operations, the amendments to the Consumer Protection Law that came into effect in March 2014 give consumers the right to return goods within seven days of receipt. Although we recognize revenues net of return allowances, we do not expect the amendments to the Consumer Protection Law will affect our net revenues. We have adopted shipping policies that do not necessarily pass the full cost of shipping on to our customers. We also have adopted customer-friendly return and exchange policies that make it convenient and easy for customers to change their minds after completing purchases. However, if we experience an increased volume of returns after the amendments to the Consumer Protection Law became effective, our shipping and handling costs and related personnel costs may increase significantly and our results of operations may be materially and adversely affected. If we revise our policies to pass these costs to customers, our customers may be dissatisfied, which may result in loss of existing customers or adversely affect our ability to acquire new customers, which in turn may materially and adversely affect our results of operations.

[Table of Contents](#)

JD.com, Inc., the holding company that is listed on NASDAQ, has no material operations of its own. We conduct our operations primarily through our subsidiaries and consolidated variable interest entities in China. As a result, JD.com, Inc.’s ability to pay dividends to our shareholders depends in part upon dividends paid by our PRC subsidiaries subject to compliance with applicable PRC regulations. Our wholly-owned PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC regulations, each of our wholly-owned PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly-owned PRC subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion, which are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. As of December 31, 2016, the amount restricted, including paid-in capital and statutory reserve funds, as determined in accordance with PRC accounting standards and regulations, was approximately RMB29,081 million (US\$4,188 million). Our PRC subsidiaries have never paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

While our business is influenced by general factors affecting our industry, our operating results are more directly affected by company specific factors, including the following major factors:

- our ability to increase active customer accounts and orders from customers;
- our ability to manage our mix of product and service offerings;
- our ability to further increase and leverage our scale of business;
- our ability to effectively invest in our fulfillment infrastructure and technology platform; and
- our ability to conduct and manage strategic investments and acquisitions.

Our Ability to Increase Active Customer Accounts and Orders from Customers

Growth in the number of our active customer accounts and orders are key drivers of our revenue growth. Our annual active customer accounts increased from 90.6 million in 2014 to 155.0 million in 2015 and further to 226.6 million in 2016. This increase was primarily driven by our success in attracting new active customer accounts, as well as by our success in attracting new orders from existing customer accounts. During the same period, total orders we fulfilled also increased substantially from approximately 651.9 million in 2014 to 1,263.1 million in 2015 and further to 1,775.4 million in 2016.

Our ability to attract new customer accounts and new orders from existing customer accounts depends on our ability to provide superior customer experience. To this end, we offer a wide selection of authentic products at competitive prices on our websites and mobile apps and provide speedy and reliable delivery, convenient online and in-person payment options and comprehensive customer services. The number of products we offer has grown rapidly. We have developed a business intelligence system that enables us to increase our operating efficiency through enhanced product merchandising and supply chain management capabilities, and to drive more targeted and relevant product promotions and recommendations to our customers. We have benefited from word-of-mouth viral marketing in winning new customers, and we also conduct online and offline marketing and brand promotion activities to attract new customers. In addition, we encourage existing customers to place more orders with us through a variety of means, including granting coupons and loyalty points and holding special promotions.

[Table of Contents](#)

We have a growing and loyal active customer base. Over the years, our customers have shown loyalty to us through their increased activity levels. For example, those customer accounts that were active in 2008 increased their average number of purchases each year thereafter, from approximately 3.7 in 2008 to 4.4 in 2009, 6.2 in 2010, 10.7 in 2011, 14.9 in 2012, 16.6 in 2013, 18.7 in 2014, 21.8 in 2015 and 25.7 in 2016.

Our Ability to Manage Our Mix of Product and Service Offerings

Our results of operations are also affected by the mix of products and services we offer. We commenced our e-commerce business by primarily selling electronics and home appliances products. We began offering general merchandise products around the end of 2008, and we launched our online marketplace in 2010. We earn commissions and service fees from third-party sellers on our online marketplace. We offer a wide range of products and services and aim to provide one-stop shopping to maximize our wallet share. Our mix of products and services also affects our gross margin. Different products have different gross margins but the commissions and service fees that we earn from third-party sellers and the other services that we offer have the highest gross margins, since they have no associated cost of revenues. The split between our online direct sales business and our online marketplace business thus has a major influence on our revenue growth and our gross margins. GMV from our online direct sales increased from RMB159.3 billion in 2014 to RMB255.6 billion in 2015 and further to RMB372.3 billion (US\$53.6 billion) in 2016. GMV from our online marketplace increased from RMB83.2 billion in 2014 to RMB190.9 billion in 2015 and further to RMB285.9 billion (US\$41.2 billion) in 2016. We intend to further expand our selection of general merchandise products, attract more third-party sellers to our online marketplace, and provide more fulfillment and other value-added services to third-party sellers and others. Our GMV from general merchandise and other products represented 42.8%, 48.7% and 50.2% of our total GMV in 2014, 2015 and 2016, respectively. The following table presents the GMV of the electronics and home appliances products and general merchandise and others sold through our online direct sales and online marketplace by amounts and as percentages of GMV for each of the periods presented:

	For the Year Ended December 31,					
	2014		2015		2016	
	RMB		RMB		RMB	
	(in billions, except for percentages)					
GMV:						
Electronics and home appliances products	138.6	57.2%	228.9	51.3%	327.8	49.8%
General merchandise and others	103.9	42.8%	217.6	48.7%	330.4	50.2%
Total	242.5	100.0%	446.5	100.0%	658.2	100.0%

Our Ability to Further Increase and Leverage our Scale of Business

Our results of operations are directly affected by our ability to further increase and leverage our scale of business. As our business further grows in scale, we expect to obtain more favorable terms from suppliers, including pricing terms and volume-based rebates. In addition, we aim to create value for our suppliers by providing an effective channel for selling large volumes of their products online and by offering them comprehensive information on customer preferences and market demand and ensuring the high quality of fulfillment services. We believe this value proposition also helps us obtain favorable terms from suppliers.

As of December 31, 2016, our nationwide fulfillment infrastructure employed a total of 83,512 warehouse and delivery personnel, and we also employed 9,091 IT professionals to monitor, maintain, upgrade and develop the technology platform that manages this fulfillment infrastructure and the large number of orders we receive, process and fulfill each year. Our fulfillment expenses in absolute amount increased over 2014, 2015 and 2016, while the fulfillment expenses as a percentage of our total net revenues increased from 7.0% in 2014 to 7.7% in 2015 and further to 8.1% in 2016. Personnel costs are the largest component of our fulfillment costs and of our technology and content costs and are likely to remain the largest component for the foreseeable future as we continue to expand our operations. We expect our fulfillment expenses to increase both in absolute amount and as a percentage of our total net revenues in the near future. Labor costs are rising in China and we strive to continue improving efficiency and utilization of our fulfillment and other personnel to mitigate this effect. Our fulfillment expenses and thus operational efficiency are also affected by the average size of orders placed by our customers.

91

[Table of Contents](#)

Our Ability to Effectively Invest in Our Fulfillment Infrastructure and Technology Platform

Our results of operations depend in part on our ability to invest in our fulfillment infrastructure and technology platform to cost-effectively meet the demands of our anticipated growth. Our nationwide fulfillment infrastructure included a warehouse network of 256 warehouses with an aggregate gross floor area of approximately 5.6 million square meters in 54 cities and 6,906 delivery stations and pickup stations in 2,655 counties and districts across China as of December 31, 2016. We have acquired land use rights to over 3.9 million square meters of land in 15 cities in China. We plan to continue to build large scale, custom-designed warehouse facilities with optimized configurations on these sites to improve our fulfillment efficiency, minimize order splitting, accommodate greater product selection and fulfill the anticipated sales of our own products as well as sales by third-party sellers using our fulfillment services. We had paid an aggregate of approximately RMB4.8 billion (US\$0.7 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2016. In selecting locations for our pickup and delivery stations, order density, a parameter we use to measure the frequency and number of orders generated from a geographical area, is an important criterion. To efficiently deploy our delivery network, we have established delivery stations and pickup stations in areas where we expect order density to increase to the extent where operating our own delivery network will be more cost efficient than using third-party couriers. We also paid significant amounts for upgrading our technology platform during the same periods. To further transform our current business through improved efficiency and better user experience, laying the groundwork for future areas of growth, we intend to further invest in technologies including artificial intelligence, big data and other industry-leading technologies. Our focus on superior technologies will be the key to further extending our industry leadership.

Our Ability to Conduct and Manage Strategic Investments and Acquisitions

We have made, and may continue to make, strategic investments and acquisitions to add assets or businesses that are complementary to our existing business. Our financial results could be adversely affected by our investments or acquisitions. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. For example, in November 2015, we decided to terminate the C2C business of Paipai.com acquired from Tencent, combating the marketing and sales of counterfeit products. As a result, we decided that the goodwill arising from the acquisition of the Paipai and QQ Wanggou combined platform business was fully impaired and an impairment charge of RMB2.6 billion (US\$0.4 billion) was recorded in the fourth quarter of 2015. In addition, the remaining balance of the intangible assets arising from the acquisition, which amounted to RMB0.2 billion (US\$0.02 billion) as of December 31, 2015, was also impaired. Moreover, we share the results of the investments which we account for as equity method investments. In 2016, our share of results of equity investees was a loss of RMB2.8 billion (US\$0.4 billion), primarily attributable to impairment of investment in Bitauto and Tuniu and losses picked up from our equity method investments. We may continue to incur impairment charges in connection with our investments or acquisitions and pick up the losses of our equity method investments, which could depress our profitability and have a material adverse impact on our financial results.

Selected Statements of Operations Items

Net Revenues

Net revenues are provided from online direct sales and services and others. Online direct sales is further divided into sales of electronics and home appliances products and general merchandise products. Net revenues from electronics and home appliances products include revenues from sales of computer, communication and consumer electronics products as well as home appliances. The following table breaks down our total net revenues by these categories, by amounts and as percentages of total net revenues:

92

[Table of Contents](#)

	For the Year Ended December 31,					
	2014		2015		2016	
	RMB	%	RMB	%	RMB	US\$
	(in millions, except for percentages)					
Online direct sales:						
Electronics and home appliances products	90,890	79.0	134,346	74.1	179,637	25,873
General merchandise products	17,659	15.4	33,375	18.4	58,065	8,363
						69.1
						22.3

Total	108,549	94.4	167,721	92.5	237,702	34,236	91.4
Services and others	6,453	5.6	13,554	7.5	22,420	3,229	8.6
Total	<u>115,002</u>	<u>100.0</u>	<u>181,275</u>	<u>100.0</u>	<u>260,122</u>	<u>37,465</u>	<u>100.0</u>

We expect net revenues from all categories to continue to increase in the foreseeable future. Sales of electronics and home appliances products may decrease as a percentage of our total net revenues and sales from services and others may increase as a percentage of our total net revenues.

Net revenues from services and others primarily consist of commissions earned from third-party sellers for sales made through our online marketplace and service fees we charge them for value-added fulfillment or other services we provide upon their request. Currently, we recognize revenues from the third-party sellers on a net basis as we may not always be the primary obligor, we do not have general inventory risk and we do not have latitude to establish prices for them. In addition, net revenues from services and others also include fees we earn by selling advertisements on our websites and transaction fees from processing transactions for our online payment service customers, typically e-commerce companies.

We record revenue net of discounts, return allowances, price protection allowances, value-added taxes, or VAT, and business taxes and surcharges.

Operating Expenses

Operating expenses consist primarily of cost of revenues, fulfillment expenses, marketing expenses, technology and content expenses, and general and administrative expenses. The following table breaks down our total operating expenses by these categories, by amounts and as percentages of total net revenues for each of the periods presented:

	For the Year Ended December 31,						
	2014		2015		2016		
	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)						
Cost of revenues	101,631	88.4	157,008	86.6	220,699	31,787	84.8
Fulfillment	8,067	7.0	13,921	7.7	20,951	3,017	8.1
Marketing	4,010	3.5	7,736	4.3	10,573	1,523	4.1
Technology and content	1,836	1.6	3,454	1.9	5,381	775	2.1
General and administrative	5,260	4.6	2,877	1.6	4,663	672	1.7
Impairment of goodwill and intangible assets	—	—	2,750	1.5	—	—	—
Total	<u>120,804</u>	<u>105.1</u>	<u>187,746</u>	<u>103.6</u>	<u>262,267</u>	<u>37,774</u>	<u>100.8</u>

Cost of revenues consists of our cost for acquiring the products that we sell directly and the related inbound shipping charges, as well as inventory write-downs. The rebates and subsidies we receive from suppliers are accounted as a reduction to the purchase price, and will be recorded as a reduction of cost of revenues when the product is sold.

[Table of Contents](#)

Our fulfillment expenses primarily consist of (i) expenses incurred in operating our fulfillment and customer service centers, including personnel cost and expenses attributable to buying, receiving, inspecting and warehousing inventories, picking, packaging, and preparing customer orders for shipment, processing payment and related transaction costs, (ii) expenses charged by third-party couriers for dispatching and delivering our products and (iii) rental expenses of leased warehouses, delivery and pickup stations. We expect our fulfillment expenses to increase in absolute amount in the near run, as we invest in new businesses, hire additional fulfillment personnel, build and lease new warehouses and establish more delivery stations to penetrate lower tier cities and to meet our anticipated growth in sales volume and ensure satisfactory customer experience. We plan to make our fulfillment operations more efficient by setting up large customized warehouse facilities to make full use of the available space, improve the pick-and-pack workflow efficiency, accommodate greater product selection and minimize order splitting.

Our marketing expenses consist primarily of expenses for online and offline marketing and brand promotion activities. We plan to continue to conduct brand promotion and marketing activities to enhance our brand recognition and attract new purchases from new and existing customers.

Our technology and content expenses consist primarily of payroll and related expenses for IT professionals involved in developing and maintaining our technology platform and website, server and other equipment depreciation, bandwidth and data center costs, and rental expenses. We expect spending in technology and content to increase over time as we add more experienced IT professionals and continue to invest in our technology platform to enhance customer experience and provide value-added services to suppliers and third-party sellers.

Our general and administrative expenses consist primarily of payroll and related expenses for our management and other employees involved in general corporate functions. As we hire additional management talents and invest in new businesses, our general and administrative expenses are expected to increase. In the first quarter of 2014, we granted 93,780,970 immediately vested restricted share units to our chairman and chief executive officer, Mr. Richard Qiangdong Liu, for his services in the previous 10 years and we incurred share-based compensation expenses in an amount of RMB3,685 million in 2014, which materially increased our general and administrative expenses for the quarter. In May 2015, we granted Mr. Liu an option to acquire a total of 26,000,000 Class A ordinary shares, at an exercise price of US\$16.70 per share or US\$33.40 per ADS, subject to a 10-year vesting schedule with 10% of the award vested on each anniversary of the grant date, and incurred share-based compensation expenses of RMB240 million and RMB318 million (US\$46 million) in 2015 and 2016, respectively, in connection with this grant.

Taxation

Cayman Islands

We are not subject to income or capital gains tax under the current laws of the Cayman Islands. The Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profit tax at a rate of 16.5%. Hong Kong does not impose a withholding tax on dividends.

China

Generally, our subsidiaries and consolidated variable interest entities in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that a few entities in our group benefit from a preferential tax rate of 15% as they are qualified as a “High and New Technology Enterprise” or conduct business in certain encouraged sectors or areas. The enterprise income tax is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards.

We are subject to VAT at a rate of 13% on sales of books, audio and video products, 17% on sales of other products, 6% or 11% on logistics services and 6% on advertising and other services, in each case less any deductible VAT we have already paid or borne. Since January 1, 2014, we have been exempted from VAT on sales of books. We are also subject to surcharges on VAT payments in accordance with PRC law. VAT has been phased in since January 1, 2012, to replace the business tax, and has been implemented in all industries since May 1, 2016.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding companies in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the relevant tax authority. If the relevant Hong Kong entity satisfies all the requirements under the tax arrangement and receives approval from the relevant tax authority, then the dividends paid to the Hong Kong entity would be subject to withholding tax at the standard rate of 5%. Effective from November 1, 2015, the above mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.”

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

Results of Operations

The following table summarizes our consolidated results of operations in absolute amount and as a percentage of our total net revenues for the periods indicated. Our business has grown rapidly in recent years. Period-to-period comparisons of historical results of operations should not be relied upon as indicative of future performance.

	For the Year Ended December 31,					
	2014		2015		2016	
	RMB	%	RMB	%	RMB	US\$
	(in millions, except for percentages)					
Net revenues:						
Online direct sales	108,549	94.4	167,721	92.5	237,702	34,236
Services and others	6,453	5.6	13,554	7.5	22,420	3,229
Total net revenues	115,002	100.0	181,275	100.0	260,122	37,465
Operating expenses ⁽¹⁾						
Cost of revenues	(101,631)	(88.4)	(157,008)	(86.6)	(220,699)	(31,787)
Fulfillment	(8,067)	(7.0)	(13,921)	(7.7)	(20,951)	(3,017)
Marketing	(4,010)	(3.5)	(7,736)	(4.3)	(10,573)	(1,523)
Technology and content	(1,836)	(1.6)	(3,454)	(1.9)	(5,381)	(775)
General and administrative	(5,260)	(4.6)	(2,877)	(1.6)	(4,663)	(672)
Impairment of goodwill and intangible assets	—	—	(2,750)	(1.5)	—	—
Total operating expenses	(120,804)	(105.1)	(187,746)	(103.6)	(262,267)	(37,774)
Loss from operations	(5,802)	(5.1)	(6,471)	(3.6)	(2,145)	(309)
Other income/(expense):						
Share of results of equity investees	—	—	(2,852)	(1.6)	(2,785)	(401)
Interest income	638	0.6	415	0.2	482	69
Interest expense	(29)	(0.0)	(83)	(0.0)	(260)	(37)
Others, net	216	0.2	(141)	(0.1)	1,474	212
Loss before tax	(4,977)	(4.3)	(9,132)	(5.1)	(3,234)	(466)
Income tax benefits/(expenses)	(19)	(0.0)	14	0.0	(180)	(26)
Net Loss	(4,996)	(4.3)	(9,118)	(5.1)	(3,414)	(492)

(1) Share-based compensation expenses are allocated in operating expenses items as follows:

	For the Year Ended December 31,			
	2014	2015	2016	
	RMB	RMB	RMB	US\$
	(in millions)			
Fulfillment	(129)	(185)	(387)	(56)
Marketing	(24)	(50)	(98)	(14)
Technology and content	(79)	(234)	(555)	(80)
General and administrative	(4,018)	(725)	(1,304)	(188)

Segment Information

We historically had only one single reporting segment. With the development of the new business initiatives, we changed our reporting segments in 2016. Currently, we have two operating segments, namely JD Mall and New Businesses. JD Mall represents our traditional e-commerce business, and New Businesses include JD Finance, O2O, insurance, technology initiatives and overseas business. New Businesses also include the impact of Paipai.com for the years ended December 31, 2014 and 2015.

The table below provides a summary of our operating segment results for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,			
	2014	2015	2016	
	RMB	RMB	RMB	US\$
	(in millions)			
Net revenues:				
JD Mall	114,790	180,951	258,132	37,178
New Businesses	633	2,014	4,572	659
Inter-segment*	(421)	(1,690)	(2,582)	(372)
Total consolidated net revenues	115,002	181,275	260,122	37,465
Operating income/(loss):				
JD Mall	195	479	2,289	330
New Businesses	(691)	(2,339)	(1,785)	(257)
Inter-segment*	53	276	452	65
Total segment operating income/(loss)	(443)	(1,584)	956	138
Unallocated expenses**	(5,359)	(4,887)	(3,101)	(447)
Total consolidated operating income/(loss)	(5,802)	(6,471)	(2,145)	(309)

* The inter-segment eliminations mainly consist of revenues related to payment processing and financing services provided by JD Finance to JD Mall, and promotion and advertising services provided by JD Mall to New Businesses.

** Unallocated items include revenue from business cooperation arrangements with equity investees, share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, and impairment of goodwill and intangible assets, which are not allocated to segments.

[Table of Contents](#)

Years Ended December 31, 2016 and 2015

Net Revenues. Our total net revenues increased by 43.5% from RMB181,275 million in 2015 to RMB260,122 million (US\$37,465 million) in 2016, with increases in both categories of net revenues.

The increase in our total net revenues was primarily due to the growth in our annual active customer accounts from 155.0 million in 2015 to 226.6 million in 2016 and the growth in the number of orders we fulfilled from approximately 1,263.1 million in 2015 to approximately 1,775.4 million in 2016.

Operating Expenses. Our total operating expenses increased by 39.7% from RMB187,746 million in 2015 to RMB262,267 million (US\$37,774 million) in 2016. This increase was due to increases in our cost of revenues, fulfillment expenses, marketing expenses, technology and content expenses and general and administrative expenses.

- **Cost of revenues.** Our cost of revenues increased by 40.6% from RMB157,008 million in 2015 to RMB220,699 million (US\$31,787 million) in 2016. This increase reflects the increase in our volume of online direct sales and the increased traffic acquisition costs directly related to the online marketing services provided to merchants and suppliers, as well as interest expenses related to JD Finance.
- **Fulfillment expenses.** Our fulfillment expenses increased by 50.5% from RMB13,921 million in 2015 to RMB20,951 million (US\$3,017 million) in 2016. This increase was primarily due to the expansion of delivery services provided to merchants on our marketplace and an increase in compensation costs relating to fulfillment expenses from RMB7,289 million in 2015 to RMB10,845 million (US\$1,562 million) in 2016, which was due in turn to the increase in the number of our fulfillment employees from 89,879 as of December 31, 2015 to 100,556 as of December 31, 2016, as well as higher average compensation expenses. The increase in our fulfillment expenses was also attributable to (i) increased shipping charges from contracted third-party shipping companies and couriers from RMB2,059 million in 2015 to RMB3,387 million (US\$488 million) in 2016 as our sales volume increased, even as our use of contracted third-party couriers has declined as a percentage of all orders fulfilled, and (ii) an increase in the rental expenses for our fulfillment infrastructure from RMB1,243 million in 2015 to RMB1,990 million (US\$287 million) in 2016, which was primarily due to the increase in the aggregate gross floor area leased in 2016.

[Table of Contents](#)

- **Marketing expenses.** Our marketing expenses increased by 36.7% from RMB7,736 million in 2015 to RMB10,573 million (US\$1,523 million) in 2016. This increase was primarily due to an increase in our advertising expenditures on both online and offline channels, from RMB5,721 million in 2015 to RMB8,106 million (US\$1,168 million) in 2016 as we continued to enhance our brand recognition and to promote our new business initiatives.
- **Technology and content expenses.** Our technology and content expenses increased by 55.8% from RMB3,454 million in 2015 to RMB5,381 million (US\$775 million) in 2016. This increase was primarily due to the increase in the headcount of our technology employees from 7,525 as of December 31, 2015 to 9,091 as of December 31, 2016, which involved the addition of research and development talent and the hiring of additional senior and experienced technology employees to execute our technology-related strategies of continuously improving our mobile, big data and cloud computing technologies.
- **General and administrative expenses.** Our general and administrative expenses increased by 62.1% from RMB2,877 million in 2015 to RMB4,663 million (US\$672 million) in 2016. This increase was primarily due to an increase in share-based compensation expenses from RMB725 million in 2015 to RMB1,304 million (US\$188 million) in 2016. The increase was also attributable to (i) an increase in headcount of general and administrative

employees from 4,838 as of December 31, 2015 to 5,541 as of December 31, 2016 and (ii) an increase in the bad debt provision expenses from RMB421 million in 2015 to RMB867 million (US\$125 million) in 2016 as the financing related revenue more than doubled in 2016.

· *Impairment of goodwill and intangible assets.* Our impairment of goodwill and intangible assets was nil in 2016, compared to RMB2,750 million last year.

Share of results of equity investees. Share of results of equity investees was RMB2,785 million loss (US\$401 million) in 2016, compared to RMB2,852 million loss in 2015. In 2016, our share of results of equity investees was primarily attributable to impairment of investment in Bitauto and Tuniu and losses picked up from our equity method investments.

Interest Income. Our interest income increased from RMB415 million in 2015 to RMB482 million (US\$69 million) in 2016, primarily due to the larger cash balance we held in 2016, which was primarily attributable to the increase in net cash provided by our operating activities.

Others, Net. Others, net was RMB141 million loss in 2015 and RMB1,474 million (US\$212 million) income in 2016. This income was primarily attributable to the disposal gain recognized related to the transaction with Dada.

Net Loss. As a result of the foregoing, we had a net loss of RMB3,414 million (US\$492 million) in 2016, as compared to a net loss of RMB9,118 million in 2015.

Years Ended December 31, 2015 and 2014

Net Revenues. Our total net revenues increased by 57.6% from RMB115,002 million in 2014 to RMB181,275 million in 2015, with increases in both categories of net revenues.

The increase in our total net revenues was primarily due to the growth in our annual active customer accounts from 90.6 million in 2014 to 155.0 million in 2015 and the growth in the number of orders we fulfilled from approximately 651.9 million in 2014 to approximately 1,263.1 million in 2015.

Operating Expenses. Our total operating expenses increased by 55.4% from RMB120,804 million in 2014 to RMB187,746 million in 2015. This increase was due to increases in our cost of revenues, fulfillment expenses, marketing expenses, technology and content expenses and impairment of goodwill and intangible assets.

· *Cost of revenues.* Our cost of revenues increased by 54.5% from RMB101,631 million in 2014 to RMB157,008 million in 2015. This increase reflects the increase in our volume of online direct sales and the increased traffic acquisition costs directly related to the online marketing services provided to merchants and suppliers.

[Table of Contents](#)

· *Fulfillment expenses.* Our fulfillment expenses increased by 72.6% from RMB8,067 million in 2014 to RMB13,921 million in 2015. This increase was primarily due to the expansion of delivery services provided to merchants on our marketplace and an increase in compensation costs relating to fulfillment expenses from RMB4,111 million in 2014 to RMB7,289 million in 2015, which was due in turn to the increase in the number of our fulfillment employees from 58,913 as of December 31, 2014 to 89,879 as of December 31, 2015, as well as higher average compensation expenses. The increase in our fulfillment expenses was also attributable to (i) increased shipping charges from contracted third-party shipping companies and couriers from RMB1,290 million in 2014 to RMB2,059 million in 2015 as our sales volume increased, even as our use of contracted third-party couriers has declined as a percentage of all orders fulfilled, (ii) an increase in the rental expenses for our fulfillment infrastructure from RMB715 million in 2014 to RMB1,243 million in 2015, which was primarily due to the increase in the aggregate gross floor area leased in 2015, and (iii) to an increase in payment processing charges from RMB435 million in 2014 to RMB613 million in 2015 as our volume of sales increased.

· *Marketing expenses.* Our marketing expenses increased by 92.9% from RMB4,010 million in 2014 to RMB7,736 million in 2015. This increase was primarily due to an increase in our advertising expenditures on both online and offline channels, from RMB2,781 million in 2014 to RMB5,721 million in 2015 as we continued to enhance our brand recognition and to promote JD Finance products and O2O services.

· *Technology and content expenses.* Our technology and content expenses increased by 88.1% from RMB1,836 million in 2014 to RMB3,454 million in 2015. This increase was primarily due to the increase in the headcount of our technology employees from 5,076 as of December 31, 2014 to 7,525 as of December 31, 2015, which involved the addition of research and development talent and the hiring of additional senior and experienced technology employees to execute our technology-related strategies of continuously improving our mobile, big data and cloud computing technologies.

· *General and administrative expenses.* Our general and administrative expenses decreased by 45.3% from RMB5,260 million in 2014 to RMB2,877 million in 2015. This decrease was primarily due to a decrease in share-based compensation expenses from RMB4,018 million to RMB725 million in 2015, which was primarily attributable to our grant of 93,780,970 immediately vesting restricted share units to our chairman and chief executive officer, Mr. Richard Qiangdong Liu, in the first quarter of 2014, partially offset by an increase in staff cost associated with the increase in headcount of general and administrative employees from 3,011 as of December 31, 2014 to 4,838 as of December 31, 2015.

· *Impairment of goodwill and intangible assets.* Our impairment of goodwill and intangible assets was RMB2,750 million in 2015, compared to nil last year, primarily attributable to the impairment related to Paipai.com, which had ceased business operations as of December 31, 2015.

Share of results of equity investees. Share of results of equity investees was RMB2,852 million loss in 2015, compared to nil in 2014. This increase was primarily due to losses picked up from our equity method investments and impairment of investment in Bitauto recognized during the year.

Interest Income. Our interest income decreased from RMB638 million in 2014 to RMB415 million in 2015, primarily due to our use of cash for operating and investing activities.

Others, Net. Others, net was RMB216 million income in 2014 and RMB141 million loss in 2015. This loss was primarily attributable to impairment of certain investments recognized during the year.

Net Loss. As a result of the foregoing, we had a net loss of RMB9,118 million in 2015, as compared to a net loss of RMB4,996 million in 2014.

Critical Accounting Policies

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Consolidation of Affiliated Entities

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide internet content distribution services.

To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements entered into between our PRC subsidiaries, including Jingdong Century, and our affiliated PRC entities, including, among others, Jingdong 360 and Jiangsu Yuanzhou, and their respective shareholders. As a result of these contractual arrangements, we have the ability to direct the activities of these PRC affiliates that most significantly impact their economic performance, and to obtain a majority of the residual returns of these entities. We are considered the primary beneficiary of these entities, and accordingly these entities are our variable interest entities under U.S. GAAP and we consolidate their results in our consolidated financial statements. Any changes in PRC laws and regulations that affect our ability to control these entities might preclude us from consolidating these entities in the future.

Non-Controlling Interests

For our consolidated subsidiaries, variable interest entities and the subsidiaries of our variable interest entities, non-controlling interests are recognized to reflect the portion of their equity that is not attributable, directly or indirectly, to us as the controlling shareholder. Non-controlling interests are classified as a separate line item in the equity section of our consolidated balance sheets and have been separately disclosed in our consolidated statements of operations and comprehensive loss to distinguish the interests from our interests.

Foreign Currency Translation

Our reporting currency is Renminbi (“RMB”). The functional currency of our entities incorporated in Cayman Islands, British Virgin Islands, Hong Kong, Singapore and the United States of America is the United States dollars. The functional currency of our entities incorporated in The Republic of Indonesia is the Indonesian rupiah. Our PRC subsidiaries, variable interest entities and the subsidiaries of our variable interest entities determined their functional currency to be RMB. The determination of the respective functional currency is based on the criteria of ASC 830, *Foreign Currency Matters*.

Transactions denominated in currencies other than functional currency are translated into functional currency at the exchange rates quoted by authoritative banks prevailing at the dates of the transactions. Exchange gains and losses resulting from those foreign currency transactions denominated in a currency other than the functional currency are recorded as a component of others, net in our consolidated statements of operations and comprehensive loss.

Our financial statements are translated from the functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the periodic average exchange rates.

We adjusted our financial statements as of and for the year ended December 31, 2015 to reflect a correction to our foreign currency translation treatment over investments under equity method of accounting and deferred revenue resulting from the acquisition of equity method investments. See Item 17 of Part III, “Financial Statements—Note 2. Summary of significant accounting policies—d. Revision of previously issued financial statements.”

Investment in Equity Investees

Investment in equity investees represents our investments in privately held companies and publicly traded companies. We apply the equity method of accounting to account for an equity investment, in common stock or in-substance common stock, according to ASC 323 “Investment—Equity Method and Joint Ventures,” over which it has significant influence but does not own a majority equity interest or otherwise control.

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. We consider 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.

[Table of Contents](#)

For other equity investments that are not considered as debt securities or equity securities that have readily determinable fair values and over which we have neither significant influence nor control through investments in common stock or in-substance common stock, the cost method of accounting is used.

Under the equity method, our share of the post-acquisition profits or losses of the equity investees are recorded in “share of results of equity investees” in our consolidated statements of operations and comprehensive loss and our share of post-acquisition movements are recorded in accumulated other comprehensive income or loss as a component of shareholders’ equity. We record our share of the results of equity investments in publicly listed companies one quarter in arrears. The excess of the carrying amount of the investment over the underlying equity in net assets of the equity investee represents goodwill and intangible assets acquired. When our share of losses in the equity investee equals or exceeds our interest in the equity investee, we do not recognize further losses, unless we have incurred obligations or made payments or guarantees on behalf of the equity investee.

Under the cost method, we carry the investment at cost and recognize income to the extent of dividends received from the distribution of the equity investee’s post-acquisition profits.

We continually review our investment in equity investees to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors we consider in our determination are the duration and severity of the decline in fair value; the financial condition, operating performance and the

prospects of the equity investee; and other company specific information such as recent rounds of financing. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the equity investee is written down to fair value.

Accounts Receivable, Net

Accounts receivable, net mainly represent amounts due from customers and online payment channels and are recorded net of allowance for doubtful accounts. We consider many factors in assessing the collectability of our accounts receivable, such as the age of the amounts due, the payment history, creditworthiness and financial conditions of the customers and industry trend, to determine the allowance percentage for the overdue balances by age. We adjust the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable. We also make specific allowance if there is strong evidence indicating that the accounts receivable are likely to be unrecoverable. A majority of the allowances for doubtful accounts are for financing receivables from individual consumers related to the online direct sales business. Accounts receivable balances are written off after all collection efforts have been exhausted. The accounts receivables with the collection period over one year are classified into other non-current assets in our consolidated balance sheets.

Loan Receivables, Net

Loan receivables consist primarily of micro loans made to small and medium sized enterprises that are merchants on our online marketplace and qualified individual customers. The loan periods extended by us to the merchants and the individual customers generally range from one day to thirty-six months. Such amounts are recorded at the outstanding principal amount less allowance for doubtful accounts, and include accrued interest receivable as of the balance sheet date. The loan receivables with the collection period over one year are classified into other non-current assets in our consolidated balance sheets. As of December 31, 2015 and 2016, the balances of loan receivables, net were RMB3.7 billion and RMB12.7 billion (US\$1.8 billion), respectively.

We have entered into syndication loan arrangements with certain third-party financial institutions to jointly provide loans to individual customers. We and the third-party financial institutions make loans to the borrowers and have a direct legal relationship with the borrowers for the respective portion of the loans. We and the third-party financial institutions have the rights to receive the repayment from borrowers, take credit risk and earn interest income on the respective loan portion. Hence, we record loan receivables and interest income of our portion in our consolidated financial statements.

[Table of Contents](#)

Allowance for doubtful accounts represents our best estimate of the losses inherent in the outstanding portfolio of loans. Judgment is required to determine the allowance amounts and whether such amounts are adequate to cover potential bad debts, and periodic reviews are performed to ensure such amounts continue to reflect the best estimate of the losses inherent in the outstanding portfolio of loans. As of December 31, 2015 and 2016, allowance for doubtful accounts under loan receivables were RMB88 million and RMB252 million (US\$36 million), respectively.

Investment Securities

We invest in marketable equity securities to meet business objectives. These marketable securities are reported at fair value, classified and accounted for as available-for-sale securities in investment securities. The treatment of a decline in the fair value of an individual security is based on whether the decline is other-than-temporary. We assess our available-for-sale securities for other-than-temporary impairment by considering factors including, but not limited to, our ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Investments classified as available-for-sale securities are reported at fair value with unrealized gains or losses, if any, recorded in accumulated other comprehensive income or loss as a component of shareholders' equity. If we determine a decline in fair value is other-than-temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is accounted for as a realized loss charged in our consolidated statement of operations and comprehensive loss. The fair value of the investment would not be adjusted for subsequent recoveries in fair value.

We also invested in certain trust investments and applied the fair value option. The trust investments are carried at fair value, with the fair value changes recorded in our consolidated statements of operations and comprehensive loss.

Revenue

We engage primarily in the sale of electronics products and general merchandise products sourced from manufacturers, distributors and publishers in China on the internet through our websites, mainly *www.jd.com*. We offer an online marketplace that enables third-party sellers to sell their products to consumers. We also offer financial services to our suppliers, third-party sellers and qualified individual customers. Customers place their orders for products or services online through our websites. Payment for the purchased products or services is generally made either before delivery or upon delivery.

Consistent with the criteria of ASC 605, Revenue Recognition, we recognize revenues when the following four revenue recognition criteria are met:

- (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

In accordance with ASC 605, Revenue Recognition, we evaluate whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When we are primarily obligated in a transaction, are subject to inventory risk, have latitude in establishing prices and selecting suppliers, or have several but not all of these indicators, revenues should be recorded on a gross basis. When we are not the primary obligor, don't bear the inventory risk and don't have the ability to establish the price, revenues are recorded on a net basis.

Revenue arrangements with multiple deliverables are divided into separate units of accounting and arrangement consideration is allocated using estimated selling prices if we do not have vendor-specific objective evidence or third-party evidence of the selling prices of the deliverables.

We recognize revenue net of discounts and return allowances when the products are delivered and title passes to customers. Return allowances, which reduce net revenues, are estimated based on historical experiences.

Rebates and Subsidies

We periodically receive consideration from certain suppliers, representing rebates for products sold and subsidies for the sales of the suppliers' products over a period of time. The rebates are not sufficiently separable from our purchase of the suppliers' products and they do not represent a reimbursement of costs incurred by us to sell vendors' products. We account for the rebates received from our suppliers as a reduction to the price we pay for the products purchased and therefore we record such amounts as a reduction of cost of revenues when recognized in our consolidated financial statements. Rebates are earned based on reaching minimum purchase thresholds for a specified period. When volume rebates can be reasonably estimated based on our past experiences and current forecasts, a portion of the rebate is

[Table of Contents](#)

Inventories

Inventories are primarily accounted for using the weighted average cost method and are valued at the lower of cost or market value. This valuation requires us to make judgments, based on currently-available information, about the likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about future disposition of inventory are inherently uncertain and changes in our estimates and assumptions may cause us to realize material write-downs in the future. As a measure of sensitivity, for every 1% of additional inventory valuation allowance as of December 31, 2016, we would have recorded an additional cost of sales of approximately RMB293 million (US\$42 million).

Goodwill

We evaluate goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. Our annual testing date is December 31. We test goodwill for impairment by first comparing the book value of net assets to the fair value of the reporting units. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. We estimate the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future net sales and operating expenses, based primarily on expected category expansion, pricing, market segment share, and general economic conditions. Certain estimates of discounted cash flows involve businesses with limited financial history and developing revenue models. Changes in these forecasts could significantly change the amount of impairment recorded, if any.

During the years ended December 31, 2014, 2015 and 2016, management monitored the actual performance of the business relative to the fair value assumptions used during our annual goodwill impairment test. In November 2015 we decided to terminate the C2C business of Paipai.com acquired from Tencent, combating the marketing and sales of counterfeit products. As a result, we decided that the goodwill arising from the acquisition of the Paipai and QQ Wanggou combined platform business was fully impaired and an impairment charge of RMB2.6 billion was recorded in the fourth quarter of 2015. There was no goodwill impairment during the years ended December 31, 2014 and 2016.

Other Investments

Other investments represent the higher yield investments purchased by JD Finance and resold to third-party investors. JD Finance will earn yield differentials. As JD Finance takes the majority risks and rewards of the products sold to the third-party investors, we reported the investments purchased and the funds raised from the sale of the financial products on a gross basis on our consolidated balance sheets. We elected the fair value option pursuant to ASC 825 at the date of initial recognition and carried these investments subsequently at fair value. As of December 31, 2015 and 2016, nil and RMB10,767 million (US\$1,551 million) of the higher yield investments purchased by JD Finance with maturities within one year were recorded as other investments in current assets, and nil and RMB6,997 million (US\$1,008 million) with the maturities over one year were recorded as other investments in non-current assets, in our consolidated balance sheets, respectively. As of December 31, 2015 and 2016, nil and RMB18,106 million (US\$2,608 million) of lower yield investments sold to the third-party investors were recorded as accrued expenses and other current liabilities, in our consolidated balance sheets, respectively. The interest revenue and cost are recorded as services and others revenue and cost of revenues, respectively, in our consolidated statements of operations and comprehensive loss.

[Table of Contents](#)

Non-Recourse Securitization Debt

We periodically securitize accounts receivables and loans arising from our consumer and supply chain financing businesses through the transfer of those assets to securitization vehicles. The securitization vehicles then issue debt securities to third-party investors, collateralized by the transferred assets. The asset-backed debt securities issued by the securitization vehicles are nonrecourse to us and are payable only out of collections on their respective underlying collateralized assets. The securitization vehicles are considered consolidated variable interest entities pursuant to ASC 810 and the asset-backed debt securities issued by the securitization vehicles are reported as current and non-current liabilities in our consolidated balance sheets based on their respective expected repayment dates. While the contractual maturities of the asset-backed debt securities are from 2017 to 2020, the securities are repaid as collections on the underlying collateralized assets occur. As of December 31, 2015 and 2016, the collateralized accounts receivables and loans were RMB4,320 million and RMB17,339 million (US\$2,497 million), respectively. The weighted average interest rate for the outstanding nonrecourse securitization debt as of December 31, 2015 and 2016 was approximately 5.30% and 4.39%, respectively.

Unsecured Senior Notes

Unsecured senior notes are recognized initially at fair value, net of debt discounts or premiums and debt issuance costs. Debt discount or premium and debt issuance costs are recorded as a reduction of the principal amount and the related accretion is recorded as interest expense in our consolidated statements of operations and comprehensive loss over the maturities of the notes using the effective interest method.

Share-Based Compensation

We grant non-vested ordinary shares, restricted share units and share options of our company and our subsidiaries to eligible employees and non-employee consultants and account for these share-based awards in accordance with ASC 718 *Compensation — Stock Compensation* and ASC 505-50 *Equity-Based Payments to Non-Employees*.

Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses (a) immediately at grant date if no vesting conditions are required, or (b) using graded vesting method, net of estimated forfeitures, over the requisite service period, which is the vesting period.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Non-employees' share-based awards are measured at fair value at the earlier of the commitment date or the date the services are completed. Awards granted to non-employees are re-measured at each reporting date using the fair value as at each period end until the measurement date, generally when the services are completed and awards are vested. Changes in fair value between the reporting dates are recognized by graded vesting method.

Prior to our initial public offering, the fair value of the non-vested ordinary shares and restricted share units were assessed using the income approach / discounted cash flow method, with a discount for lack of marketability given that the shares underlying the award were not publicly traded at the time of grant, and was determined partly in reliance on a valuation determined with the assistance of an independent valuation firm using our estimates and assumptions. This assessment required complex and subjective judgments regarding our projected financial and operating results, our unique business risks, the liquidity of our ordinary shares and our operating history and prospects at the time the grants were made.

[Table of Contents](#)

After our initial public offering, in determining the fair value of the restricted share units granted, the closing market price of the underlying shares on the last trading date prior to the grant dates is applied. In determining the fair value of the restricted share units granted on May 22, 2014, the date when our ADSs first commenced trading on NASDAQ, the per share equivalent of our initial public offering price is applied.

Share options

Management is responsible for determining the fair value of options granted to employees and our founder and considered a number of factors including valuations.

In determining the fair value of our stock options, the binomial option pricing model was applied, which requires inputs such as the fair value of our ordinary shares, expected volatility, risk-free interest rate, exercise multiple, expected dividend yield and expected term based on the following assumptions:

- (1) Fair value of our ordinary shares. Prior to our initial public offering on May 22, 2014, the fair value was determined based on management estimates, as discussed under “—Fair Value of Our Ordinary Shares.” Subsequent to our initial public offering, the market price of our publicly traded ADSs is used as an indicator of fair value for our ordinary shares.
- (2) Expected volatility. We estimate expected volatility based on the implied volatility of our own and the historical share prices volatility of comparable companies with a time horizon close to the expected term of the share options.
- (3) Risk-free interest rate. We estimate risk-free interest rate based on the yield to maturity of U.S. treasury bonds with a maturity similar to the expected life of the share options.
- (4) Exercise multiple. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of research study regarding exercise pattern based on historical statistical data.
- (5) Expected dividend yield. We have never declared or paid any cash dividends on our capital stock, and we do not anticipate any dividend payments on our ordinary shares in the foreseeable future.
- (6) Expected term. Expected term is the contract life of the option.

Changes in these assumptions could significantly affect the fair value of stock options and hence the amount of compensation expenses we recognize in our consolidated financial statements.

Share-based compensation of subsidiaries

Determination of estimated fair value of our subsidiaries before they were publicly listed requires complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information on companies in China similar to our subsidiaries. We, with the assistance of an independent valuation firm, evaluated the use of two generally accepted valuation approaches. The income approach is used if a revenue model had been established, the market approach is used if information from comparable companies had been available, or a weighted blend of these two approaches is used if more than one is applicable, to estimate our subsidiaries’ enterprise value for purposes of recording stock-based compensation.

In October 2015, JD Finance adopted a 2015 Share Incentive Plan, which permits the granting of stock options, share appreciation rights, restricted share units and restricted shares of JD Finance to its employees, directors and consultants. We granted restricted shares units of JD Finance equivalent to approximately 7.25% and 2.94% of the subsidiary’s ordinary shares on a fully diluted basis in 2015 and 2016, respectively. The weighted average grant date fair value of restricted share units granted was RMB4.25 and RMB7.17 for the years ended December 31, 2015 and 2016, respectively. Share-based compensation expenses related to the grants recorded in 2015 and 2016 were RMB95.7 million and RMB260.6 million (US\$37.5 million), respectively.

[Table of Contents](#)

Fair Value of Our Ordinary Shares

Prior to our initial public offering, we were a private company with no quoted market prices for our ordinary shares. We therefore needed to make estimates of the fair value of our ordinary shares at various dates for the following purposes:

- determining the fair value of our ordinary shares at the date of issuance of convertible instruments as one of the inputs into determining the intrinsic value of the beneficial conversion feature, if any; and
- determining the fair value of our ordinary shares at the date of the grant of a share-based compensation award to our employees or non-employees as one of the inputs into determining the grant date fair value of the award.

In determining the fair value of our ordinary shares, we applied the income approach/discounted cash flow analysis based on our projected cash flow using our best estimate as of the valuation date with the assistance from an independent valuation firm. The determination of the fair value of our ordinary shares requires complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

The major assumptions used in calculating the fair value of ordinary shares include:

Discount rates. The discount rates were based on the weighted average cost of capital, which was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systemic risk factors.

Comparable companies. In deriving the weighted average cost of capital used as the discount rates under the income approach, seven publicly traded companies were selected for reference as our guideline companies. The guideline companies were selected based on the following criteria: (i) they operate in the e-commerce industry and (ii) their shares are publicly traded in developed capital markets, including the United States, the UK and Japan.

Discount for lack of marketability, or DLOM. DLOM was quantified by the Black-Scholes option pricing model. Under this option-pricing method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the DLOM. This option pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors like timing of a liquidity event (such as an IPO) and estimated volatility of our shares. The farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. Our revenues and earnings growth rates, as well as major milestones that we have achieved, contributed to the increase in the fair value of our ordinary shares. However, these fair values are inherently uncertain and highly subjective. The assumptions used in deriving the fair values are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain.

The option-pricing method was used to allocate enterprise value to preferred and ordinary shares, taking into account the guidance prescribed by the AICPA Audit and Accounting Practice Aid, "Valuation of Privately-Held Company Equity Securities Issued as Compensation." The method treats common stock and preferred stock as call options on the enterprise's value, with exercise prices based on the liquidation preference of the preferred stock.

The option-pricing method involves making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering, and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board of directors and management. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. Had we used different estimates of volatility, the allocations between preferred and ordinary shares would have been different.

106

[Table of Contents](#)

The fair value of our ordinary shares on May 22, 2014 was US\$9.50, which was based on our initial public offering price.

Income Taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. We follow the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between the financial statements carrying amounts and tax bases of assets and liabilities by applying enacted statutory tax rates that will be in effect in the period in which the temporary differences are expected to reverse. We record a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in our consolidated financial statements in the period of change.

In accordance with the provisions of ASC 740, we recognize in our financial statements the benefit of a tax position if the tax position is "more likely than not" to prevail based on the facts and technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured at the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement. We estimate our liability for unrecognized tax benefits which are periodically assessed and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The ultimate outcome for a particular tax position may not be determined with certainty prior to the conclusion of a tax audit and, in some cases, appeal or litigation process. The actual benefits ultimately realized may differ from our estimates. As each audit is concluded, adjustments, if any, are recorded in our financial statements in the period in which the audit is concluded. Additionally, in future periods, changes in facts, circumstances and new information may require us to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur. As of December 31, 2014, 2015 and 2016, we did not have any significant unrecognized uncertain tax positions.

Recent Accounting Pronouncements

See Item 17 of Part III, "Financial Statements—Note 2—Summary of significant accounting policies—Recent accounting pronouncements."

B. Liquidity and Capital Resources

Our primary sources of liquidity have been proceeds from operating activities, private issuances of ordinary and preferred shares, our initial public offering and our notes offering.

In May 2014, we completed our initial public offering in which we issued and sold an aggregate of 83,060,200 ADSs, representing 166,120,400 Class A ordinary shares resulting in net proceeds to us of approximately US\$1.5 billion. Concurrently with our initial public offering, we also raised US\$1.3 billion from Huang River Investment Limited, our existing shareholder, by selling 139,493,960 Class A ordinary shares to Huang River via private placement.

In April 2016, we issued an aggregate of US\$500 million unsecured senior notes due in 2021, with stated annual interest rate of 3.125%, and an aggregate of US\$500 million unsecured senior notes due in 2026, with stated annual interest rate of 3.875%. The net proceeds from the sale of the notes were used for general corporate purposes. As of December 31, 2016, the total carrying value and estimated fair value were US\$495 million and US\$495 million, respectively, with respect to the notes due in 2021, and US\$490 million and US\$478 million, respectively, with respect to the notes due in 2026. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2016. The unsecured senior notes contain covenants including, among others, limitation on liens, and restriction on consolidation, merger and sale of all or substantially all of our assets. We are in compliance with all covenants. During 2016, we paid an aggregate of US\$18 million in interest payments related to these notes.

107

As of December 31, 2016, we had a total of RMB31.3 billion (US\$4.5 billion) in cash and cash equivalents, restricted cash and short-term investments. This included primarily RMB16.8 billion (US\$2.4 billion) and US\$11.1 million in China, RMB1.3 billion (US\$0.2 billion), HK\$47.0 million (US\$6.1 million) and US\$1.9 billion in Hong Kong and US\$19.5 million in the Singapore. Our cash and cash equivalents generally consist of bank deposits and liquid investments with maturities of three months or less. As of December 31, 2016, we had one-year revolving lines of credit for an aggregate amount of RMB21.7 billion (US\$3.1 billion) from several Chinese commercial banks. We had RMB11.9 billion (US\$1.7 billion) outstanding under these revolving lines of credit as of December 31, 2016.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand, we may seek to issue debt or equity securities or obtain additional credit facilities.

Our net inventories have increased significantly in recent periods, from RMB12.2 billion as of December 31, 2014 to RMB20.5 billion as of December 31, 2015 and further to RMB28.9 billion (US\$4.2 billion) as of December 31, 2016. These increases reflected the additional inventory required to support our substantially expanded sales volumes. Our annual inventory turnover days were 34.8 days in 2014, 36.9 days in 2015 and 38.0 days in 2016. Annual inventory turnover days are the quotient of average inventory over five quarter ends to total cost of revenues and then multiplied by the number of days during the year. Our inventory balances will fluctuate over time due to a number of factors, including expansion in our product selection and changes in our product mix. Our inventory balances typically increase when we prepare for special promotion events, such as the anniversary of the founding of our company on June 18 and China's new online shopping festival on November 11.

Our accounts payable primarily include accounts payable to suppliers associated with our online direct sales business and those to third-party sellers on our online marketplace. As of December 31, 2014, 2015 and 2016, our accounts payable amounted to RMB16.4 billion, RMB29.8 billion and RMB44.0 billion (US\$6.3 billion), respectively. These increases reflected a significant growth in our sales volumes and scale of operations for our online direct sales business and the related increase in products sourced from our suppliers, as well as the growth in the scale of operations of our online marketplace. From late 2013, we started to provide supply chain financing to our suppliers of online direct sales business. As of December 31, 2014, 2015 and 2016, the balances of financing we provided to our suppliers amounted to RMB1.5 billion, RMB4.7 billion and RMB7.0 billion (US\$1.0 billion), respectively. Our annual accounts payable turnover days for our online direct sales business excluding the impact from supply chain financing were 40.9 days in 2014, 44.6 days in 2015 and 52.6 days in 2016. Annual accounts payable turnover days are the quotient of average accounts payable over five quarter ends to total cost of revenues and then multiplied by the number of days during the year.

Our accounts receivable primarily include amounts due from customers and online payment channels. As of December 31, 2014, 2015 and 2016, our accounts receivable amounted to RMB2.3 billion, RMB8.2 billion and RMB17.5 billion (US\$2.5 billion), respectively. These increases were primarily due to a significant growth in our sales volumes as well as the credit we extended for our financial products. From early 2014, we started to provide consumer financing to our customers. As of December 31, 2014, 2015 and 2016, the balances of current portion of financing provided to our customers that affected accounts receivable balances amounted to RMB1.0 billion, RMB6.4 billion and RMB14.3 billion (US\$2.1 billion), respectively. Our accounts receivable turnover days excluding the impact from consumer financing were 2.9 days in 2014, 3.2 days in 2015 and 3.3 days in 2016. Annual accounts receivable turnover days are the quotient of average accounts receivable over five quarter ends to total net revenues and then multiplied by the number of days during the year.

Although we consolidate the results of our consolidated variable interest entities, we only have access to cash balances or future earnings of our consolidated variable interest entities through our contractual arrangements with them. See "Item 4.C. Information on the Company—Organizational Structure." For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see "—Holding Company Structure."

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our wholly foreign-owned subsidiaries in China only through loans or capital contributions, subject to the approval of government authorities and limits on the amount of capital contributions and loans. In addition, our wholly foreign-owned subsidiaries in China may provide Renminbi funding to their respective subsidiaries through capital contributions and entrusted loans, and to our consolidated variable interest entities only through entrusted loans. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and consolidated variable interest entities or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

Renminbi may be converted into foreign exchange for current account items, including interest and trade- and service-related transactions. As a result, our PRC subsidiaries and our consolidated variable interest entities in China may purchase foreign exchange for the payment of license, content or other royalty fees and expenses to offshore licensors and content partners, for example.

Our wholly foreign-owned subsidiaries may convert Renminbi amounts that they generate in their own business activities, including technical consulting and related service fees pursuant to their contracts with the consolidated variable interest entities, as well as dividends they receive from their own subsidiaries, into foreign exchange and pay them to their non-PRC parent companies in the form of dividends. However, current PRC regulations permit our wholly foreign-owned subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Each of our wholly foreign-owned subsidiaries is required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE and its local branches.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2014	2015	2016	
	RMB	RMB	RMB	US\$
	(in millions)			
Summary Consolidated Cash Flows Data:				
Net cash provided by operating activities ⁽¹⁾	1,290	1,696	8,767	1,263
Net cash used in investing activities ⁽¹⁾	(13,478)	(5,791)	(48,269)	(6,952)
Net cash provided by financing activities	18,392	4,700	40,699	5,862
Effect of exchange rate changes on cash and cash equivalents	(101)	344	711	102
Net increase in cash and cash equivalents	6,103	949	1,908	275
Cash and cash equivalents at beginning of year	10,812	16,915	17,864	2,573

- (1) As JD Finance has changed from supporting the overall JD platform to an independently operated and self-funded business, loans to consumers and merchants in marketplace business and third parties are made mainly for investment purpose. Accordingly, cash flows resulting from loan receivables have been reclassified from cash provided by operating activities to cash used in investing activities. Cash flows resulting from loan receivables of RMB0.3 billion and RMB3.5 billion for the years ended December 31, 2014 and 2015, respectively, have been reclassified from cash provided by operating activities to cash used in investing activities.

Operating Activities

Net cash provided by operating activities in 2016 was RMB8,767 million (US\$1,263 million). In 2016, the principal items accounting for the difference between our net cash provided by operating activities and our net loss were certain non-cash expenses, principally depreciation and amortization of RMB3,633 million (US\$523 million), share of results of equity investees of RMB2,785 million (US\$401 million), share-based compensation of RMB2,344 million (US\$338 million) and gain from business and investment disposals of RMB1,233 million (US\$178 million), and changes in certain working capital accounts, principally an increase in accounts payable of RMB13,694 million (US\$1,972 million), an increase in advance from customers of RMB4,454 million (US\$642 million) and an increase in accrued expenses and other current liabilities of RMB4,248 million (US\$612 million), partially offset by an increase in accounts receivable of RMB9,697 million (US\$1,397 million) and an increase in inventories of RMB8,370 million (US\$1,206 million). The increase in our accounts payable was due to the growth of our business. The increase in our accrued expenses and other current liabilities was primarily due to the growth in payroll and related accruals primarily associated with the increase in our headcount, the growth in our online marketplace business which resulted in the increase of vendor deposits, partially offset by the decrease in the payable to employees in relation to the exercise of options or pursuant to other awards. The increase in our advance from customers was due to the increase in advance from customers related to the sales on our online marketplace, since third-party sellers tend to take longer to complete deliveries to the extent that they do not use our fulfillment services, as well as the increase in our sales of prepaid cards. The increase in our inventories was due to the growth of our business. The increase in accounts receivable was due to the growth of our business as well as the credit we extended for our financial products.

[Table of Contents](#)

Net cash provided by operating activities in 2015 was RMB1,696 million. In 2015, the principal items accounting for the difference between our net cash used in operating activities and our net loss were certain non-cash expenses, principally share of results of equity investees of RMB2,852 million, impairment of goodwill and intangible assets of RMB2,750 million, depreciation and amortization of RMB2,619 million and share-based compensation of RMB1,194 million, and changes in certain working capital accounts, principally an increase in accounts payable of RMB13,113 million, an increase in accrued expenses and other current liabilities of RMB2,207 million and an increase in advance from customers of RMB2,507 million, partially offset by an increase in inventories of RMB8,349 million and an increase in accounts receivable of RMB6,167 million. The increase in our accounts payable was due to the growth of our business. The increase in our accrued expenses and other current liabilities was primarily due to the growth in payroll and related accruals primarily associated with the increase in our headcount, the growth in our online marketplace business which resulted in the increase of vendor deposits, partially offset by the decrease in the payable to employees in relation to the exercise of options or pursuant to other awards. The increase in our advance from customers was due to the increase in advance from customers related to the sales on our online marketplace, since third-party sellers tend to take longer to complete deliveries to the extent that they do not use our fulfillment services, as well as the increase in our sales of prepaid cards. The increase in our inventories was due to the growth of our business. The increase in accounts receivable was due to the growth of our business as well as the credit we extended for our financial products.

Net cash provided by operating activities in 2014 was RMB1,290 million. In 2014, the principal items accounting for the difference between our net cash provided by operating activities and our net loss were certain non-cash expenses, principally share-based compensation of RMB4,250 million and depreciation and amortization of RMB1,651 million, and changes in certain working capital accounts, principally an increase in accounts payable of RMB4,903 million, an increase in accrued expenses and other current liabilities of RMB2,988 million and an increase in advance from customers of RMB2,611 million, partially offset by an increase in inventories of RMB5,805 million an increase in accounts receivable of RMB1,861 million and an increase in prepayments and other current assets RMB1,211 million. The increase in our accounts payable was due to the growth of our business. The increase in our accrued expenses and other current liabilities was primarily due to the growth in payroll and related accruals primarily associated with the increase in our headcount, the growth in our online marketplace business which resulted in the increase of vendor deposits as well as the payable to employees in relation to the exercise of options or pursuant to other awards. The increase in our advance from customers was due to the increase in advance from customers related to the sales on our online marketplace, since third-party sellers tend to take longer to complete deliveries to the extent that they do not use our fulfillment services, as well as the increase in our sales of prepaid cards. The increase in our inventories was due to the growth of our business. The increase in accounts receivable was due to the consumer financing we started providing to our selected customers as part of our internet financing initiatives in 2014. The increase in prepayments and other current assets was attributable to the receivables on behalf of our employees in relation to the exercise of options or pursuant to other awards.

[Table of Contents](#)

Investing Activities

Net cash used in investing activities in 2016 was RMB48,269 million (US\$6,952 million), consisting primarily of the purchase of short-term investments, investment in equity investees, investment securities and other investments, purchases of property, equipment and software, cash paid for construction in progress, cash paid for loan originations and cash paid for business combinations, partially offset by the maturity of short-term investments and other investments, and cash received from loan repayments.

Net cash used in investing activities in 2015 was RMB5,791 million, consisting primarily of the purchase of short-term investments, investment in equity investees and investment securities, purchases of property, equipment and software, cash paid for construction in progress, cash paid for loan originations and cash paid for business combinations, partially offset by the maturity of short-term investments and cash received from loan repayment.

Net cash used in investing activities in 2014 was RMB13,478 million, consisting primarily of the purchase of short-term investments along with purchases of property, equipment and software and cash paid for construction in progress, partially offset by the maturity of short-term investments, as well as net cash acquired from business combinations.

Financing Activities

Net cash provided by financing activities in 2016 was RMB40,699 million (US\$5,862 million), consisting primarily of proceeds from our unsecured senior notes offering in April 2016, proceeds from short-term borrowings, nonrecourse securitization debt and sales of financial products, and proceeds from JD Finance's series A financing, partially offset by the repayment of short-term borrowings and financial products, and our repurchase of ADSs.

Net cash provided by financing activities in 2015 was RMB4,700 million, consisting primarily of proceeds from short-term bank loans and nonrecourse securitization debt partially offset by the repayment of short-term bank loans.

Net cash provided by financing activities in 2014 was RMB18,392 million, consisting of proceeds from our initial public offering and private issuances of ordinary shares, as well as proceeds from short-term bank loans, partially offset by the repayment of short-term bank loans.

Holding Company Structure

JD.com, Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries and consolidated variable interest entities in China. As a result, JD.com, Inc.'s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and our consolidated variable interest entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion. Each of the other PRC subsidiaries and our consolidated variable interest entities may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. As of December 31, 2016, the amount restricted, including paid-in capital and statutory reserve funds, as determined in accordance with PRC accounting standards and regulations, was approximately RMB29,081 million (US\$4,188 million). Our PRC subsidiaries have never paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

111

[Table of Contents](#)

Capital Expenditures

We made capital expenditures of RMB2,902 million, RMB5,300 million and RMB4,460 million (US\$642 million) in 2014, 2015 and 2016, respectively. Our capital expenditures for 2014, 2015 and 2016 consisted primarily of expenditures related to the expansion of our fulfillment infrastructure, technology platform, logistics equipment as well as our new office buildings. Our capital expenditures will continue to be significant in the foreseeable future as we expand and improve our fulfillment infrastructure and technology platform to meet the needs of our anticipated growth.

C. Research and Development

We have built our technology platform relying primarily on software and systems that we have developed in-house and to a lesser extent on third-party software that we have modified and incorporated. We employed 9,091 IT professionals to design, develop and operate our technology platform as of December 31, 2016.

In the three years ended December 31, 2014, 2015 and 2016, our technology and content expenses, including share-based compensation expenses for research and development staff, were RMB1,836 million, RMB3,454 million and RMB5,381 million (US\$775 million), respectively. Our technology and content expenses consist primarily of payroll and related expenses for IT professionals involved in developing and maintaining our technology platform and website, server and other equipment depreciation, bandwidth and data center costs, and rental expenses. We expect spending in technology and content to increase over time as we add more experienced IT professionals and continue to invest in our technology platform to enhance customer experience and provide value-added services to suppliers and third-party sellers.

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2016 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

F. Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2016:

	Total	Payment Due by Period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
		(in RMB thousands)			
Operating lease commitments ⁽¹⁾					
Rental expenses	4,873,341	1,821,161	1,821,329	817,514	413,337
Bandwidth leasing	509,627	263,319	216,083	24,913	5,312
Capital commitments ⁽²⁾	1,920,971	1,920,971	—	—	—
Long-term debt obligations ⁽³⁾	20,403,840	9,389,213	4,077,627	3,468,500	3,468,500
Total	27,707,779	13,394,664	6,115,039	4,310,927	3,887,149

(1) Our operating lease obligations relate to our leases of offices and fulfillment centers and our lease of bandwidth and data centers.

- (2) Our capital commitments primarily relate to commitments on construction of office buildings and warehouses, and are to be paid in the following years according to the construction progress.
- (3) Our long-term debt obligations are mainly unsecured senior notes, and nonrecourse securitization debt consisting primarily of debt securities issued in connection with securitization of certain financial assets. The amounts exclude the corresponding interest payable.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Richard Qiangdong Liu	44	Chairman of the Board of Directors and Chief Executive Officer
Martin Chiping Lau	44	Director
Ming Huang	53	Independent Director
Louis T. Hsieh	52	Independent Director
David Daokui Li	53	Independent Director
Shengqiang Chen	40	Chief Executive Officer of JD Finance
Ye Lan	47	Chief Public Affairs Officer
Yu Long	41	Chief Human Resources Officer and General Counsel
Sidney Xuande Huang	51	Chief Financial Officer
Chen Zhang	53	Chief Technology Officer

Richard Qiangdong Liu has been our chairman and chief executive officer since our inception. Mr. Liu has over 15 years of experience in the retail and e-commerce industries. In June 1998, Mr. Liu started his own business in Beijing, which was mainly engaged in the distribution of magneto-optical products. In January 2004, Mr. Liu launched his first online retail website. He founded our business later that year and has guided our development and growth since then. In December 2011, Mr. Liu received the prestigious award “2011 China Economic Person of the Year” from CCTV, China’s largest nationwide television network. Mr. Liu has received numerous other awards for his achievements in the e-commerce industry in China, such as “2011 Chinese Business Leader” and Fortune China’s “2012 Chinese Businessman.” Mr. Liu received a bachelor’s degree in sociology from Renmin University of China in Beijing and an EMBA degree from the China Europe International Business School.

Martin Chiping Lau has served as our director since March 2014. Mr. Lau is president and executive director of Tencent Holdings Limited, a provider of comprehensive internet services serving the largest online community in China and listed on Hong Kong Stock Exchange. In 2007, Mr. Lau was appointed as an executive director of Tencent. In 2006, Mr. Lau was promoted as the president of Tencent to manage the day-to-day operation of Tencent. In February 2005, he joined Tencent as the chief strategy and investment officer, and was responsible for corporate strategies, investments, merger and acquisitions and investor relations. Prior to joining Tencent, Mr. Lau was an executive director at Goldman Sachs (Asia) L.L.C.’s investment banking division and the chief operating officer of its telecom, media and technology group. Prior to that, he worked at McKinsey & Company, Inc. as a management consultant. Mr. Lau also serves as a non-executive director of Kingsoft Corporation Limited, an internet based software developer, distributor and software service provider listed on Hong Kong Stock Exchange, and a director of Leju Holdings Limited, an online-to-offline real estate services provider in China listed on the NYSE. Mr. Lau received a bachelor of science degree in electrical engineering from the University of Michigan, a master of science degree in electrical engineering from Stanford University and an MBA degree from Kellogg Graduate School of Management, Northwestern University.

Ming Huang has served as our independent director since March 2014. Mr. Huang has been a professor of finance at the Johnson Graduate School of Management at Cornell University since July 2005 and a professor of finance at China Europe International Business School (CEIBS) since July 2010. Mr. Huang also served as a professor of finance at Cheung Kong Graduate School of Business in China from July 2008 to June 2010 and Dean of the School of Finance at Shanghai University of Finance and Economics from April 2006 to March 2009. Prior to 2005, he was an associate professor of finance at the Graduate School of Business at Stanford University from September 2002 to June 2005 and an associate dean and visiting professor of finance at Cheung Kong Graduate School of Business from July 2004 to June 2005. Professor Huang’s academic research primarily focuses on behavioral finance, credit risk and derivatives. In recent years, his research has focused on Chinese capital market and public companies. Professor Huang serves as an independent director of Yingli Green Energy Holding Company Limited, a company listed on the NYSE. Mr. Huang is also an independent non-executive director of several companies listed on the Hong Kong Stock Exchange including WH Group Limited, Fantasia Holdings Group Co., Ltd. and China Medical System Holdings Ltd and an independent director of Guosen Securities Co., Ltd., a company listed on the Shenzhen Stock Exchange. Professor Huang received his bachelor’s degree in physics from Peking University, a Ph.D. in theoretical physics from Cornell University and a Ph.D. in finance from Stanford University.

Louis T. Hsieh has served as our independent director since May 2014. Mr. Hsieh has served as the director of New Oriental Education & Technology Group Inc., the largest provider of private educational services in China listed on the NYSE, since March 2007, and served as its chief financial officer from December 2005 to April 2015 and its president from May 2009 to January 2016. Previously, Mr. Hsieh was the chief financial officer of ARIQ Data Networks, Inc. in San Jose, California from 2004 to 2005. Prior to that, Mr. Hsieh was a managing director for the private equity firm of Darby Asia Investors (HK) Limited from 2002 to 2003. From 2000 to 2002, Mr. Hsieh was managing director and Asia-Pacific tech/media/telecoms head of UBS Capital Asia Pacific, the private equity division of UBS AG. From 1997 to 2000, Mr. Hsieh was a technology investment banker at JP Morgan in San Francisco, California, where he was a vice president, and Credit Suisse First Boston in Palo Alto, California, where he was an associate. From 1990 to 1996, Mr. Hsieh was a corporate and securities attorney at White & Case LLP in Los Angeles. Mr. Hsieh also serves as an independent director of United Information Technologies, a leading Chinese storage solutions company, and an independent director and chairman of audit committee of two companies listed on the NYSE, Nord Anglia Education, Inc. and YUM China Holdings, Inc. Mr. Hsieh holds a bachelor’s degree in industrial engineering and engineering management from Stanford University, an MBA degree from the Harvard Business School, and a J.D. degree from the University of California at Berkeley.

David Daokui Li has served as our independent director since May 2014. Mr. Li is currently the Mansfield Freeman Chair Professor of the School of Economics and Management of Tsinghua University. He is also the director of the Schwarzman Scholars Program at Tsinghua University, and the director of Center for China in the World Economy (CCWE) at the School of Economics and Management of Tsinghua University. Before joining Tsinghua University in 2004, Mr. Li was on the faculty of Hong Kong University of Science and Technology from 1999 to 2004 and the University of Michigan from 1992 to 1999. From 1997 to 1998, he was a National Fellow of Hoover Institution at Stanford University. Professor Li is currently a delegate to the Beijing People’s Congress and a member of the Chinese People’s Political Consultative Committee (CPPCC). He is now a member of the Global Agenda Councils and a Rapporteur of the International Financial Institutions Reform Cluster of the Global Redesign Initiative (GRI) of the World Economic Forum based in Davos, Switzerland. Professor Li received a Ph.D. in economics from Harvard University

and a bachelor's degree in management information systems from Tsinghua University as one of the first undergraduate class of the School of Economics and Management, where he is now serving as a faculty member.

Shengqiang Chen has served as the chief executive officer of JD Finance since September 2013. Mr. Chen has over 15 years of experience in finance and accounting management in China. Mr. Chen was our chief financial officer from March 2012 to September 2013, our finance vice president from January 2009 to March 2012 and our financial controller from April 2007 to December 2008. Mr. Chen received a bachelor's degree in accounting from Beijing Technology and Business University and an MBA degree from Beijing Institute of Technology in Beijing and has completed his studies at the EMBA program of China Europe International Business School.

Ye Lan has served as our chief public affairs officer since August 2015, and is in charge of overseeing a number of key operational areas, including our public affairs team. Prior to this role, he was our chief marketing officer from February 2012, and was in charge of our procurement, sales, marketing and public relationships functions. Mr. Lan has over 18 years of experience in sales and marketing in the Greater China region. Prior to joining us, Mr. Lan was an executive vice president for the China region at Acer Group, a Taiwan-based electronics company, from October 2010 to February 2012. Mr. Lan was the president and the chief executive officer of Founder Technology Group Corporation, a China-based computer producer listed on the Shanghai Stock Exchange, from October 2008 to September 2010. From 1993 to October 2008, Mr. Lan was at Lenovo Group, where he became the vice president responsible for the sales in the Greater China region. Mr. Lan received an EMBA degree from Tsinghua University in Beijing.

Yu Long (also known as Rain Long) has served as our chief human resources officer and general counsel since August 2012. Ms. Long has extensive experience in handling the legal affairs of U.S. listed companies and managing multinational companies. Prior to joining us, Ms. Long served as the general counsel and chief compliance officer of UTStarcom Holdings Corp., a provider of interactive, IP-based network solutions listed on NASDAQ, from November 2009 to July 2012. Prior to that, Ms. Long worked for several Chinese and multinational telecommunication companies, and last served as the APAC Legal Affairs Director for the Swiss stock market listed Myriad Group AG and was appointed by its head office to be the key member of its China Executive Management Team. Ms. Long received her bachelor's degree in economic law from China Southwest Political and Law University in Chongqing and an EMBA from the China Europe International Business School. Ms. Long is a qualified attorney in the PRC.

[Table of Contents](#)

Sidney Xuande Huang has served as our chief financial officer since September 2013. Prior to joining us, Mr. Huang was the chief financial officer of Pactera Technology International Ltd., a NASDAQ-listed IT services provider, and its predecessor company, VanceInfo Technologies Inc., from July 2006 to September 2013. He was also the co-president of VanceInfo Technologies Inc. from 2011 to 2012 and its chief operating officer from 2008 to 2010. Prior to that, he was the chief financial officer with two other China-based companies in technology and internet sectors between 2004 and 2006. Mr. Huang was an investment banker with Citigroup Global Markets Inc. in New York from 2002 to 2004. He served as an audit manager of KPMG LLP from 1996 to 2000 and was a Certified Public Accountant in the State of New York. Mr. Huang is currently a director of Bitauto, an internet company listed on the NYSE. Mr. Huang obtained his masters of business administration with distinction from the Kellogg School of Management at Northwestern University as an Austin Scholar. He received his bachelor's degree in accounting from Bernard M. Baruch College, where he graduated as class valedictorian.

Chen Zhang has served as our chief technology officer since November 2015. Mr. Zhang joined us in April 2015 as senior vice president in charge of JD Mall's research and development system. Prior to joining us, he was the president of Yahoo global research and development center in Beijing, responsible for the development of Yahoo's global core platforms, such as its science driven advertising and personalization platforms, mobile and cloud platforms. He worked at Yahoo for 18 years, during which he was also responsible for the development of Yahoo Messenger. Mr. Zhang is currently a non-executive director of Kingdee International Software Group Company Limited, a company listed on the Hong Kong Stock Exchange. Mr. Zhang received a bachelor's degree in computer science from East China Normal University and a master's degree in computer science from Indiana University Bloomington.

B. Compensation

In 2016, we paid an aggregate of approximately RMB12.7 million (US\$1.8 million) in cash to our executive officers, and approximately US\$0.2 million in cash to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and consolidated variable interest entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.

[Table of Contents](#)

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for two years following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plan

We adopted a 2008 stock issuance plan in June 2008, a 2009 employee stock incentive plan in February 2009, a 2010 employee stock incentive plan in March 2010, a 2011 employee stock incentive plan in April 2011 and a 2011 special employee stock incentive plan in April 2011, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. We refer to these plans collectively as the Original Plans. Pursuant to the Original Plans, we issued a total of 106,850,910 ordinary shares to Fortune Rising Holdings Limited. Fortune Rising Holdings Limited holds these ordinary shares for the purpose of transferring such shares to the plan participants according to our awards under our Original Plans, which were replaced by the 2013 Plan as described below, and administers the awards and acts according to our instruction, and is therefore treated as our consolidated variable interest entity under U.S. GAAP.

On December 20, 2013, we adopted a 2013 Share Incentive Plan, or the 2013 Plan, which replaced all of the Original Plans in their entirety, and the Original Plans are no longer effective. The awards granted and outstanding under the Original Plans survive the termination of the Original Plans and remain effective and binding under the 2013 Plan, subject to certain amendments to the original award agreements. We amended and restated the 2013 Plan on March 6, 2014, increasing the number of shares reserved for future awards under the 2013 Plan. In November 2014, the 2013 Plan was replaced by a share incentive plan entitled "Share Incentive Plan" containing substantially the same terms as the 2013 Plan.

The maximum aggregate number of our shares which may be issued pursuant to all awards under the Share Incentive Plan is 468,133,012 shares as of the date of this annual report, consisting of 106,850,910 shares that have been issued to and reserved with Fortune Rising Holdings Limited under the Original Plans, and 361,282,102 shares that are reserved under the Share Incentive Plan. The number of shares reserved for future issuances under the Share Incentive Plan will be increased by a number equal to 1% of the total number of outstanding shares as of the last day of the immediately preceding fiscal year, on the first day of each fiscal year during the term of the Share Incentive Plan commencing with the fiscal year ended December 31, 2018, the sixth fiscal year that occurs after the date when the 2013 Plan was adopted.

[Table of Contents](#)

The following paragraphs describe the principal terms of the Share Incentive Plan.

Types of Awards. The Plan permits the awards of options, restricted shares, restricted share units or any other type of awards that the committee or the board decides.

Plan Administration. Our board of directors, our compensation committee or a sub-committee designated by our board will administer the Share Incentive Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant. Fortune Rising Holdings Limited is the holder on record of the original award pool of 106,850,910 shares and will grant awards to plan participants and execute the award agreements and other related agreements with plan participants based on the instructions of the committee or the full board of directors who administers the Share Incentive Plan.

Award Agreement. Awards granted under the Share Incentive Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our employees, directors and consultants. However, we may grant options that are intended to qualify as incentive share options only to our employees.

Acceleration of Awards upon Change in Control. If a change in control of our company occurs, the plan administrator may, in its sole discretion, provide for (i) all awards outstanding to terminate at a specific time in the future and give each participant the right to exercise the vested portion of such awards during a specific period of time, or (ii) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of such award, or (iii) the replacement of such award with other rights or property selected by the plan administrator in its sole discretion, or (iv) payment of award in cash based on the value of ordinary shares on the date of the change-in-control transaction plus reasonable interest.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination of the Share Incentive Plan. Unless terminated earlier, the Share Incentive Plan will terminate automatically on December 20, 2023. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary and desirable to comply with applicable law. Shareholder approval is required for any amendment to the Share Incentive Plan that (i) increases the number of shares available under the Share Incentive Plan, or (ii) permits the plan administrator to extend the term of the Share Incentive Plan or the exercise period for an option beyond ten years from the date of grant.

As of December 31, 2016, we had an aggregate of 11,203,502 restricted shares, which are treated as non-vested ordinary shares under U.S. GAAP, 100,682,469 restricted share units and options to purchase an aggregate of 47,659,016 ordinary shares that had been granted to our directors, officers, employees and consultants and remained outstanding, excluding awards that were forfeited or cancelled after the relevant grant date.

In March 2014, we granted 93,780,970 immediately vested restricted share units to Mr. Richard Qiangdong Liu, our chairman and chief executive officer, for his services in the previous 10 years, pursuant to which we issued 93,780,970 ordinary shares to MaxSmart Limited, a British Virgin Islands company wholly-owned by Mr. Richard Qiangdong Liu, on May 22, 2014 immediately after the listing of our ADSs on NASDAQ. In May 2015, the board of directors approved a 10-year compensation plan for Mr. Richard Qiangdong Liu, under which, Mr. Liu will receive RMB1.00 per year in cash salary and zero cash bonus during the 10-year period and in the meantime, Mr. Liu was granted an option to acquire a total of 26,000,000 Class A ordinary shares of our company, at an exercise price of US\$16.70 per share or US\$33.40 per ADS, subject to a 10-year vesting schedule with 10% of the award vested on each anniversary of the grant date. We will not grant any additional equity incentive to Mr. Liu during the 10-year period. The number of restricted shares, restricted share units and options granted to each of our other directors and executive

officers represents less than 1% of our total outstanding ordinary shares on an as-converted basis as of the date of this annual report. The awards to our other directors and executive officers have two-year, four-year, five-year or six-year vesting schedule, with an equal installment vesting at the end of each calendar year following the grant or on the anniversary of the grant date. Starting from the year ended December 31, 2016, certain awards have multiple tranches with tiered vesting commencement dates from 2016 to 2020, and each of the tranches is subject to a six-year vesting schedule.

[Table of Contents](#)

In October 2015, JD Finance adopted a 2015 Share Incentive Plan, which permits the granting of stock options, share appreciation rights, restricted share units and restricted shares of JD Finance to its employees, directors and consultants. We granted restricted shares units of JD Finance equivalent to approximately 7.25% and 2.94% of its ordinary shares on a fully diluted basis in 2015 and 2016, respectively.

C. Board Practices

Board of Directors

Our board of directors consists of five directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company must declare the nature of his interest at a meeting of the directors. Subject to the NASDAQ Rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein, and if he does so his vote will be counted and he may be counted in the quorum at the relevant board meeting at which such contract or transaction or proposed contract or transaction is considered. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Under our current memorandum and articles of association, our board of directors will not be able to form a quorum without Mr. Richard Qiangdong Liu for so long as Mr. Liu remains a director.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees.

Audit Committee

Our audit committee consists of Louis T. Hsieh, Ming Huang and David Daokui Li. Mr. Hsieh is the chairman of our audit committee. We have determined that Mr. Hsieh, Mr. Huang and Mr. Li satisfy the “independence” requirements of NASDAQ and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management’s response;
- discussing the annual audited financial statements with management and the independent auditors;

[Table of Contents](#)

- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee

Our compensation committee consists of Ming Huang and Martin Chiping Lau. Mr. Huang is the chairman of our compensation committee. We have determined that Mr. Huang and Mr. Lau satisfy the “independence” requirements of NASDAQ. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of David Daokui Li and Louis T. Hsieh. Mr. Li is the chairperson of our nominating and corporate governance committee. Mr. Li and Mr. Hsieh satisfy the “independence” requirements of NASDAQ. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually 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 the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

119

[Table of Contents](#)

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are appointed either by an ordinary resolution of our shareholders, or by a resolution of our board of directors (including the affirmative vote of Mr. Richard Qiangdong Liu for so long as he is a director). Our non-independent directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders. Our independent directors are subject to a contractual one-year term, which may be renewed for one additional year, unless either party provides a prior written notice to the other party before the initial term expires indicating the intention not to renew. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; or (iv) without special leave of absence from our board of directors, is absent from meetings of our board of directors for three consecutive meetings and the board resolves that his office be vacated.

D. Employees

As of December 31, 2016, we had a total of 120,622 fulltime employees. We had a total of 105,963 employees as of December 31, 2015 and 68,109 employees as of December 31, 2014.

The following tables give breakdowns of our employees as of December 31, 2016, by function and by region:

Function*	Number
Procurement	5,345
Warehouses	17,544
Delivery	65,968
Customer Service	11,699
Technology	9,091
Sales and Marketing	5,434
General and Administrative	5,541
TOTAL	120,622

* Each row includes the employees of JD Finance, the total of which was 4,279 as of December 31, 2016.

Region	Number
Northeastern China	5,199
Northern China ⁽¹⁾	45,592
Eastern China ⁽²⁾	23,405
Central China	9,662
Southern China and others ⁽³⁾	21,045
Southwestern China ⁽⁴⁾	11,157
Northwestern China	4,562
TOTAL	120,622

- (1) Includes the employees at our national headquarters in Beijing.
- (2) Includes the employees at our customer service centers in Suqian and Yangzhou, Jiangsu.
- (3) Includes the employees of our affiliated entity operating in Indonesia.
- (4) Includes the employees at our national customer service center in Chengdu, Sichuan.

With so many employees in so many locations across China, we place great emphasis on our corporate culture to ensure that we maintain consistently high standards everywhere we operate. We believe that our corporate culture and core philosophy will help us to realize our goal of becoming the largest e-commerce company in the world.

120

[Table of Contents](#)

We invest significant resources in the recruitment of employees in support of our fast-growing business operations. In 2016, we recruited additional employees in connection with the expansion of our fulfillment infrastructure and additional research and development personnel in connection with the expansion of our technology platform. We have established comprehensive training programs that cover such topics as our corporate culture, employee rights and responsibilities, team-building, professional behavior, job performance, management skills, leadership and executive decision-making. We have a special dedicated training facility, JD Corporate

University, to further strengthen our internal training programs. As of December 31, 2016, over 440 management trainees had undergone our dedicated management training program. We also sponsored selected senior and mid-level managers to participate in part-time EMBA programs. In addition, we launched “Go to college in JD” program in association with well-known universities in November 2013. All employees are eligible to join the program voluntarily and get scholarship from us once they obtain their bachelor’s or master’s degree. To boost our strategy of exploring overseas markets, we also have been recruiting international management trainees from top universities in the United States.

As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time. We also provide entrusted loans with commercial banks as intermediaries to qualified employees to assist them in purchasing houses and cars.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management. The non-compete restricted period typically expires two years after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2017 by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our total outstanding shares.

The calculations in the table below are based on 2,856,708,469 ordinary shares outstanding as of February 28, 2017, comprising of (i) 2,386,326,636 Class A ordinary shares, excluding the 82,000,430 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plan, and (ii) 470,381,833 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership and voting power percentage of that person, we have included shares and associated votes that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares and associated votes, however, are not included in the computation of the percentage ownership of any other person. Ordinary shares held by a shareholder are determined in accordance with our register of members.

Table of Contents

	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	%	% of Aggregate Voting Power
Directors and Executive Officers:					
Richard Qiangdong Liu	30,537,566 ⁽¹⁾	421,507,423 ⁽¹⁾	452,044,989 ⁽¹⁾	15.8 ⁽¹⁾	80.0 ⁽²⁾
Martin Chiping Lau ⁽³⁾	—	—	—	—	—
Ming Huang ⁽⁴⁾	*	—	*	*	*
Louis T. Hsieh ⁽⁵⁾	*	—	*	*	*
David Daokui Li ⁽⁶⁾	*	—	*	*	*
Shengqiang Chen	*	—	*	*	*
Ye Lan	*	—	*	*	*
Rain Yu Long	*	—	*	*	*
Sidney Xuande Huang	*	—	*	*	*
Chen Zhang	*	—	*	*	*
All Directors and Executive Officers as a Group	39,189,387	421,507,423	460,696,810	16.1	80.1 ⁽²⁾
Principal Shareholders:					
Max Smart Limited ⁽⁷⁾	27,937,566	421,507,423	449,444,989	15.7	71.7
Huang River Investment Limited ⁽⁸⁾	516,974,505	—	516,974,505	18.1	4.4
Walmart ⁽⁹⁾	289,053,746	—	289,053,746	10.1	2.5
Hillhouse Capital Management, Ltd. ⁽¹⁰⁾	193,936,122	—	193,936,122	6.8	1.6
Fortune Rising Holdings Limited ⁽¹¹⁾	—	48,874,410	48,874,410	1.7	8.3

* Less than 1% of our total outstanding ordinary shares.

** Except for Mr. Martin Chiping Lau, Mr. Ming Huang, Mr. Louis T. Hsieh, and Mr. Daokui Li, the business address of our directors and executive officers is JD national headquarters at No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, P.R. China.

(1) Represents (i) 421,507,423 Class B ordinary shares directly held by Max Smart Limited, (ii) 13,968,783 restricted ADSs, representing 27,937,566 Class A ordinary shares, owned by Max Smart Limited, and (iii) 2,600,000 class A ordinary shares Mr. Liu had the right to acquire upon exercise of options that shall have become vested within 60 days after February 28, 2017. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director, as described in footnote (7) below. The ordinary shares beneficially owned by Mr. Liu do not include 48,874,410 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in footnote (11) below.

(2) The aggregate voting power includes the voting power with respect to the 48,874,410 Class B ordinary shares held by Fortune Rising Holdings Limited. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited and he may be deemed to beneficially own the voting power with respect to all of the ordinary shares held by Fortune Rising Holdings Limited in accordance with the rules and regulations of the SEC, notwithstanding the facts described in footnote (11) below.

- (3) Mr. Lau was appointed by Huang River Investment Limited. The business address of Mr. Lau is 39/F, Tencent Building, Kejizhongyi Avenue, Hi-Tech Park, Nanshan District, Shenzhen 518057, P.R. China.
- (4) The business address of Mr. Huang is China Europe International Business School, 699 Hongfeng Road, Pudong District, Shanghai 201206, China.
- (5) The business address of Mr. Hsieh is No. 6 Hai Dian Zhong Street, Haidian District, Beijing 100080, P.R. China.
- (6) The business address of Professor Li is School of Economics and Management, Tsinghua University, Beijing 100084, China.

122

[Table of Contents](#)

- (7) Represents (i) 421,507,423 Class B ordinary shares directly held by Max Smart Limited and (ii) 13,968,783 restricted ADSs, representing 27,937,566 Class A ordinary shares, owned by Max Smart Limited. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director. The registered address of Max Smart Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (8) Represents (i) 486,245,393 Class A ordinary shares held by Huang River Investment Limited, and (ii) 15,364,556 restricted ADSs, representing 30,729,112 Class A ordinary shares owned by Huang River Investment Limited or its affiliate. Huang River Investment Limited is a company incorporated in the British Virgin Islands, and is wholly-owned by Tencent Holdings Limited, a company listed on Hong Kong Stock Exchange. The registered address of Huang River Investment Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (9) Based on an amendment to the statement on Schedule 13G filed on February 3, 2017 jointly by (i) Walmart, a corporation organized under the laws of the State of Delaware, (ii) Newheight Holdings Ltd., or Newheight, a company organized under the laws of the Cayman Islands, and (iii) Qomolangma Holdings Ltd., or Qomolangma, a company organized under the laws of the Cayman Islands. According to the Schedule 13G, as amended, Walmart wholly owns each of Qomolangma and Newheight indirectly through a number of other wholly-owned subsidiaries. Newheight is a wholly-owned subsidiary of Qomolangma. The address of the principal business office of Walmart is 702 S.W. Eighth Street, Bentonville, Arkansas 72716. The address of the principal business office of Newheight is PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. The address of the principal business office of Qomolangma is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (10) Based on an amendment to the statement on Schedule 13G filed on February 14, 2017 by Hillhouse Capital Management, Ltd., or Hillhouse Capital, a company organized under the laws of the Cayman Islands, with respect to the Class A ordinary shares held by Gaoling Fund, L.P. and YHG Investment, L.P. According to the Schedule 13G, as amended, as the sole management company of Gaoling Fund, L.P. and sole general partner of YHG Investment, L.P., Hillhouse Capital is deemed to be the sole beneficial owner of, and to solely control the voting power of, the Class A ordinary shares held by Gaoling Fund, L.P. and YHG Investment, L.P. Through share ownership and as the President and Chief Investment Officer of Hillhouse Capital, Mr. Lei Zhang may be deemed to have controlling power over Hillhouse Capital. Mr. Zhang disclaims beneficial ownership of all the Class A ordinary shares owned or controlled by Hillhouse Capital except to the extent of his pecuniary interest therein. The address of the business office of Hillhouse Capital is Suite 1608, One Exchange Square, 8 Connaught Place, Hong Kong.
- (11) Represents 48,874,410 Class B ordinary shares held by Fortune Rising Holdings Limited. Fortune Rising Holdings Limited holds these Class B ordinary shares for the purpose of transferring such shares to the plan participants according to our awards under our Share Incentive Plan, and administers the awards and acts according to our instruction, and is therefore treated as our consolidated variable interest entity under U.S. GAAP. Fortune Rising Holdings Limited exercises the voting power with respect to these shares according to our instruction. Fortune Rising Holdings Limited is a company incorporated in the British Virgin Islands. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited. The registered address of Fortune Rising Holdings Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

To our knowledge, as of February 28, 2017, a total of 1,837,129,407 class A ordinary shares were held by five record holders in the United States, representing approximately 62.5% of our total outstanding shares on an as-converted basis (including the 82,000,430 Class A ordinary shares issued to it for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plan). One of these holders is Deutsche Bank Trust Company Americas, the depository of our ADS program, which held 1,835,529,404 Class A ordinary shares on record, representing approximately 62.5% of our total outstanding shares on record as of February 28, 2017 (including the 82,000,430 Class A ordinary shares issued to it for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plan). The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

123

[Table of Contents](#)

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to twenty votes per share. Holders of Class A and Class B ordinary shares vote together as one class on all matters subject to a shareholders' vote. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. See "Item 10.B. Additional Information—Memorandum and Articles of Association" for a more detailed description of our Class A ordinary shares and Class B ordinary shares.

Except for the above, we are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to "Item 6.E. Directors, Senior Management and Employees—Share Ownership."

B. Related Party Transactions

Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

PRC laws and regulations currently limit foreign ownership of companies that engage in businesses such as value-added telecommunications service business, the distribution of media products and the provision of air freight transport agency services in China. Due to these restrictions, we operate our relevant business through

Agreements and Business Cooperation with Tencent

Strategic Cooperation Agreement. On March 10, 2014, we entered into a strategic cooperation agreement and formed a strategic partnership with Tencent. As part of the strategic partnership, Tencent agreed to offer us prominent level 1 access points in its mobile apps Weixin and Mobile QQ and provide internet traffic and other support from other key platforms to us. The two parties agreed to cooperate in a number of areas including mobile-related products, social networking services, membership systems and payment solutions. The strategic cooperation agreement has a term of five years and applies within the territory of the Greater China. Under the strategic cooperation agreement, we are Tencent’s preferred partner for all physical goods e-commerce businesses, and Tencent agrees not to engage in any direct sales or managed marketplace business model in physical goods e-commerce businesses in the Greater China and a few selected international markets for a period of eight years, other than through its controlled affiliate Shanghai Icsen.

Business Cooperation with Tencent. Huang River Investment Limited, a wholly-owned subsidiary of Tencent, has been a principal shareholder of us since March 2014. In 2014, we generated a total amount of RMB95.3 million commission services revenues from cooperation on advertising business with Tencent, and also purchased a total amount of RMB88.1 million advertising resources from Tencent and also generated a total amount of RMB0.3 million commission services revenues from online marketplace services provided to Tencent. In 2015, we generated a total amount of RMB139.6 million commission services revenues from cooperation on advertising business with Tencent, and also purchased a total amount of RMB195.8 million advertising resources from Tencent and also generated a total amount of RMB0.1 million commission services revenues from online marketplace services provided to Tencent. In 2016, we generated a total amount of RMB184.2 million (US\$26.5 million) commission services revenues from cooperation on advertising business with Tencent, and also purchased a total amount of RMB244.6 million (US\$35.2 million) advertising resources and processing payment services from Tencent and also generated a total amount of RMB52.1 thousand (US\$7.5 thousand) commission services revenues from online marketplace services provided to Tencent. As of December 31, 2016, we had a total amount of RMB962.0 million (US\$138.6 million) due from Tencent and a total amount of RMB85.1 million (US\$12.3 million) due to Tencent.

[Table of Contents](#)

Agreements and Transactions Relating to JD Finance

On March 1, 2017, we entered into a framework agreement, or the Framework Agreement, and an intellectual property license and software technology services agreement, or the JD Finance IPLA, with JD Finance, and certain entities controlled by Mr. Richard Qiangdong Liu, our chairman and chief executive officer, including Suqian Linghang Fangyuan Equity Investment Center, or Suqian Linghang, which will acquire an approximately 4.3% equity stake of JD Finance at the closing of the transactions contemplated by the Framework Agreement, and Suqian Dongtai Jinrong Investment Management Center, or Suqian Dongtai, which holds equity interest in JD Finance reserved for the employee benefits plan of JD Finance.

Framework Agreement

JD Finance Reorganization

It is contemplated under the Framework Agreement that a group of investors, including certain entity controlled by Mr. Richard Qiangdong Liu, our chairman and chief executive officer, will after certain capital restructuring of JD Finance, subscribe for newly issued equity interest in JD Finance and purchase from Suqian Limao, which is currently our consolidated variable interest entity and holds equity interest in JD Finance, all its equity interest in JD Finance for cash consideration of approximately RMB14.3 billion (US\$2.1 billion).

Pursuant to the Framework Agreement, we have agreed that, at the closing under the Framework Agreement, we will cause the termination of the Suqian Limao Agreements through which we obtained control over Suqian Limao and as a result of which we have treated Suqian Limao as our variable interest entity and consolidated its financial results in our consolidated financial statements, and receive from JD Finance and Suqian Limao an aggregate amount of approximately RMB14.3 billion (US\$2.1 billion) in cash. As a result of the transactions contemplated by the Framework Agreement, at the closing under the Framework Agreement, we will have neither legal ownership nor effective control of JD Finance.

The transactions contemplated under the Framework Agreement are subject to certain closing conditions, including the receipt by JD Finance of certain payments from investors who will acquire equity interest in JD Finance as described above, and are currently expected to close in mid-2017. Upon the completion of the transactions, it is expected that we will deconsolidate JD Finance from our consolidated financial statements.

Liquidity Event Payment

Under the Framework Agreement, after the closing under the Framework Agreement, in the event of a liquidity event of JD Finance, if our total ownership of equity interests in JD Finance, if any, acquired as described under “—Potential Equity Interest” below, has not reached 40%, which we refer to as the full 40% equity interest, we would be entitled, at our election, to receive a one-time payment up to 40% of the equity value, immediately prior to such liquidity event of JD Finance. If we acquire equity interests in JD Finance in an aggregate amount less than the full 40% equity interest, then the percentage of JD Finance’s equity value used to calculate the liquidity event payment will be reduced proportionately. The above-mentioned maximum percentage of JD Finance’s equity interest that may be issued to us and JD Finance’s equity value in the form of liquidity payment to us at our election are subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance.

In lieu of receiving the liquidity event payment, we may elect to receive payments under the profit sharing provision of the JD Finance IPLA described below in perpetuity, subject to the receipt of regulatory approvals, including under applicable stock exchange listing rules, required to permit continuation of the profit share following a liquidity event of JD Finance. If we so elect, in connection with such a liquidity event, JD Finance must use its commercially reasonable efforts to obtain such regulatory approvals. If such approvals are not obtained, then JD Finance will pay us the liquidity event payment described above.

A “liquidity event” as defined in the Framework Agreement includes each of the following:

- a qualified initial public offering, or a qualified IPO, of JD Finance (defined as an initial public offering which values JD Finance at no less than RMB93.0 billion (US\$13.5 billion));

- a change of control transaction, after which Mr. Richard Qiangdong Liu, our chairman and chief executive officer, we and the respective controlled affiliates no longer hold over 50% of voting power or economic interest of JD Finance;
- an issuance by JD Finance of securities, after which persons other than Mr. Richard Qiangdong Liu, us and the respective controlled affiliates acquire over 40% of JD Finance;
- a sale of all or substantially all of the assets of JD Finance; and
- a liquidation, dissolution or winding up of JD Finance.

Potential Equity Interest

The Framework Agreement provides for future potential equity issuances to us by JD Finance. After the closing under the Framework Agreement, in the event that JD Finance applies for and receives certain PRC regulatory approvals in the future, JD Finance will issue and we will purchase newly-issued equity interests in JD Finance, up to the full 40% equity interest, or such lesser equity interest as may be permitted by the applicable regulatory approvals. This maximum percentage of potential equity interest that may be issued to us upon receipt of PRC regulatory approvals is subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance.

If we were to acquire any of such newly issued equity interests, we will have a pre-emptive right prior to the time of a qualified IPO of JD Finance, in the event JD Finance issues additional equity interests to third parties, that will entitle us to acquire additional equity interests in order to maintain the equity ownership percentage we hold in JD Finance immediately prior to such third-party issuances.

If the liquidity event payment described above under “—Liquidity Event Payment” has not become payable upon a liquidity event of JD Finance, then our right to acquire up to the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance) will continue after such liquidity event.

The consideration to be paid by us to acquire any equity interest in JD Finance up to the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance) will be fully funded by payments from JD Finance in respect of certain intellectual property and software technology services we will provide to JD Finance.

To the extent we acquire the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance) pursuant to the provisions of the Framework Agreement, the liquidity event payment and the profit share under the JD Finance IPLA described in “—JD Finance Intellectual Property License and Software Technology Services Agreement” below will automatically terminate. If we acquire less than the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance) in JD Finance pursuant to the provisions of the Framework Agreement, the liquidity event payment amount and the profit sharing arrangement under the JD Finance IPLA will be proportionately reduced based on the amount of equity interests acquired by us.

We believe that under applicable regulatory rules and practices currently in effect, the relevant PRC approvals necessary for us to own any equity interest in JD Finance would be difficult to obtain. There can be no assurance that such applicable regulatory rules and practices will change in the near future.

Certain Restrictions on the Transfer of JD Finance Equity Interests

Pursuant to the Framework Agreement, after the closing under the Framework Agreement, certain parties thereto, including in some cases our company, are subject to restrictions on the transfer of equity interests in JD Finance, including:

- prior to our acquisition of the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance), none of Suqian Linghang, Suqian Dongtai or JD Finance may transfer or issue, as applicable, any equity interest in JD Finance to a non-PRC person or entity, and JD Finance shall cause its other shareholders not to do so; and

[Table of Contents](#)

- in the event that we acquire any equity interest in JD Finance, any transfer of equity interest in JD Finance by Suqian Linghang or Suqian Dongtai, 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 Framework Agreement, we and JD Finance have each agreed to certain limitations on our respective ability to enter into or participate in the same line of business as the other party. The Framework Agreement provides that JD Finance may not engage in the e-commerce business conducted by us from time to time, or the logical extensions thereof, and we are restricted from engaging in financial, financial derivatives and other finance-related business conducted by JD Finance and its subsidiaries from time to time, including consumer finance, supply chain finance, third-party payment, factoring, insurance brokerage and agency, crowdfunding, wealth management, securities brokerage, banking, financial leasing, asset management and credit reference businesses, except for insurance business and certain other permitted shared businesses. Each party may, however, make passive investments in competing businesses which such party does not control.

Corporate Governance Provisions

The Framework Agreement provides that we and JD Finance will mutually agree to recommend one person who JD Finance will nominate as a member of its board of directors.

In addition, prior to our acquisition of the full 40% equity interest (subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance), without the prior written consent of the audit committee of our board, JD Finance will not:

- issue any equity securities other than in a qualified IPO, unless the pre-money valuation of JD Finance on a consolidated basis implied by such issuance of equity securities is not less than the valuation of JD Finance implied by its issuance of equity securities to the investors as contemplated under the Framework Agreement;
- undertake or consummate, and neither Suqian Linghang nor Suqian Dongtai will otherwise permit, an initial public offering of JD Finance other than a qualified IPO; or

undertake or consummate, and neither Suqian Linghang nor Suqian Dongtai will otherwise permit, any liquidity event of JD Finance involving a related party as a counter-party.

JD Finance Intellectual Property License and Software Technology Services Agreement

Under the terms of the JD Finance IPLA, we have agreed to license to JD Finance certain intellectual property rights and provide various software technology services to JD Finance.

Under the JD Finance IPLA, we will receive, in addition to a service fee, royalty streams related to JD Finance and its subsidiaries, which we refer to collectively as the profit share payments. The profit share payments will be paid annually and will equal the sum of an expense reimbursement plus 40% of the consolidated pre-tax income of JD Finance on a cumulative basis (subject to certain adjustments). The percentage of the consolidated pre-tax income of JD Finance payable to us in the form of the profit share payments is also subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Finance.

In addition, if we acquire any equity interest in JD Finance as described above under “—Framework Agreement—Potential Equity Interest,” the profit share payments will be reduced in proportion to such equity issuance and, at or prior to the time of such equity issuance, JD Finance will make a payment to us in consideration for the reduction in profit share payments. This payment by JD Finance will effectively fund our subscription for equity interest of JD Finance, and will result in our acquiring equity interests in JD Finance with effectively no cash impact to us, subject to applicable taxes.

127

[Table of Contents](#)

The JD Finance IPLA will terminate (i) after our total equity interest ownership in JD Finance has reached the full 40%, when a qualified IPO of JD Finance occurs; (ii) after a qualified IPO of JD Finance has occurred, when our total equity interest ownership in JD Finance reaches the full 40%, each percentage above being subject to potential dilution as a result of any future equity financings or ESOP pool increases of JD Finance; or (iii) when the liquidity event payment as described above under “—Framework Agreement—Liquidity Event Payment” becomes payable.

Shareholders Agreements and Registration Rights

We entered into our thirteenth amended and restated shareholders agreement on March 10, 2014 with the then-existing shareholders. Pursuant to our thirteenth amended and restated shareholders agreement, we granted certain demand registration rights, piggyback registration rights and F-3 registration rights to holders of our registrable securities, which include our ordinary shares issued or issuable pursuant to conversion of our preferred shares, except those held by Mr. Richard Qiangdong Liu, Max Smart Limited and Mr. Richard Qiangdong Liu’s associate as defined in the agreement.

128

[Table of Contents](#)

We have ceased to have any obligation to effect any demand, piggyback or Form F-3 registration since May 28, 2016, the second anniversary after the completion of our initial public offering, except that Huang River Investment Limited has the right to demand on one occasion registration of its shares during the two-year period following March 10, 2017.

Transactions with our Equity Investees

Business Transactions with Shanghai Icsen and its subsidiaries, or Shanghai Icsen Group. As part of our transactions with Tencent in March 2014, we acquired a 9.9% stake in Shanghai Icsen. In 2014, 2015 and 2016, we provided service and sold goods in a total amount of RMB164.8 million, RMB6.3 thousand and nil, respectively, to Shanghai Icsen Group, and in the same periods, we also had purchases and received services from Shanghai Icsen Group in a total amount of RMB104.0 million, RMB168.9 million and RMB20.9 million (US\$3.0 million), respectively. As we acquired the remaining equity interest in Shanghai Icsen from Tencent in April 2016, we have consolidated its financial results since then.

Services Provided and Goods Sold to Staging Finance Holding Ltd. and its subsidiaries, or Staging Finance Group. Staging Finance Group is an equity investee of us. In 2015 and 2016, we provided services and sold goods to Staging Finance Group in a total amount of RMB1.0 billion and RMB667.5 million (US\$96.1 million), respectively. As of December 31, 2016, we had a total amount of RMB95.0 million (US\$13.7 million) due from Staging Finance Group.

Services Provided and Goods Sold to China Business Infinite Co., Ltd. and its subsidiaries, or Business Infinite Group. Business Infinite Group is an equity investee of us. In 2015 and 2016, we provided services and sold goods to Business Infinite Group in a total amount of RMB112.5 million and RMB27.5 million (US\$4.0 million), respectively. As of December 31, 2016, we had a total amount of RMB8.6 million (US\$1.2 million) due to Business Infinite Group, representing advances from this customer.

Traffic Support, Marketing and Promotion Services Provided to Bitauto and its subsidiaries, or Bitauto Group. Bitauto Group is an equity investee of us. In February 2015, we invested a combination of US\$400 million in cash and certain resources valued at US\$497 million as consideration for the newly issued ordinary shares of Bitauto. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Bitauto which had a fair value of US\$497 million were recorded as deferred revenues and would be recognized as other revenues over the cooperation period of five years on a straight line basis starting from April 2015. In 2015 and 2016, other revenues in the amount of RMB445.5 million and RMB610.7 million (US\$88.0 million) had been recognized, respectively. In June 2016, we subscribed for 2,471,577 of newly issued ordinary shares from Bitauto for a consideration of US\$50 million. In August 2016, we and other investors invested in an aggregate of US\$550 million in cash in Yixin. As of December 31, 2016, we had a total amount of RMB1,989.1 million (US\$286.5 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Bitauto Group.

Traffic Support, Marketing and Promotion Services Provided to Tuniu and its subsidiaries, or Tuniu Group. Tuniu Group is an equity investee of us. In May 2015, we invested in Tuniu with a combination of US\$250 million in cash and certain resources valued at US\$108 million as consideration for the newly issued ordinary shares of Tuniu. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Tuniu which had a fair value of US\$108 million were recorded as deferred revenues and would be recognized as other revenues over the cooperation period of five years on a straight line basis starting from August 2015. In 2015 and 2016, other revenues in the amount of RMB49.2 million and RMB132.4 million (US\$19.1 million) had been recognized, respectively. As of December 31, 2016, we had a total amount of RMB478.6 million (US\$68.9 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Tuniu Group. As of December 31, 2016, we had an amount of RMB12.3 million (US\$1.8 million) due to Tuniu Group, representing the amount that we collected from customers on behalf of Tuniu Group but had not been transferred to it at the time.

129

Traffic Support, Marketing and Promotion Services Provided to and Non-compete Obligation with Dada and its subsidiaries, or Dada Group. Dada Group is an equity investee of us. In April 2016, we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Dada which had a fair value of approximately US\$67.0 million were recorded as deferred revenues and would be recognized as other revenues, and the non-compete obligation with Dada Group which had a fair value of approximately US\$83.4 million were recorded as other liabilities and would be recognized as other income over a period of seven years on a straight line basis starting from May 2016. In 2016, other revenues in the amount of RMB41.4 million (US\$6.0 million) and other income in the amount of RMB53.2 million (US\$7.7 million) had been recognized. As of December 31, 2016, we had a total amount of RMB393.5 million (US\$56.7 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Dada Group and a total amount of RMB523.3 million (US\$75.4 million) other liabilities in relation to non-compete obligation with Dada Group.

Business Transactions with Dada and its subsidiaries, or Dada Group. In 2016, we provided services and sold goods to Dada Group in a total amount of RMB124.1 million (US\$17.9 million), and in the same period, we also received services from Dada Group in a total amount of RMB136.5 million (US\$19.7 million). As of December 31, 2016, we had a total amount of RMB89.0 million (US\$12.8 million) due from Dada Group.

Our transactions with equity investees other than those discussed above were insignificant, individually or in the aggregate, in each of the past three fiscal years.

Employment Agreements and Indemnification Agreements

See “Item 6.B. Directors, Senior Management and Employees—Compensation.”

Share Incentives

See “Item 6.B. Directors, Senior Management and Employees—Compensation.”

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may be involved in legal proceedings in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings.

Dividend Policy

Our board of directors has complete discretion on whether to distribute dividends subject to our memorandum and articles of association and certain restrictions under Cayman Islands law. Our shareholders may by ordinary resolution declare dividends, 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. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon 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.

We have not declared or paid any dividends on our ordinary shares, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company registered by way of continuation under the laws of the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying our ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary will then pay such amounts to our ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, 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. Offering and Listing Details

Our ADSs, each representing two of our Class A ordinary shares, have been listed on NASDAQ since May 22, 2014. Our ADSs trade under the symbol “JD.” The following table provides the high and low trading prices for our ADSs on NASDAQ since the date of our initial public offering.

	Trading Price	
	High	Low
Annual Highs and Lows		
2014 (Since May 22, 2014)	33.10	19.94
2015	38.00	21.55
2016	30.66	19.51
Quarterly Highs and Lows		
First Quarter 2015	30.60	22.96
Second Quarter 2015	38.00	29.01
Third Quarter 2015	35.56	21.55
Fourth Quarter 2015	33.48	25.10
First Quarter 2016	30.66	22.14
Second Quarter 2016	30.01	19.51
Third Quarter 2016	27.29	20.04
Fourth Quarter 2016	29.24	23.38
Monthly Highs and Lows		
November 2016	31.18	26.53
December 2016	33.48	30.03
January 2017	28.91	25.58
February 2017	31.16	27.88
March 2017	32.47	29.88
April 2017	35.50	31.23

[Table of Contents](#)

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on NASDAQ since May 22, 2014 under the symbol “JD.”

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 are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Law (2016 Revision) of the Cayman Islands, which is referred to as the Companies Law below, and the common law of the Cayman Islands.

The following are summaries of material provisions of our current amended and restated memorandum and articles of association that became effective immediately prior to the completion of our initial public offering in May 2014, insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our board of directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Law, as amended from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

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 members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Our company will issue only non-negotiable shares, and will not issue bearer or negotiable shares.

[Table of Contents](#)

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon (i) any transfer of Class B ordinary shares or the voting power attached to Class B ordinary shares by a holder thereof to any person or entity that is not an Affiliate (as defined in our memorandum and articles of association) of such holder, or (ii) the transfer of a majority of the issued and outstanding voting securities or the voting power attached to such voting securities or the sale of all or substantially all of the assets of a holder of Class B ordinary shares that is an entity to any person or entity that is not an Affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares. All Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares when Mr. Richard Qiangdong Liu ceases to be a director and the chief executive officer of our company, or in some other specified situations.

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, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Dividends received by each Class B ordinary share and Class A ordinary share in any dividend distribution shall be the same.

Voting Rights. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law or provided for in our memorandum and articles of association. In respect of matters requiring shareholders' vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to twenty votes. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any shareholder holding not less than 10% of the votes of the outstanding voting shares in our company present in person or by proxy.

A quorum required for a meeting of shareholders consists of one or more shareholders present and holding shares which represent, in aggregate, not less than one-third of the votes attaching to the issued and outstanding voting shares in our company entitled to vote at general meeting. Shareholders may be present in person or by proxy or, if the shareholder is a legal entity, by its duly authorized representative. Shareholders' meetings may be convened by our board of directors on its own initiative or by our chairman or upon a request to the directors by one or more shareholders holding shares which represent, in aggregate, no less than one-third of the votes attaching to our voting share capital. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting and any other general shareholders' meeting.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Holders of the ordinary shares may, among other things, divide or consolidate their shares by ordinary resolution. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. 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 Law and our memorandum and articles of association.

Under our memorandum and articles of association, so long as the total issued and outstanding Class B ordinary shares constitute a majority of our aggregate voting rights and a majority of the total issued and outstanding Class A ordinary shares are held by the persons (exclusive of Max Smart Limited, Fortune Rising Holdings Limited, Mr. Richard Qiangdong Liu and their Affiliates) that were our shareholders immediately prior to the completion of our initial public offering, any amendments to our memorandum and articles of association and certain related party transactions between Mr. Richard Qiangdong Liu or any of his immediate family members or Affiliates, on one hand, and us on the other hand, require approval by both (i) holders of a majority of the total issued and outstanding Class A ordinary shares (exclusive of Max Smart Limited, Fortune Rising Holdings Limited, Mr. Richard Qiangdong Liu and their Affiliates) and (ii) holders of a majority of our aggregate voting rights.

[Table of Contents](#)

Liquidation. On a winding up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. 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 our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of 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, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. 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, or are otherwise authorized by our memorandum and articles of association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh 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 Law 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. The rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may only be varied with the consent in writing of the holders of a majority of the issued shares of that class or series or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class or series.

Anti-Takeover Provisions. Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including 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; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

General Meetings of Shareholders and Shareholder Proposals. Our shareholders' general meetings may be held in such place within or outside the Cayman Islands as our board of directors considers appropriate.

[Table of Contents](#)

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors or our chairman. Our board of directors shall give not less than seven days' written notice of a shareholders' meeting to those persons whose names appear as members in our register of members on the date the notice is given (or on any other date determined by our directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law 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 memorandum and articles of association allow one or more of our shareholders holding shares representing in aggregate not less than one-third of the votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Limitations on the Right to Own Shares. There are no limitations on the right to own our shares.

Transfer of Shares. Any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

However, our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which our company has a 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 shares;
- the instrument of transfer is properly stamped, if required;
- the ordinary shares transferred are free of any lien in favor of us;
- any fee related to the transfer has been paid to us; or
- in the case of a transfer to joint holders, 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.

Directors' Power to Issue Shares. Our memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our memorandum and articles of association also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;

[Table of Contents](#)

- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent of available authorized but unissued shares. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law in the Cayman Islands 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 required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable or bearer shares;
- 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 that shareholder's shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil). We are subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this annual report, we currently intend to comply with the NASDAQ rules in lieu of following home country practice.

Register of Members. Under the Companies Law, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- 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 Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise 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 Cayman Islands law to have legal title to the shares as set against its name in the register of members.

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.

[Table of Contents](#)

C. Material Contracts

Other than in the ordinary course of business and other than those described under this item, "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

Certain Agreements with Walmart

In June 2016, we entered into a series of agreements with Walmart in relation to our strategic alliance with Walmart. Set forth below is a summary of certain of the agreements.

Share Subscription Agreement. On June 20, 2016, we entered into a share subscription agreement with Newheight, a wholly-owned subsidiary of Walmart, pursuant to which Newheight subscribed for 144,952,250 of our newly issued Class A ordinary shares, which amounted to approximately 5% of our total outstanding shares as of the date of the agreement. In return, Walmart transferred to us Yihaodian marketplace platform assets, including the Yihaodian brand, websites and mobile apps, and entered into business cooperation arrangements with us.

Investor Rights Agreement. On June 20, 2016, we entered into an investor rights agreement with Newheight. Pursuant to the investor rights agreement:

- *Observer right.* So long as Newheight and certain other wholly-owned subsidiaries of Walmart hold no less than 289,053,746 shares of our Class A ordinary shares (including ADSs representing Class A ordinary shares), Newheight has the right to designate one of its senior executives to attend all meetings of our board of directors in a non-voting observer capacity;
- *Registration rights.* After the expiration of a period of 60 months following June 20, 2016, Walmart has certain demand registration rights, piggyback registration rights and F-3 registration rights under the investor rights agreement with respect to their registrable securities, including ordinary shares issued under the share subscription agreement;
- *Preemptive rights with respect to share issuance.* Within the first 24 months after June 20, 2016 (and regardless of Newheight's percentage of ownership of our share capital) and, after such period, for so long as Newheight holds at least 10% of our then outstanding share capital on a fully diluted basis, if we propose to issue certain new securities, Newheight or a wholly-owned subsidiary of Walmart designated by Newheight has the right to purchase such

number of new securities under the same terms and conditions at its election so as to enable Newheight to hold a pro rata portion of the new securities equal to the percentage of our share capital on a fully diluted basis then held by Newheight.

Transfer restrictions. Walmart agreed to certain lock-up, standstill, rights of first refusal and other transfer restrictions provided in the investor rights agreement.

D. Exchange Controls

See “Item 4.B. Information on the Company—Business Overview—Regulation—Regulations Relating to Foreign Exchange.”

E. Taxation

The following summary of the principal Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People’s Republic of China and the United States.

[Table of Contents](#)

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. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

There is no income tax treaty or convention currently in effect between the United States and the Cayman Islands.

People’s Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) 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; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of JD.com, Inc. and its subsidiaries outside of China is a PRC resident enterprise for PRC tax purposes. JD.com, Inc. is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that JD.com, Inc. meets all of the conditions above. JD.com, Inc. is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other subsidiaries outside of China are not PRC resident enterprises either. However, the tax resident 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.”

If the PRC tax authorities determine that JD.com, Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. In addition, gains derived by our non-PRC individual shareholders from the sale of our shares and ADSs may be subject to a 20% PRC withholding tax. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends realized by non-PRC individuals, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of JD.com, Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that JD.com, Inc. is treated as a PRC resident enterprise.

[Table of Contents](#)

Provided that our Cayman Islands holding company, JD.com, Inc., is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. SAT Circular 7 further clarifies that, if a non-resident enterprise derives income by acquiring and selling shares in an offshore listed enterprise in the public market, such income will not be subject to PRC tax. However, there is uncertainty as to the application of SAT Circular 698 and SAT Circular 7, we and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Circular 698 and SAT Circular 7 and we may be required to expend valuable resources to comply with SAT Circular 698 and SAT Circular 7 or to establish that we should not be taxed under SAT Circular 698 and SAT Circular 7. See “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.”

United States Federal Income Tax Considerations

The following discussion is a summary of United States federal income tax considerations relating to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based on the tax laws of the United States as in effect on the date of this annual report on Form 20-F and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report on Form 20-F, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax considerations described below. No ruling has been sought from the United States Internal Revenue Service (the “IRS”) with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, banks, certain financial institutions, insurance companies, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, tax-exempt entities (including private foundations), investors who are not U.S. Holders, investors liable for the alternative minimum tax, investors who acquired their ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation, investors who own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for United States federal income tax purposes, investors subject to the 3.8% Medicare tax on their net investment income, or investors that have a functional currency other than the United States dollar), all of whom may be subject to tax rules that differ significantly from those summarized below.

In addition, this discussion does not address any state, local or non-United States tax considerations (other than the discussion below relating to certain withholding rules and the United States—PRC income tax treaty). Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

[Table of Contents](#)

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) owns our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with their terms. U.S. Holders who hold ADSs will be treated as the holder of the underlying ordinary shares represented by those ADSs for US. Federal income tax purposes.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a “passive foreign investment company,” or PFIC, for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activity are taken into account as a non-passive asset. The average percentage of a corporation’s assets that produce or are held for the production of passive income generally is determined on the basis of the fair market value of the corporation’s assets at the end of each quarter. This determination is based on the adjusted tax basis of the corporation’s assets.

In addition, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock. Although the law in this regard is unclear, we treat our VIEs as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of the economic benefits associated with these entities, and, as a result, we consolidate their results of operations in our U.S. GAAP financial statements and treat them as being owned by us for United States federal income tax purposes. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, we may be treated as a PFIC for our taxable year ended December 31, 2016 and in future taxable years.

Subject to the foregoing uncertainties, based on our current income and assets and the value of our ADSs and outstanding ordinary shares, we do not expect to be classified as a PFIC for our taxable year ended December 31, 2016 or in the foreseeable future. While we do not anticipate becoming a PFIC, changes in the nature of our income or assets, or fluctuations in the market price of our ADSs or ordinary shares, may cause us to become a PFIC for future taxable years. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account market capitalization, which may fluctuate over time. Among other factors, if our market capitalization subsequently declines, we may be or become classified as a PFIC for the current or future taxable years. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a “mark-to-market” election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or ordinary shares;
- amounts allocated to the current taxable year and any taxable years in a U.S. Holder’s holding period prior to the first taxable year in which we are classified as a PFIC (a “pre-PFIC year”) will be taxable as ordinary income; and
- amounts allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to such U.S. Holder for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.

[Table of Contents](#)

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if such ADSs or ordinary shares are held as capital assets.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. Holders would not receive the proceeds of those distributions or dispositions. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election with respect to our ADSs, but not our ordinary shares, provided that our ADSs remained listed on NASDAQ and that the ADSs are regularly traded. The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter, or “regularly traded” on a qualified exchange or other market, as defined in applicable Treasury regulations. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes this election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs and we cease to be a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs (or any portion thereof) and has not previously determined to make a mark-to-market election and who is now considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the general PFIC rules described above with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

A U.S. Holder that holds ADSs or ordinary shares in any year in which we are classified as a PFIC may make a “deemed sale” election with respect to such ADSs or ordinary shares in a subsequent taxable year in which we are not classified as a PFIC. If a U.S. Holder makes a valid deemed sale election with respect to such ADSs or ordinary shares, such U.S. Holder will be treated as having sold all of its ADSs or ordinary shares for their fair market value on the last day of the last taxable year in which we were a PFIC and such ADSs or ordinary shares will no longer be treated as PFIC stock. A U.S. Holder will recognize gain (but not loss), which will be subject to tax as an ‘excess distribution’ received on the last day of the last taxable year in which we were a PFIC. A U.S. Holder’s basis in the ADSs or ordinary shares would be increased to reflect gain recognized, and such U.S. Holder’s holding period would begin on the day after we ceased to be a PFIC.

The deemed sale election is only relevant to U.S. Holders that hold the ADSs or ordinary shares during a taxable year in which we cease to be a PFIC. U.S. Holders are urged to consult their tax advisors regarding the advisability of making a deemed sale election and the consequences thereof in light of the U.S. Holder’s individual circumstances.

[Table of Contents](#)

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must file an annual Internal Revenue Service Form 8621.

Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding, and disposing of ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Dividends

Any cash distributions (including any amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution we pay will generally be reported as a “dividend” for United States federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations under the Code.

Individuals and other non-corporate recipients will be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income” on dividends paid on our ADSs, provided that certain conditions are satisfied, including that (i) our ADSs are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty (the “Treaty”), (ii) we are neither a passive foreign investment company nor treated as such with respect to a U.S. Holder (as discussed above) for the taxable year in which the dividend was paid and the preceding taxable year, and (iii) certain holding period requirements are met. Because (i) U.S. Treasury guidance indicates that ADSs representing ordinary shares, such as ours, listed on the NASDAQ Global Select Market are considered to be readily tradable on an established securities market in the United States, and (ii) we believe that we were not a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2016 and we do not expect to be a PFIC in subsequent years, we believe that we are a qualified foreign corporation with respect to dividends paid on the ADSs, but not with respect to dividends paid on our ordinary shares. In the event that we are deemed to be a PRC resident enterprise under PRC tax law, we believe that we would be eligible for the benefits under the Treaty and that we should be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares or ADSs. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

For United States foreign tax credit purposes, dividends generally will be treated as income from foreign sources and generally will constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit not in excess of any applicable treaty rate in respect of any nonrefundable foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for United States federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC discussion above, a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the sale or other disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year. An individual U.S. Holder or other non-corporate U.S. Holder who has held the ADSs or ordinary shares for more than one year will generally be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss recognized by a U.S. Holder will generally be treated as U.S. source income or loss for foreign tax credit purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC "resident enterprise" under PRC tax law, we may be eligible for the benefits of the Treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the Treaty may elect to treat such gain as PRC source income. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

[Table of Contents](#)

Backup Withholding and Information Reporting

Individual U.S. Holders and certain entities may be required to submit to the IRS certain information with respect to his or her beneficial ownership of the ADSs or ordinary shares, if such ADSs or ordinary shares are not held on his or her behalf by a financial institution. This new law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

Proceeds from the sale, exchange or other disposition of, or a distribution on, the ADSs or ordinary shares may be subject to information reporting to the IRS and possible backup withholding. Backup withholding generally will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's United States federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS. Each U.S. Holder is encouraged to consult its tax advisor regarding the application of the information reporting and backup withholding rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC. As a foreign private issuer, we are exempt from the rules under the 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 Exchange Act.

We will furnish Deutsche Bank Trust Company Americas, the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

[Table of Contents](#)

In accordance with NASDAQ Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://ir.jd.com>. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to,

nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign Exchange Risk

All of our revenues and substantially all of our expenses are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although in general our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. The depreciation of the Renminbi against the U.S. dollar was approximately 4.4% and 7.2% in 2015 and 2016, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

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 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 or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2016, we had RMB-denominated cash and cash equivalents, restricted cash and short-term investments of RMB18.2 billion, and U.S. dollar-denominated cash, cash equivalents and short-term investments of US\$1.9 billion. Assuming we had converted RMB18.2 billion into U.S. dollars at the exchange rate of RMB6.9430 for US\$1.00 as of December 30, 2016, our U.S. dollar cash balance would have been US\$4.5 billion. If the RMB had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US\$4.2 billion instead. Assuming we had converted US\$1.9 billion into RMB at the exchange rate of RMB6.9430 for US\$1.00 as of December 31, 2016, our RMB cash balance would have been RMB31.3 billion. If the RMB had depreciated by 10% against the U.S. dollar, our RMB cash balance would have been RMB32.7 billion instead.

Inflation

Inflation in China has not affected our results of operations in recent years. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2014, 2015 and 2016 were increases of 1.5%, 1.6% and 2.1%, respectively. Although we have not been affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

[Table of Contents](#)

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 and Charges Our ADS holders May Have to Pay

An ADS holder will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs):

Service	Fees
to any person to whom ADSs are issued or to any person to whom a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US\$0.05 per ADS issued
Surrendering ADSs for cancellation and withdrawal of deposited securities	Up to US\$0.05 per ADS surrendered
Distribution of cash dividends	Up to US\$0.05 per ADS held
Distribution of cash entitlements (other than cash dividends) and/or cash proceeds, including proceeds from the sale of rights, securities and other entitlements	Up to US\$0.05 per ADS held
Distribution of ADSs pursuant to exercise of rights	Up to US\$0.05 per ADS held
Operation and maintenance costs	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary bank

An ADS holder will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.

- Expenses for cable, telex, fax and electronic transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).

[Table of Contents](#)

- Fees and expenses incurred in connection with the delivery of ordinary shares on deposit or the servicing of ordinary shares, deposited securities and/or ADSs.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.

The 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 or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, 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 depositary 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.

Fees and Other Payments Made by the Depositary to Us

Deutsche Bank Trust Company Americas, as depositary, has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. Further, the depositary has agreed to reimburse us certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time. In 2016, we received approximately US\$11.8 million reimbursement from the depositary for our expenses incurred in connection with investor relationship programs related to the ADS facility and the travel expense of our key personnel in connection with such programs.

[Table of Contents](#)

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to the Rights of Security Holders

None.

Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1, as amended (File Number: 333-193650) in relation to our initial public offering, which became effective on May 21, 2014. In May 2014, we completed our initial public offering in which we issued and sold an aggregate of 83,060,200 ADSs, representing 166,120,400 Class A ordinary shares, resulting in net proceeds to us of approximately US\$1.5 billion. Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC were the representatives of the underwriters in our initial public offering. The total of underwriting discount and expenses relating to the initial public offering amounted to approximately US\$81.8 million.

For the period from May 21, 2014 to December 31, 2016, we fully applied these net proceeds as follows:

- approximately US\$0.4 billion to expand our fulfillment infrastructure; and
- the remainder for general corporate purposes, including funding investments and acquisitions of complementary businesses, assets and technologies.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15f under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2016, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the 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 Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the consolidated financial statements.

147

[Table of Contents](#)

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 risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management including our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of internal control over financial reporting as of December 31, 2016 using the criteria set forth in the report “Internal Control—Integrated Framework(2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2016. When our management was assessing the effectiveness of internal control over financial reporting as of December 31, 2016, we had excluded Shanghai Zhiao Yihao dian Technology Co., Ltd., or Shanghai Zhiao, because the business currently operated by Shanghai Zhiao was acquired by us during 2016. The total assets and total revenues of Shanghai Zhiao represent approximately 1% and 1%, respectively, of our consolidated financial statement amounts as of and for the year ended December 31, 2016.

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our company’s internal control over financial reporting as of December 31, 2016, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls 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 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Louis T. Hsieh, an independent director (under the standards set forth in NASDAQ Stock Market Rule 5605(a) (2) and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in April 2014. We have posted a copy of our code of business conduct and ethics on our website at <http://ir.jd.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 Zhong Tian LLP, our principal external auditors, for the periods indicated.

148

[Table of Contents](#)

	2015		2016	
Audit fees ⁽¹⁾	US\$	3,746,708	US\$	3,871,127
Audit-related fees ⁽²⁾		—	US\$	129,083
All other fees ⁽³⁾	US\$	656,376	US\$	304,180

(1) “Audit fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC. In 2015 and 2016, the audit refers to financial audit and audit pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

(2) “Audit-related fees” means fees billed in each of the fiscal years listed for the issue of comfort letter, rendering of listing advice and other audit-related services.

(3) “All other fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain financial due diligence projects, permissible services to review and comment on internal control design over financial reporting and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services, audit-related services, tax services and other services as described above, other than those for de minimis services which 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 September 2015, our board of directors authorized a share repurchase program, whereby our company may repurchase up to US\$1.0 billion of ADSs over the next 24 months. The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by our management, including through Rule 10b5-1 share repurchase plans.

In 2016, we had repurchased approximately 31 million ADSs for US\$800 million on the open market, at a weighted average price of US\$25.75 per ADS. The following table sets forth certain additional information about our repurchases made under this program for each month in the fiscal year ended December 31, 2016:

	Total Number of ADSs Purchased	Average Price Paid per ADS (\$)	Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of ADSs that May Yet be Purchased Under the Plans or Programs (\$)
January 1 — January 31, 2016	—	—	—	—
February 1 — February 29, 2016	—	—	—	—
March 1 — March 31, 2016	—	—	—	—
April 1 — April 30, 2016	—	—	—	—
May 1 — May 31, 2016	—	—	—	—
June 1 — June 30, 2016	2,426,336	21.23	2,426,336	948,496,471
July 1 — July 31, 2016	—	—	—	—
August 1 — August 31, 2016	1,940,204	25.69	1,940,204	898,661,748
September 1 — September 30, 2016	21,596,071	26.23	21,596,071	332,188,087
October 1 — October 31, 2016	2,471,503	26.01	2,471,503	267,897,194
November 1 — November 30, 2016	2,631,670	25.80	2,631,670	200,000,000
December 1 — December 31, 2016	—	—	—	—
Total	31,065,784	25.75	31,065,784	200,000,000

149

[Table of Contents](#)

As part of the ongoing share repurchase program and in order to lower the average cost of repurchasing our ADSs, we entered into structured repurchase agreements involving the use of capped call options for the purchase of our ADSs. We paid a fixed sum of cash upon execution of the agreements. Upon expiration of the agreements, if the closing market price of our ADSs is at or above the pre-determined price, or the Strike Price, we will have our initial investment returned with a premium in either cash or ADSs at our election. If the closing market price is below the Strike Price, we will receive the number of ADSs specified in the agreements. During the year ended December 31, 2016, the aggregate price that we paid to enter into these agreements was US\$300 million. For those agreements that settled during the year ended December 31, 2016, we received approximately US\$216 million of cash. As of December 31, 2016, we had US\$100 million prepaid amount outstanding for the capped call options, which has been settled in cash in the first quarter of 2017 for approximately US\$107 million.

As of February 28, 2017, we had repurchased approximately 31 million ADSs, and the total price as adjusted by approximately US\$23 million gains from settlements in cash related to the structured share repurchase agreements was approximately US\$777 million.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

As a Cayman Islands company listed on NASDAQ, we are subject to the NASDAQ corporate governance listing standards. However, NASDAQ rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ corporate governance listing standards. Maples and Calder, our Cayman Islands counsel, has provided a letter to the NASDAQ Stock Market certifying that under Cayman Islands law, we are not required to hold annual shareholders meetings every year. We follow home country practice with respect to annual meetings and did not hold an annual meeting of shareholders in 2016. We will, however, hold annual shareholders meetings in the future if there are matters that require shareholders' approval.

Other than the annual meeting practice described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under NASDAQ Stock Market Rules.

However, if we choose to follow other home country practice in the future, our shareholders may be afforded less protection than they otherwise would under the NASDAQ corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our ADSs —We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies."

Item 16H. Mine Safety Disclosure

Not applicable.

150

[Table of Contents](#)

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of JD.com, Inc., its subsidiaries and its consolidated variable interest entities are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
2.3	Deposit Agreement dated May 21, 2014 among the Registrant, the depository and holder of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-198578), filed with the Securities and Exchange Commission on September 5, 2014)
2.4	Thirteenth Amended and Restated Shareholders Agreement between the Registrant and other parties therein dated March 10, 2014 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
2.5	Form of Indenture between the Registrant and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the registration statement on Form F-3 (File No. 333-210795) filed with the Securities and Exchange Commission on April 18, 2016)
2.6	First Supplemental Indenture dated April 29, 2016 between the Registrant and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the current report on Form 6-K (File No. 001-36450) furnished to the Securities and Exchange Commission on April 29, 2016)
2.7	Form of 3.125% Notes Due 2021 (included in Exhibit 2.6)
2.8	Form of 3.875% Notes Due 2026 (included in Exhibit 2.6)
4.1	Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-200450), as amended, initially filed with the Securities and Exchange Commission on November 21, 2014)
4.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.3	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.4*	English translation of the Amended and Restated Loan Agreement between Beijing Jingdong Century Trade Co., Ltd. and the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016
4.5*	English translation of the Amended and Restated Equity Pledge Agreement between Beijing Jingdong Century Trade Co., Ltd. and the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016
4.6*	English translation of the Power of Attorney by the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016
4.7	English translation of the Amended and Restated Exclusive Technology Consulting and Service Agreement between Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated May 29, 2012 (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.8	English translation of the Amended and Restated Intellectual Property Rights License Agreement between Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated December 25, 2013 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.9	English translation of the Amended and Restated Business Cooperation Agreement between Beijing Jingdong Century Trade Co., Ltd., Shanghai Shengdayuan Information Technology Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated May 29, 2012 (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)

[Table of Contents](#)

Exhibit Number	Description of Document
4.10*	English translation of the Amended and Restated Exclusive Purchase Option Agreement between Beijing Jingdong Century Trade Co., Ltd., Beijing Jingdong 360 Degree E-Commerce Co., Ltd. and the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016
4.11*	English translation of the Business Operations Agreement between Beijing Jingdong Century Trade Co., Ltd., Beijing Jingdong 360 Degree E-Commerce Co., Ltd. and the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016
4.12*	English translation of the Amended and Restated Loan Agreement between Beijing Jingdong Century Trade Co., Ltd. and the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016
4.13*	English translation of the Amended and Restated Equity Pledge Agreement between Beijing Jingdong Century Trade Co., Ltd. and the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016
4.14*	English translation of the Power of Attorney by the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016
4.15	English translation of the Amended and Restated Exclusive Technology Consulting and Service Agreement between Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated May 29, 2012 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.16	English translation of the Amended and Restated Intellectual Property Rights License Agreement between Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated December 18, 2013 (incorporated herein by reference to Exhibit 10.15 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.17*	English translation of the Amended and Restated Exclusive Purchase Option Agreement between Beijing Jingdong Century Trade Co., Ltd.,

4.18*	Jiangsu Yuanzhou E-Commerce Co., Ltd. and the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016
	English translation of the Business Operations Agreement between Beijing Jingdong Century Trade Co., Ltd., Jiangsu Yuanzhou E-Commerce Co., Ltd. and the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016
4.19	Strategic Cooperation Agreement by and between the Registrant and Tencent Holdings Limited dated March 10, 2014 (incorporated herein by reference to Exhibit 10.22 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)
4.20	Subscription Agreement by and among Bitauto Holdings Limited, JD.com Global Investment Limited, JD.com, Inc. and Dongting Lake Investment Limited dated January 9, 2015 (incorporated herein by reference to Exhibit 99.2 to Schedule 13D (File No. 005-85981) filed with the Securities and Exchange Commission on February 26, 2015)
4.21	English translation of Business Cooperation Agreement between the Registrant and Bitauto Holdings Limited, dated January 9, 2015 (incorporated herein by reference to Exhibit 99.3 to Schedule 13D (File No. 005-85981) filed with the Securities and Exchange Commission on February 26, 2015)
4.22	Amended and Restated Investor Rights Agreement by and among Bitauto Holdings Limited, JD.com Global Investment Limited, Dongting Lake Investment Limited, Morespark Limited and Baidu Holdings Limited dated June 17, 2016 (incorporated herein by reference to Exhibit 99.6 to Schedule 13D/A (File No. 005-85981) filed with the Securities and Exchange Commission on June 21, 2016)
4.23*	English translation of Executed Form of the Equity Pledge Agreement between a wholly-owned subsidiary of the Registrant and the shareholders of the Chinese variable interest entity of the Registrant, as currently in effect
4.24*	English translation of Executed Form of the Power of Attorney by the shareholders of the Chinese variable interest entity of the Registrant, as currently in effect
4.25*	English translation of Executed Form of the Exclusive Technology Consulting and Service Agreement between a wholly-owned subsidiary of the Registrant and a Chinese variable interest entity of the Registrant, as currently in effect
4.26*	English translation of Executed Form of the Business Operations Agreement between a wholly-owned subsidiary of the Registrant, a Chinese variable interest entity of the Registrant, and the shareholders of the Chinese variable interest entity of the Registrant, as currently in effect

[Table of Contents](#)

Exhibit Number	Description of Document
4.27*	English translation of Executed Form of the Exclusive Purchase Option Agreement between a wholly-owned subsidiary of the Registrant, a Chinese variable interest entity of the Registrant, and the shareholders of the Chinese variable interest entity of the Registrant, as currently in effect
4.28*	English translation of Executed Form of the Loan Agreement between a wholly-owned subsidiary of the Registrant and the shareholders of the Chinese variable interest entity of the Registrant, as currently in effect
4.29*	English translation of Executed Form of the Termination Agreement between a wholly-owned subsidiary of the Registrant, a Chinese variable interest entity of the Registrant, and the former shareholders of a Chinese variable interest entity, as currently in effect
4.30	English translation of Executed Form of the Subscription Agreement between a Chinese variable interest entity of the Registrant and Yonghui, dated August 7, 2015 (incorporated herein by reference to Exhibit 4.29 to the annual report on Form 20-F (File No. 001-36450) filed with the Securities and Exchange Commission on April 18, 2016)
4.31	English translation of Subscription Agreement of Beijing Jingdong Shangboguanyi Investment Management Co., Ltd. by and among Beijing Jingdong Shangboguanyi Investment Management Co., Ltd., the investors and other parties listed therein, dated January 8, 2016 (incorporated herein by reference to Exhibit 4.30 to the annual report on Form 20-F (File No. 001-36450) filed with the Securities and Exchange Commission on April 18, 2016)
4.32	English translation of Executed Form of Commitment by the investors relating to investment in Beijing Jingdong Shangboguanyi Investment Management Co., Ltd., dated January 2016 (incorporated herein by reference to Exhibit 4.31 to the annual report on Form 20-F (File No. 001-36450) filed with the Securities and Exchange Commission on April 18, 2016)
4.33	Share Purchase Agreement by and among the Registrant, Dada Nexus Limited and other parties listed therein, dated April 15, 2016 (incorporated herein by reference to Exhibit 4.32 to the annual report on Form 20-F (File No. 001-36450) filed with the Securities and Exchange Commission on April 18, 2016)
4.34*	Subscription Agreement between the Registrant and Newheight Holdings Ltd., dated June 20, 2016
4.35*	Investor Rights Agreement between the Registrant and Newheight Holdings Ltd., dated June 20, 2016
4.36*	Framework Agreement by and among the Registrant, Beijing Jingdong Financial Technology Holding Co., Ltd. and other parties listed therein, dated March 1, 2017
4.37*	Intellectual Property License and Software Technology Services Agreement between the Registrant and Beijing Jingdong Financial Technology Holding Co., Ltd., dated March 1, 2017
8.1*	List of Principal Subsidiaries and Consolidated Variable Interest Entities
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-193650), as amended, initially filed with the Securities and Exchange Commission on January 30, 2014)

[Table of Contents](#)

Exhibit Number	Description of Document
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP
15.2*	Consent of Zhong Lun Law Firm
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

[Table of Contents](#)**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

JD.com, Inc.

By: /s/ Richard Qiangdong Liu
 Name: Richard Qiangdong Liu
 Title: Chairman and Chief Executive Officer

Date: May 1, 2017

[Table of Contents](#)**JD.com, Inc.****INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page(s)</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2015 and 2016	F-3 ~ F-4
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2014, 2015 and 2016	F-5~ F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2015 and 2016	F-7 ~ F-9
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2014, 2015 and 2016	F-10
Notes to Consolidated Financial Statements	F-11 ~ F-75
	F-1

[Table of Contents](#)**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of JD.com, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity present fairly, in all material respects, the financial position of JD.com, Inc. and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 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 December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these 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 Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which was an integrated audit in 2016 and 2015). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

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.

As described in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15, management has excluded Shanghai Zhiao Yihao Technology Co., Ltd ("Shanghai Zhiao") from its assessment of internal control over financial reporting as of December 31, 2016 because the business currently operated by Shanghai Zhiao was acquired by the Company during 2016. We have also excluded Shanghai Zhiao from our audit of internal control over financial reporting. The total assets and total revenues of Shanghai Zhiao represent 1% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2016.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
May 1, 2017

F-2

[Table of Contents](#)

JD.com, Inc.
Consolidated Balance Sheets
(All amounts in thousands, except for share and per share data)

	As of December 31,		
	2015	2016	US\$ Note 2(h)
	RMB	RMB	
ASSETS			
Current assets			
Cash and cash equivalents	17,863,868	19,771,695	2,847,716
Restricted cash	2,114,913	4,391,955	632,573
Short-term investments	2,780,482	7,173,626	1,033,217
Investment securities	—	723,449	104,198
Accounts receivable, net	8,193,665	17,464,408	2,515,398
Advance to suppliers	927,177	1,423,736	205,061
Inventories, net	20,539,543	28,909,438	4,163,825
Loan receivables, net	3,698,488	12,697,915	1,828,880
Other investments	—	10,766,920	1,550,759
Prepayments and other current assets	1,486,441	2,198,906	316,707
Amount due from related parties	863,516	1,410,050	203,089
Total current assets	58,468,093	106,932,098	15,401,423
Non-current assets			
Property, equipment and software, net	6,233,106	7,397,029	1,065,394
Construction in progress	1,266,992	1,992,123	286,925
Intangible assets, net	5,263,983	8,454,297	1,217,672
Land use rights, net	1,928,192	2,447,511	352,515
Goodwill	29,050	6,541,668	942,196
Investment in equity investees	8,713,219	15,235,020	2,194,300
Investment securities	1,005,831	1,060,632	152,763
Other investments	—	6,997,425	1,007,839
Other non-current assets	2,106,673	3,315,715	477,562
Total non-current assets	26,547,046	53,441,420	7,697,166
Total assets	85,015,139	160,373,518	23,098,589
LIABILITIES			
Current liabilities (including amounts of the consolidated VIEs and VIEs' subsidiaries without recourse to the primary beneficiaries of RMB6,313,410 and RMB33,441,909 as of December 31, 2015 and 2016 respectively. Note 1)			
Short-term borrowings	3,040,209	8,333,317	1,200,247
Nonrecourse securitization debt	579,843	9,389,213	1,352,328
Accounts payable	29,819,341	43,988,087	6,335,602
Advance from customers	7,173,885	11,632,766	1,675,467
Deferred revenues (including amounts in relation to traffic support, marketing and promotion services to be provided to related parties of RMB754,626 and RMB818,805 as of December 31, 2015 and 2016, respectively)	983,721	1,221,865	175,986
Taxes payable	103,211	575,848	82,939
Amount due to related parties	104,726	167,655	24,147
Accrued expenses and other current liabilities (including amounts in relation to non-compete obligation to related party of nil and RMB82,626 as of December 31, 2015 and 2016, respectively)	7,178,065	29,431,484	4,239,015
Total current liabilities	48,983,001	104,740,235	15,085,731
Non-current liabilities			
Deferred revenues (including amounts in relation to traffic support, marketing and promotion services to be provided to related parties of 2,515,603 and RMB2,127,900 as of December 31, 2015 and 2016, respectively)	2,556,345	2,156,835	310,649
Nonrecourse securitization debt	2,753,699	4,077,627	587,300
Unsecured senior notes	—	6,831,012	983,870
Deferred tax liabilities	1,228	907,356	130,686
Other non-current liabilities (related to non-compete obligation to related party of nil and RMB440,670 as of December 31, 2015 and 2016, respectively)	—	440,670	63,470
Total non-current liabilities	5,311,272	14,413,500	2,075,975
Total liabilities	54,294,273	119,153,735	17,161,706

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

JD.com, Inc.
Consolidated Balance Sheets
 (All amounts in thousands, except for share and per share data)

	As of December 31,		
	2015	2016	
	RMB	RMB	US\$ Note 2(h)
Commitments and contingencies (Note 30)			
MEZZANINE EQUITY			
Redeemable non-controlling interests (Note 19)	—	7,056,921	1,016,408
SHAREHOLDERS' EQUITY:			
JD.com, Inc. shareholders' equity			
Ordinary shares (US\$0.00002 par value; 100,000,000,000 shares authorized; 2,313,578,195 Class A ordinary shares issued and 2,287,701,055 outstanding, 480,178,455 Class B ordinary shares issued and 454,289,431 outstanding as of December 31, 2015; 2,467,134,904 Class A ordinary shares issued and 2,384,954,010 outstanding, 471,573,995 Class B ordinary shares issued and 451,490,387 outstanding as of December 31, 2016.)	358	377	54
Additional paid-in capital	48,393,126	59,258,417	8,534,987
Statutory reserves	55,560	132,938	19,147
Treasury stock	(3)	(5,181,880)	(746,346)
Accumulated deficit	(18,420,834)	(21,860,345)	(3,148,545)
Accumulated other comprehensive income	554,826	1,543,393	222,295
Total JD.com, Inc. shareholders' equity	30,583,033	33,892,900	4,881,592
Non-controlling interests	137,833	269,962	38,883
Total shareholders' equity	30,720,866	34,162,862	4,920,475
Total liabilities, mezzanine equity and shareholders' equity	85,015,139	160,373,518	23,098,589

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

JD.com, Inc.
Consolidated Statements of Operations and Comprehensive Loss
 (All amounts in thousands, except for share and per share data)

	For the year ended December 31,			
	2014	2015	2016	
	RMB	RMB	RMB	US\$ Note 2(h)
Net revenues				
Online direct sales	108,549,258	167,720,984	237,701,986	34,236,207
Services and others	6,453,059	13,554,441	22,419,659	3,229,103
Total net revenues	115,002,317	181,275,425	260,121,645	37,465,310
Operating expenses				
Cost of revenues	(101,631,443)	(157,008,329)	(220,698,727)	(31,787,228)
Fulfillment	(8,067,048)	(13,920,988)	(20,950,501)	(3,017,500)
Marketing	(4,010,280)	(7,736,172)	(10,573,024)	(1,522,832)
Technology and content	(1,835,919)	(3,453,804)	(5,380,907)	(775,012)
General and administrative	(5,260,064)	(2,876,989)	(4,663,383)	(671,667)
Impairment of goodwill and intangible assets	—	(2,750,129)	—	—
Total operating expenses	(120,804,754)	(187,746,411)	(262,266,542)	(37,774,239)
Loss from operations	(5,802,437)	(6,470,986)	(2,144,897)	(308,929)
Other income/(expense)				
Share of results of equity investees	—	(2,852,677)	(2,785,343)	(401,173)
Interest income	637,641	414,999	481,618	69,367
Interest expense	(28,825)	(82,507)	(259,657)	(37,398)
Others, net	216,587	(140,597)	1,474,055	212,308
Loss before tax	(4,977,034)	(9,131,768)	(3,234,224)	(465,825)
Income tax benefits/(expenses)	(19,324)	14,262	(179,500)	(25,853)
Net loss	(4,996,358)	(9,117,506)	(3,413,724)	(491,678)
Net loss attributable to non-controlling interests shareholders	—	(9,566)	(51,591)	(7,431)
Net income attributable to mezzanine classified non-controlling interests shareholders	—	—	444,657	64,044
Net loss attributable to JD.com, Inc.	(4,996,358)	(9,107,940)	(3,806,790)	(548,291)
Preferred shares redemption value accretion	(7,957,640)	—	—	—
Net loss attributable to ordinary shareholders	(12,953,998)	(9,107,940)	(3,806,790)	(548,291)

The accompanying notes are an integral part of these consolidated financial statements.

JD.com, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(All amounts in thousands, except for share and per share data)

	For the year ended December 31,			
	2014 RMB	2015 RMB	2016 RMB	US\$ Note 2(h)
Net loss	(4,996,358)	(9,117,506)	(3,413,724)	(491,678)
Other comprehensive loss:				
Foreign currency translation adjustments	(121,612)	954,787	943,616	135,909
Net change in unrealized gains/(losses) on available-for-sale securities:				
Unrealized gains/(losses), nil of tax	71,286	(238,852)	(78,792)	(11,349)
Reclassification adjustment for (gains)/losses recorded in net income, nil of tax	(57,181)	216,230	123,743	17,823
Net unrealized gains/(losses) on available-for-sale securities	14,105	(22,622)	44,951	6,474
Total other comprehensive income/(loss)	(107,507)	932,165	988,567	142,383
Total comprehensive loss	(5,103,865)	(8,185,341)	(2,425,157)	(349,295)
Total comprehensive loss attributable to non-controlling interests shareholders	—	(8,352)	(51,591)	(7,431)
Total comprehensive income attributable to mezzanine classified non-controlling interests shareholders	—	—	444,657	64,044
Total comprehensive loss attributable to JD.com, Inc.	(5,103,865)	(8,176,989)	(2,818,223)	(405,908)
Net loss per share				
Basic	(5.35)	(3.33)	(1.36)	(0.20)
Diluted	(5.35)	(3.33)	(1.36)	(0.20)
Weighted average number of shares				
Basic	2,419,668,247	2,735,034,034	2,804,767,889	2,804,767,889
Diluted	2,419,668,247	2,735,034,034	2,804,767,889	2,804,767,889
Share-based compensation expenses included in:				
Fulfillment	(128,623)	(184,733)	(387,073)	(55,750)
Marketing	(23,570)	(50,091)	(97,604)	(14,058)
Technology and content	(79,469)	(234,165)	(554,859)	(79,916)
General and administrative	(4,017,886)	(724,956)	(1,304,249)	(187,851)

The accompanying notes are an integral part of these consolidated financial statements.

F-6

JD.com, Inc.
Consolidated Statements of Cash Flows
(All amounts in thousands, except for share and per share data)

	For the year ended December 31,			
	2014 RMB	2015 RMB	2016 RMB	US\$ Note 2(h)
Cash flows from operating activities:				
Net loss	(4,996,358)	(9,117,506)	(3,413,724)	(491,678)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	1,650,533	2,619,061	3,633,346	523,311
Share-based compensation	4,249,548	1,193,945	2,343,785	337,575
Allowance for doubtful accounts	74,332	420,750	867,233	124,908
Loss from disposal of property, equipment and software	26,043	7,714	18,478	2,661
Deferred income tax	(4,169)	(42,584)	(34,782)	(5,010)
Amortization of discounts and issuance costs of the unsecured senior notes	—	—	8,622	1,242
Impairment of goodwill and intangible assets	—	2,750,129	—	—
Impairment of investments accounted for under cost method and available-for-sale securities	—	611,108	637,583	91,831
Gain from business and investment disposals	—	(1,507)	(1,232,853)	(177,568)
Share of results of equity investees	(638)	2,852,677	2,785,343	401,173
Foreign exchange losses	28,980	57,395	146,354	21,079
Changes in operating assets and liabilities:				
Accounts receivable	(1,861,364)	(6,167,483)	(9,697,221)	(1,396,690)
Restricted cash	(689,499)	(1,076,628)	526,646	75,853
Inventories	(5,804,688)	(8,348,700)	(8,369,883)	(1,205,514)
Loan receivables	5,430	(26,699)	(74,458)	(10,724)
Investment securities	—	—	(3,703)	(533)
Advance to suppliers	(160,203)	(18,010)	(487,320)	(70,189)
Prepayments and other current assets	(1,210,697)	252,397	(533,596)	(76,854)
Other investments	—	—	(252,223)	(36,328)

Amount due from related parties	(412,314)	(402,795)	(481,774)	(69,390)
Other non-current assets	(66,485)	(1,170,454)	169,144	24,362
Accounts payable	4,902,844	13,113,084	13,693,690	1,972,302
Advance from customers	2,611,035	2,507,225	4,454,299	641,552
Deferred revenues	(65,725)	(461,270)	(707,966)	(101,969)
Taxes payable	(42,615)	(132,949)	494,438	71,214
Accrued expenses and other current liabilities	2,988,499	2,207,476	4,247,921	611,828
Amount due to related parties	67,412	69,946	29,638	4,269
Net cash provided by operating activities	1,289,901	1,696,322	8,767,017	1,262,713

The accompanying notes are an integral part of these consolidated financial statements.

F-7

[Table of Contents](#)

JD.com, Inc.
Consolidated Statements of Cash Flows
(All amounts in thousands, except for share and per share data)

	For the year ended December 31,			
	2014	2015	2016	US\$
	RMB	RMB	RMB	Note 2(h)
Cash flows from investing activities:				
Purchase of short-term investments	(19,104,408)	(5,022,000)	(16,969,213)	(2,444,075)
Maturity of short-term investments	7,853,607	16,625,621	12,738,475	1,834,722
Changes of deposits for capital verification	545,000	—	—	—
Purchases of investment securities	(421,133)	(1,139,386)	(1,116,200)	(160,766)
Cash received from disposal of investment securities	—	—	361,893	52,123
Purchase of other investments	—	—	(24,165,716)	(3,480,587)
Maturity of other investments	—	—	6,703,594	965,518
Prepayments and investments in equity investees	(434,585)	(7,156,789)	(7,660,513)	(1,103,343)
Cash received from disposal of equity investment	—	—	34,558	4,977
Changes in restricted cash	—	—	(2,803,688)	(403,815)
Cash paid for loan originations	(662,511)	(10,784,220)	(45,152,496)	(6,503,312)
Cash received from loan repayments	387,626	7,276,347	34,836,743	5,017,536
Purchase of property, equipment and software	(1,424,534)	(2,826,830)	(2,372,035)	(341,644)
Cash paid for construction in progress	(1,036,513)	(1,540,615)	(1,359,364)	(195,789)
Purchase of intangible assets	(17,935)	(6,556)	(50,438)	(7,265)
Purchase of land use rights	(423,084)	(925,758)	(678,328)	(97,700)
Cash received from/(paid for) business combination, net of cash acquired (Note 7)	1,260,337	(290,339)	(615,849)	(88,701)
Net cash used in investing activities	(13,478,133)	(5,790,525)	(48,268,577)	(6,952,121)

The accompanying notes are an integral part of these consolidated financial statements.

F-8

[Table of Contents](#)

JD.com, Inc.
Consolidated Statements of Cash Flows
(All amounts in thousands, except for share and per share data)

	For the year ended December 31,			
	2014	2015	2016	US\$
	RMB	RMB	RMB	Note 2(h)
Cash flows from financing activities:				
Proceeds from issuance of ordinary shares, net	17,447,653	—	—	—
Repurchase of ordinary shares	—	—	(5,338,274)	(768,871)
Purchase of capped call options	—	—	(2,007,100)	(289,083)
Proceeds from settlement of capped call options	—	—	1,463,218	210,747
Proceeds from issuance of ordinary shares pursuant to stock plans	—	75,713	82,396	11,867
Proceeds from issuance of redeemable preferred shares of JD Finance	—	—	6,612,264	952,364
Capital injection from non-controlling interest shareholders	—	146,185	177,800	25,609
Proceeds from short-term borrowings	1,890,771	4,871,004	18,443,370	2,656,398
Repayment of short-term borrowings	(946,396)	(3,726,171)	(13,150,262)	(1,894,032)
Proceeds from unsecured senior notes, net of discount and debt issuance costs	—	—	6,355,969	915,450
Proceeds from nonrecourse securitization debt	—	3,333,542	11,053,808	1,592,080
Repayment of nonrecourse securitization debt	—	—	(920,510)	(132,581)
Proceeds from sales of financial products	—	—	25,451,427	3,665,768
Redemption of financial products	—	—	(7,524,635)	(1,083,773)
Net cash provided by financing activities	18,392,028	4,700,273	40,699,471	5,861,943
Effect of exchange rate changes on cash and cash equivalents	(101,484)	343,147	709,916	102,249
Net increase in cash and cash equivalents	6,102,312	949,217	1,907,827	274,784
Cash and cash equivalents at beginning of year	10,812,339	16,914,651	17,863,868	2,572,932
Cash and cash equivalents at end of year	16,914,651	17,863,868	19,771,695	2,847,716

Supplemental cash flow disclosures:

Cash paid for income taxes	(9,807)	(23,219)	(113,087)	(16,288)
Cash paid for interest	(27,268)	(62,396)	(729,735)	(105,104)

Supplemental disclosures of non-cash investing and financing activities:

Conversion of preferred shares to ordinary shares	15,474,994	—	—	—
Issuance of ordinary shares in connection with Tencent Transactions, net	11,644,310	—	—	—
Issuance of ordinary shares in connection with Walmart Transactions, net	—	—	9,592,258	1,381,573
Certain time deposits pledged for short-term bank loan	2,000,000	—	—	—
Equity investments obtained through commitment of future services and contribution of certain business	—	3,838,933	2,268,342	326,709

The accompanying notes are an integral part of these consolidated financial statements.

F-9

[Table of Contents](#)

JD.com, Inc.
Consolidated Statements of Changes in Shareholders' Equity
 (All amounts in thousands, except for share and per share data)

	Ordinary shares		Treasury stock		Series A and A-1 convertible preferred shares		Series B convertible preferred shares		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB		Non-controlling interests RMB	Total Shareholders' equity RMB
	Shares	Amount RMB	Shares	Amount RMB	Shares	Amount RMB	Shares	Amount RMB			income/(loss) RMB	deficit RMB		
Balance as of December 31, 2013	<u>1,502,933,134</u>	<u>199</u>	<u>(39,279,042)</u>	<u>—</u>	<u>191,894,000</u>	<u>255,850</u>	<u>59,539,244</u>	<u>88,241</u>	<u>6,251,869</u>	<u>2,648</u>	<u>(268,618)</u>	<u>(4,263,624)</u>	<u>—</u>	<u>2,066,565</u>
Issuance of ordinary shares	657,292,997	80	—	—	—	—	—	29,091,883	—	—	—	—	—	29,091,963
Issuance of Class A ordinary shares reserved for future exercise of share-based awards	30,000,000	4	(30,000,000)	(4)	—	—	—	—	—	—	—	—	—	—
Preferred shares redemption value accretion	—	—	—	—	—	—	—	(7,957,640)	—	—	—	—	—	(7,957,640)
Conversion of series A and A-1 preferred shares to Class A ordinary shares	191,894,000	24	—	—	(191,894,000)	(255,850)	—	—	255,826	—	—	—	—	—
Conversion of series B preferred shares to Class A ordinary shares	59,539,244	7	—	—	—	—	(59,539,244)	(88,241)	88,234	—	—	—	—	—
Conversion of series C preferred shares to Class A ordinary shares	258,316,305	32	—	—	—	—	—	—	15,130,871	—	—	—	—	15,130,903
Exercise of share-based awards	—	—	849,844	—	—	—	—	—	20,593	—	—	—	—	20,593
Share-based compensation and vesting of share-based awards	93,780,970	12	6,390,905	—	—	—	—	—	4,249,536	—	—	—	—	4,249,548
Net loss	—	—	—	—	—	—	—	—	—	—	—	(4,996,358)	—	(4,996,358)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	(121,612)	—	—	(121,612)
Net change in unrealized gains on available for sale securities	—	—	—	—	—	—	—	—	—	—	14,105	—	—	14,105
Statutory reserves	—	—	—	—	—	—	—	—	—	12,361	—	(12,361)	—	—
Balance as of December 31, 2014	<u>2,793,756,650</u>	<u>358</u>	<u>(62,038,293)</u>	<u>(4)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,131,172</u>	<u>15,009</u>	<u>(376,125)</u>	<u>(9,272,343)</u>	<u>—</u>	<u>37,498,067</u>
Exercise of share-based awards	—	—	2,694,404	1	—	—	—	—	68,009	—	—	—	—	68,010
Share-based compensation and vesting of share-based awards	—	—	7,577,725	—	—	—	—	—	1,193,945	—	—	—	—	1,193,945
Net loss	—	—	—	—	—	—	—	—	—	—	—	(9,107,940)	(9,566)	(9,117,506)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	953,573	—	1,214	954,787
Net change in unrealized losses on available for sale securities	—	—	—	—	—	—	—	—	—	—	(22,622)	—	—	(22,622)
Statutory reserves	—	—	—	—	—	—	—	—	—	40,551	—	(40,551)	—	—
Capital injection from non-controlling interests shareholders	—	—	—	—	—	—	—	—	—	—	—	—	146,185	146,185
Balance as of December 31, 2015	<u>2,793,756,650</u>	<u>358</u>	<u>(51,766,164)</u>	<u>(3)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48,393,126</u>	<u>55,560</u>	<u>554,826</u>	<u>(18,420,834)</u>	<u>137,833</u>	<u>30,720,866</u>
Issuance of ordinary shares	144,952,250	19	—	—	—	—	—	—	9,592,239	—	—	—	—	9,592,258
Repurchase of ordinary shares	—	—	(62,131,568)	(5,338,276)	—	—	—	—	(543,880)	—	—	—	—	(5,882,156)
Surrender of ordinary shares by certain shareholder	(1)	—	—	—	—	—	—	—	—	—	—	—	—	—
Accretion of redeemable non-controlling interests	—	—	—	—	—	—	—	—	(444,657)	—	—	—	—	(444,657)
Exercise of share-based awards	—	—	2,820,648	77,496	—	—	—	—	(3,293)	—	—	—	—	74,203
Share-based compensation and vesting of share-based awards	—	—	8,812,582	78,903	—	—	—	—	2,264,882	—	—	—	—	2,343,785
Net loss	—	—	—	—	—	—	—	—	—	—	—	(3,362,133)	(51,591)	(3,413,724)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	943,616	—	—	943,616
Net change in unrealized gains on available for sale securities	—	—	—	—	—	—	—	—	—	—	44,951	—	—	44,951

Statutory reserves	—	—	—	—	—	—	—	77,378	—	(77,378)	—	—	
Capital injection from non-controlling interests shareholders	—	—	—	—	—	—	—	—	—	—	183,720	183,720	
Balance as of December 31, 2016	2,938,708,899	377	(102,264,502)	(5,181,880)	—	—	—	59,258,417	132,938	1,543,393	(21,860,345)	269,962	34,162,862

The accompanying notes are an integral part of these consolidated financial statements.

F-10

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization

JD.com, Inc. (the “Company”), through its wholly-owned subsidiaries, variable interest entities (“VIEs”) and VIEs’ subsidiaries (collectively, the “Group”) serves consumers through its retail websites, mainly www.jd.com, and focuses on selection, price and convenience, offers programs that enable third party sellers to sell their products on its websites and to fulfill the orders either by the sellers or through the Group (known as “online marketplace”), and also offers financial services to its suppliers, third party sellers and qualified individual customers through the Group’s finance business (“JD Finance”). The Group’s principal operations and geographic markets are in the People’s Republic of China (“PRC”). The accompanying consolidated financial statements include the financial statements of the Company, its subsidiaries, VIEs and VIEs’ subsidiaries.

As of December 31, 2016, the Company’s major subsidiaries, VIEs and VIEs’ subsidiaries are as follows:

Subsidiaries	Equity interest held	Place and Date of incorporation or date of acquisition
Beijing Jingdong Century Trade Co., Ltd. (“Jingdong Century”)	100%	Beijing, China, April 2007
Guangzhou Jingdong Trading Co., Ltd.	100%	Guangzhou, China, July 2007
Shanghai Yuanmai Trading Co., Ltd.	100%	Shanghai, China, August 2007
Jiangsu Jingdong Information Technology Co., Ltd.	100%	Jiangsu, China, June 2009
Chengdu Jingdong Century Trading Co., Ltd. (“Chengdu Century”)	100%	Chengdu, China, December 2009
Beijing Jingdong Century Information Technology Co., Ltd.	100%	Beijing, China, September 2010
Wuhan Jingdong Century Trading Co., Ltd.	100%	Wuhan, China, February 2011
Shanghai Shengdayuan Information Technology Co., Ltd. (“Shanghai Shengdayuan”)	100%	Shanghai, China, April 2011
Jingdong E-Commerce (Express) Hong Kong Co., Ltd.	100%	Hong Kong, China, August 2011
Jingdong Technology Group Corporation	100%	Cayman Islands, November 2011
Shenyang Jingdong Century Trading Co., Ltd.	100%	Shenyang, China, January 2012
Jingdong Logistics Group Corporation	100%	Cayman Islands, January 2012
Jingdong E-Commerce (Logistics) Hong Kong Co., Ltd.	100%	Hong Kong, China, February 2012
Jingdong E-Commerce (Trade) Hong Kong Co., Ltd.	100%	Hong Kong, China, February 2012
JD.com International Limited (“JD International”)	100%	Hong Kong, China, February 2012
Beijing Jingdong Shangke Information Technology Co., Ltd. (“Beijing Shangke”)	100%	Beijing, China, March 2012
Tianjin Star East Co., Ltd.	100%	Tianjin, China, April 2012
Beijing Jingbangda Trade Co., Ltd.	100%	Beijing, China, August 2012
Shanghai Jinghui Microcredit Co., Ltd.	100%	Shanghai, China, December 2013
Chongqing Jingdong Haijia E-commerce Co., Ltd. (“Chongqing Haijia”)	100%	Chongqing, China, June 2014
Beijing Jinghui Microcredit Co., Ltd.	100%	Beijing, China, September 2014

VIEs	Place and Date of incorporation or date of acquisition
Beijing Jingdong 360 Degree E-commerce Co., Ltd. (“Jingdong 360”)	Beijing, China, April 2007
Fortune Rising Holdings Ltd. (“Fortune Rising”)	British Virgin Islands, May 2008
Jiangsu Yuanzhou E-commerce Co., Ltd. (“Jiangsu Yuanzhou”)	Jiangsu, China, September 2010
Suqian Limao Donghong Investment Management Co., Ltd. (“Suqian Limao”)	Jiangsu, China, December 2015

VIEs’ Subsidiaries	Place and Date of incorporation or date of acquisition
Beijing Jingdong Financial Technology Holding Co., Ltd. (formerly known as Beijing Jingdong Shangboguanyi Investment Management Co., Ltd.)	Beijing, China, September 2012
Chinabank Payment Business Services Co., Ltd. (“Chinabank Payment”)	Beijing, China, Acquired in October 2012
Chinabank Payment Technology Co., Ltd. (“Chinabank Payment Technology”)	Beijing, China, Acquired in October 2012
Shanghai Banghui Commercial Factoring Co., Ltd.	Shanghai, China, June 2013

F-11

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization (Continued)

• Organization

The Company was incorporated in the British Virgin Islands (“BVI”) in November 2006 and was re-domiciled in the Cayman Islands in January 2014 as an exempted company registered under the laws of the Cayman Islands.

In April 2007 and April 2011, the Company established Jingdong Century and Shanghai Shengdayuan as wholly foreign-owned enterprises in the PRC, respectively. In April 2007, September 2010 and December 2015, Jingdong 360, Jiangsu Yuanzhou and Suqian Limao were incorporated in the PRC, respectively. The paid-in capital of each of these entities was funded by the Company, and they were established to facilitate the Group's operation and business expansion plans and comply with the PRC laws and regulations which prohibit or restrict foreign ownership of the companies where the PRC operating licenses are required. By entering into a series of agreements, Jingdong 360 and Jiangsu Yuanzhou became VIEs of Jingdong Century and Suqian Limao became a VIE of a certain wholly owned subsidiary of Shanghai Shengdayuan. Consequently, Jingdong Century became the primary beneficiary of Jingdong 360 and Jiangsu Yuanzhou, and the wholly owned subsidiary of Shanghai Shengdayuan became the primary beneficiary of Suqian Limao. In December 2016, the original Suqian Limao agreements were terminated, and concurrently, a certain wholly owned subsidiary of JD International entered into a series of contractual arrangements with Suqian Limao and its shareholders, which substantially similar to the original Suqian Limao agreements. Consequently, the wholly owned subsidiary of JD International became the primary beneficiary of Suqian Limao.

In May 2008, Fortune Rising, a BVI incorporated company and a consolidated variable interest entity of the Group, was established by the Group to facilitate the adoption of the Company's stock incentive plans.

· ***Variable interest entities***

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its websites and other restricted businesses in the PRC through certain PRC domestic companies, whose equity interests are held by certain management members of the Group ("Nominee Shareholders"). The Group obtained control over these PRC domestic companies by entering into a series of Contractual Arrangements with these PRC domestic companies and their respective Nominee Shareholders. These contractual agreements include loan agreements, exclusive purchase option agreements, exclusive technology consulting and services agreements, intellectual property rights license agreement, equity pledge agreements, powers of attorney, business cooperation agreements and business operation agreements. These contractual agreements can be extended at the Group's relevant PRC subsidiaries' options prior to the expiration date. Management concluded that these PRC domestic companies are VIEs of the Group, of which the Group is the ultimate primary beneficiary. As such, the Group consolidated the financial results of these PRC domestic companies and their subsidiaries in the Group's consolidated financial statements. Refer to Note 2(b) to the consolidated financial statements for the principles of consolidation.

The following is a summary of the contractual agreements (collectively, "Contractual Agreements") that the Group, through its subsidiaries, entered into with the VIEs and their Nominee Shareholders:

· ***Loan agreements***

Pursuant to the relevant loan agreements, the Group's relevant PRC subsidiaries have granted interest-free loans to the relevant Nominee Shareholders of the VIEs with the sole purpose of providing funds necessary for the capital injection to the relevant VIEs. The loans for initial and subsequent capital injections are eliminated with the capital of the relevant VIEs during consolidation. The Group's relevant PRC subsidiaries can require the Nominee Shareholders to settle the loan amount with the equity interests of relevant VIEs, subject to any applicable PRC laws, rules and regulations. The loan agreements are renewable upon expiration.

F-12

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization (Continued)

· ***Exclusive purchase option agreements***

The Nominee Shareholders of the VIEs have granted the Group's relevant PRC subsidiaries the exclusive and irrevocable right to purchase from the Nominee Shareholders, to the extent permitted under PRC laws and regulations, part or all of the equity interests in these entities for a purchase price equal to the lowest price permitted by PRC laws and regulations. The Group's relevant PRC subsidiaries may exercise such option at any time. In addition, the VIEs and their Nominee Shareholders have agreed that without prior written consent of the Group's relevant PRC subsidiaries, they will not transfer or otherwise dispose the equity interests or declare any dividend.

· ***Exclusive technology consulting and services agreements***

The Group's relevant PRC subsidiaries and relevant VIEs entered into exclusive technology consulting and services agreements under which relevant VIEs engage the Group's relevant PRC subsidiaries as their exclusive provider of technical platform and technical support, maintenance and other services. The VIEs shall pay to the Group's relevant PRC subsidiaries service fees determined based on the volume and market price of the service provided. The Group's relevant PRC subsidiaries exclusively own any intellectual property arising from the performance of the agreements. During the term of the agreements, the relevant VIEs may not enter into any agreement with third parties for the provision of identical or similar services without prior consent of the Group's relevant PRC subsidiaries.

· ***Intellectual property rights license agreement***

Pursuant to the intellectual property rights license agreement, Jingdong Century has granted Jingdong 360 non-exclusive rights to use certain software products, trademarks, website, copyrights, and domain names developed or owned by Jingdong Century within the scope of internet information service operation of Jingdong 360 and in the territory of PRC. Jingdong 360 has agreed to pay license fees to Jingdong Century and the amount of the license fee is at least RMB10 per year, subject to annual evaluation and adjustment.

· ***Equity pledge agreements***

Pursuant to the relevant equity pledge agreements, the Nominee Shareholders of the VIEs have pledged all of their equity interests in relevant VIEs to the Group's relevant PRC subsidiaries as collateral for all of their payments due to the Group's relevant PRC subsidiaries and to secure their obligations under the above agreements. The Nominee Shareholders may not transfer or assign the equity interests, the rights and obligations in the equity pledge agreements or create or permit to create any pledges which may have an adverse effect on the rights or benefits of the Group's relevant PRC subsidiaries without the Group's relevant PRC subsidiaries' preapproval. The Group's relevant PRC subsidiaries are entitled to transfer or assign in full or in part the equity interests pledged. In the event of default, the Group's relevant PRC subsidiaries as the pledgee, will be entitled to request immediate repayment of the loans or to dispose of the pledged equity interests through transfer or assignment. The equity pledge agreements will expire on the second anniversary of the date when the Nominee Shareholders have completed all their obligations under the above agreements unless otherwise terminated earlier by the Group's relevant PRC subsidiaries.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization (Continued)**· Power of attorney**

Pursuant to the irrevocable power of attorney, each of the Nominee Shareholders appointed any person designated by the Group's relevant PRC subsidiaries as their attorney-in-fact to exercise all shareholder rights under PRC law and the relevant articles of association, including but not limited to, voting on their behalf on all matters requiring shareholder approval, disposing of all or part of the Nominee Shareholders' equity interests, and electing, appointing or removing directors and the general manager of the VIEs. Each power of attorney will remain in force during the period when the Nominee Shareholders continues to be shareholders of the VIEs. Each Nominee Shareholders has waived all the rights which have been authorized to the person designated by the Group's relevant PRC subsidiaries under each power of attorney.

· Business cooperation agreement

Pursuant to the business cooperation agreement, Jingdong 360 has agreed to provide to Jingdong Century and Shanghai Shengdayuan services, including operating the Group's website, posting Jingdong Century's and Shanghai Shengdayuan's product and service information on the website, transmitting the users' order and transaction information to Jingdong Century and Shanghai Shengdayuan, processing user data and transactions in collaboration with banks and payment agents and other services reasonably requested by Jingdong Century and Shanghai Shengdayuan. Jingdong Century and Shanghai Shengdayuan agree to pay service fees to Jingdong 360 on a quarterly basis. The service fee should be 105% of Jingdong 360's operating costs incurred in the previous quarter, but in no event more than RMB20 per quarter.

· Business operation agreements

Pursuant to the business operation agreements, the relevant Nominee Shareholders of the VIEs must appoint the candidates nominated by the Group's relevant PRC subsidiaries to be the directors on their board of directors in accordance with applicable laws and the articles of association of VIEs, and must cause the persons recommended by the Group's relevant PRC subsidiaries to be appointed as their general manager, chief financial officer and other senior executives.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization (Continued)**· Risks in relations to the VIE structure**

In the opinion of management, the Group's relevant PRC subsidiaries' Contractual Arrangements with the VIEs and the Nominee Shareholders are in compliance with PRC laws and regulations and are legally binding and enforceable. The Nominee Shareholders are also shareholders or nominees of shareholders of the Group and therefore have no current interest in seeking to act contrary to the Contractual Arrangements. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including those that govern the Group's Contractual Arrangements, which could limit the Group's ability to enforce these Contractual Arrangements and if the Nominee Shareholders of the VIEs were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the Contractual Arrangements. The Group's ability to control the VIEs also depends on the power of attorney the Group's relevant PRC subsidiaries have to vote on all matters requiring shareholder approval in the VIEs. As noted above, the Group believes these power of attorney are legally enforceable but may not be as effective as direct equity ownership. In addition, if the Group's corporate structure and the Contractual Arrangements with the VIEs through which the Group conducts its business in PRC were found to be in violation of any existing or future PRC laws and regulations, the Group's relevant PRC regulatory authorities could:

- revoke or refuse to grant or renew the Group's business and operating licenses;
- restrict or prohibit related party transactions between the Group's relevant PRC subsidiaries and their subsidiaries, the VIEs;
- impose fines, confiscate income or other requirements which the Group may find difficult or impossible to comply with;
- require the Group to alter the corporate structure operations; and
- restrict or prohibit the Group's ability to finance its operations.

The imposition of any of these government actions could result in a material adverse effect on the Group's ability to conduct its operations. In such case, the Group may not be able to operate or control the VIEs, which may result in deconsolidation of the VIEs in the Group's consolidated financial statements. In the opinion of management, the likelihood for the Group to lose such ability is remote based on current facts and circumstances. The Group's operations depend on the VIEs to honor their contractual agreements with the Group. These agreements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in China. The management believes that each of the Contractual Arrangements constitutes valid and legally binding obligations of each party to such contractual agreements under PRC Laws. However, the interpretation and implementation of the laws and regulations in the PRC and their application to an effect on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the Contractual Arrangements. Meanwhile, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the Contractual Arrangements should the VIEs or the Nominee Shareholders of the VIEs fail to perform their obligations under those arrangements.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

1. Principal activities and organization (Continued)

The following table sets forth the assets, liabilities, results of operations and changes in cash and cash equivalents of the VIEs and their subsidiaries taken as a whole, which were included in the Group's consolidated financial statements with intercompany transactions eliminated:

	As of December 31,		
	2015 RMB	2016 RMB	
Total assets	12,369,251	46,480,948	
Total liabilities	12,705,021	40,938,812	
	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Total net revenues	3,431,134	4,637,086	8,443,868
Net loss	(41,228)	(293,862)	(1,033,348)
	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Net cash provided by operating activities	1,450,744	1,394,182	693,572
Net cash used in investing activities	(494,633)	(169,549)	(32,808,451)
Net cash provided by financing activities	438,891	610,194	32,462,465
Net increase in cash and cash equivalents	1,395,002	1,834,827	347,586
Cash and cash equivalents at beginning of year	333,378	1,728,380	3,563,207
Cash and cash equivalents at end of year	1,728,380	3,563,207	3,910,793

As of December 31, 2015 and 2016, the total assets of the Group's VIEs and VIEs' subsidiaries were mainly consisting of cash and cash equivalents, accounts receivable, inventories, prepayments and other current assets, other investments, loan receivables, investment securities, investment in equity investees, property, equipment and software and intangible assets. As of December 31, 2015 and 2016, the total liabilities of the VIEs and VIEs' subsidiaries were mainly consisting of short-term borrowings, accounts payable, advance from customers, accrued expenses and other current liabilities and liabilities to the Group's other subsidiaries. These balances have been reflected in the Group's consolidated financial statements with intercompany transactions eliminated.

In January 2016, JD Finance issued ordinary shares with preferential rights to certain investors for a RMB6,650,000 financing, such shares were classified as mezzanine equity since they are contingently redeemable (see Note 19). As of December 31, 2016, the balance of mezzanine equity of the Group's VIEs and VIEs' subsidiaries were RMB7,056,921. The redemption value accretion of the mezzanine equity was RMB444,657 for the year ended December 31, 2016.

In accordance with the Contractual Agreements, the Group's relevant PRC subsidiaries have the power to direct activities of the Group's VIEs and VIEs' subsidiaries, and can have assets transferred out of the Group's VIEs and VIEs' subsidiaries. Therefore, the Group's relevant PRC subsidiaries consider that there is no asset in the Group's VIEs and VIEs' subsidiaries that can be used only to settle their obligations except for registered capitals and PRC statutory reserves of the Group's VIEs amounting to RMB307,432 as of December 31, 2016. As the Group's VIEs and VIEs' subsidiaries are incorporated as limited liability companies under the PRC Company Law, the creditors do not have recourse to the general credit of the Group's relevant PRC subsidiaries for all the liabilities of the Group's VIEs and VIEs' subsidiaries. The total shareholders' deficit of the Group's VIEs and VIEs' subsidiaries was RMB335,770 and RMB1,514,785 as of December 31, 2015 and 2016, respectively.

Currently there is no contractual arrangement that could require the Group's relevant PRC subsidiaries or the Group to provide additional financial support to the Group's VIEs and VIEs' subsidiaries. As the Group is conducting certain businesses in the PRC through the VIEs and VIEs' subsidiaries, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

There is no VIE where the Group or any subsidiary has a variable interest but is not the primary beneficiary.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies**a. Basis of presentation**

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

b. Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs' subsidiaries for which the Company is the ultimate primary beneficiary. Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A VIE is an entity in which the Company, or its subsidiaries, through Contractual Arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or its subsidiaries are the primary beneficiary of the entity.

All transactions and balances among the Company, its subsidiaries, the VIEs and VIEs' subsidiaries have been eliminated upon consolidation.

c. Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation to facilitate comparison. As the JD Finance has changed from supporting the overall JD platform to an independently operated and self-funded business, accounts receivables from consumer financing provided by JD Finance to consumers in marketplace are mainly for investment purpose and are reclassified to loan receivables. Accordingly, accounts receivable balance of RMB1,314,619 as of December 31, 2015 has been reclassified to conform to the current period financial statement presentation. Cash flows resulted from loan receivables are reclassified from operating activities in cash flows to investing activities in cash flows with the amount of RMB274,885 and RMB3,507,873 for the years ended December 31, 2014 and 2015, respectively.

d. Revision of previously issued financial statements

The Company adjusted its financial statements as of and for the year ended December 31, 2015 to reflect a correction to the Company's foreign currency translation treatment over investments under equity method of accounting and deferred revenue resulting from the acquisition of equity method investments. Pursuant to ASC 830-10-15-3, the translation principle for consolidation should be applied to equity method investments as the equity method is an extension of consolidation. The Company determined that, in the previously issued financial statements, the foreign currency translation treatment on the basis difference and deferred revenue balances arising from the acquisition of certain equity method investments had not been following the same method as those for consolidated foreign subsidiaries, accordingly, an adjustment is made to reflect the correction. This adjustment was not material to the previously issued financial statements as of and for the year ended December 31, 2015.

The following table presents the summary information of the revision:

	Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2015		
	As reported	As revised	Revision
	RMB	RMB	RMB
Net revenues	181,286,955	181,275,425	(11,530)
Share of results of equity investees	(3,134,283)	(2,852,677)	281,606
Net loss	(9,387,582)	(9,117,506)	270,076
Net loss per share - basic	(3.43)	(3.33)	0.10
Net loss per share - diluted	(3.43)	(3.33)	0.10

	Consolidated Balance Sheets as of December 31, 2015		
	As reported	As revised	Revision
	RMB	RMB	RMB
Investment in equity investees	8,864,249	8,713,219	(151,030)
Deferred revenues - current	1,028,350	983,721	(44,629)
Deferred revenues - non-current	2,705,164	2,556,345	(148,819)
Accumulated deficit	(18,690,910)	(18,420,834)	270,076
Accumulated other comprehensive income	782,484	554,826	(227,658)

F-17

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

e. Non-controlling interests

For the Company's consolidated subsidiaries, VIEs and VIEs' subsidiaries, non-controlling interests are recognized to reflect the portion of their equity that is not attributable, directly or indirectly, to the Company as the controlling shareholder. Non-controlling interests are classified as a separate line item in the equity section of the Group's Consolidated Balance Sheets and have been separately disclosed in the Group's Consolidated Statements of Operations and Comprehensive Loss to distinguish the interests from that of the Company.

f. Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent liabilities at the balance sheet date, and the reported revenues and expenses during the reported period in the consolidated financial statements and accompanying notes. Significant accounting estimates are used for, but not limited to, sales returns, vendor and customer incentives, the valuation and recognition of share-based compensation arrangements, taxation, fair value of assets and liabilities acquired in business combinations, fair value of other investments, assessment for impairment of long-lived assets, investment in equity investees, investment securities, intangible assets and goodwill, allowance for doubtful accounts, inventory reserve for excess and obsolete inventories, lower of cost and market value of inventories, depreciable lives of property, equipment and software, useful lives of intangible assets and redemption value of the redeemable preferred shares. Actual results may differ materially from those estimates.

g. Foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Group's entities incorporated in Cayman Islands, British Virgin Islands ("BVI"), Hong Kong ("HK"), Singapore and The United States of America is the United States dollars ("US\$"). The functional currency of the Group's entities incorporated in The Republic of Indonesia is the Indonesian rupiah ("IDR"). The Group's PRC subsidiaries, VIEs and VIEs' subsidiaries determined their functional currency to be RMB. The determination of the respective functional currency is based on the criteria of ASC 830, *Foreign Currency Matters*.

Transactions denominated in currencies other than functional currency are translated into functional currency at the exchange rates quoted by authoritative banks prevailing at the dates of the transactions. Exchange gains and losses resulting from those foreign currency transactions denominated in a currency other than the

functional currency are recorded as a component of others, net in the Consolidated Statements of Operations and Comprehensive Loss. Total exchange losses were RMB28,980, RMB57,395 and RMB146,354 for the years ended December 31, 2014, 2015 and 2016, respectively.

The financial statements of the Group are translated from the functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the periodic average exchange rates. The resulting foreign currency translation adjustments are recorded in accumulated other comprehensive income/(loss) as a component of shareholders' equity. Total foreign currency translation adjustments to the Group's other comprehensive income/(loss) were a loss of RMB121,612, a gain of RMB954,787 and a gain of RMB943,616 for the years ended December 31, 2014, 2015 and 2016 respectively.

h. Convenience translation

Translations of the Consolidated Balance Sheets, the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows from RMB into US\$ as of and for the year ended December 31, 2016 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.9430, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 30, 2016. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 31, 2016, or at any other rate.

F-18

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

i. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, time deposits, as well as highly liquid investments, some of which are subject to certain penalty as to early withdrawal, which have original maturities of three months or less.

j. Restricted cash

Cash that is restricted as to withdrawal or for use or pledged as security is reported separately on the face of the Consolidated Balance Sheets, and is not included in the total cash and cash equivalents in the Consolidated Statements of Cash Flows. The Group's restricted cash mainly represents (a) security deposits held in designated bank accounts for issuance of bank acceptance and letter of guarantee; and (b) time deposits that are pledged for short-term bank loans; (c) security deposits held in designated bank accounts related to payment service; (d) security deposits held in designated bank accounts related to prepaid cards issued to the customers.

k. Short-term investments

Short-term investments include wealth management products, which are certain deposits with variable interest rates or principal not-guaranteed with certain financial institutions. The Group classifies the wealth management products as "available-for-sale" securities. These investments are recorded at fair market value with the unrealized gains or losses recorded in accumulated other comprehensive income/(loss) as a component of shareholders' equity. Realized gains are reflected as a component of interest income.

In addition, short-term investments are also comprised of time deposits placed with banks with original maturities longer than three months but less than one year.

l. Accounts receivable, net

Accounts receivable, net mainly represent amounts due from customers and online payment channels and are recorded net of allowance for doubtful accounts. The Group considers many factors in assessing the collectability of its accounts receivable, such as the age of the amounts due, the payment history, creditworthiness and financial conditions of the customers and industry trend, to determine the allowance percentage for the overdue balances by age. The Group adjusts the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable. The Group also makes specific allowance if there is strong evidence indicating that the accounts receivable are likely to be unrecoverable. A majority of the allowances for doubtful accounts are for financing receivables from individual consumers related to the online direct sales business. Accounts receivable balances are written off after all collection efforts have been exhausted. The accounts receivables with the collection period over one year are classified into other non-current assets in the Consolidated Balance Sheets.

F-19

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

m. Inventories, net

Inventories, consisting of products available for sale, are stated at the lower of cost or market value. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated market value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. The Group takes ownership, risks and rewards of the products purchased, but has arrangements to return unsold goods with certain vendors. Write downs are recorded in cost of revenues in the Consolidated Statements of Operations and Comprehensive Loss.

The Group also provides fulfillment-related services in connection with the Group's online marketplace. Third-party sellers maintain ownership of their inventories and therefore these products are not included in the Group's inventories.

n. Loan receivables, net

Loan receivables consist primarily of micro loans made to small and medium size enterprises that are merchants on the Group's online marketplace and qualified individual customers as well. The loan periods extended by the Group to the merchants and the individual customers range from 1 day to 36 months. Such amounts are recorded at the outstanding principal amount less allowance for doubtful accounts, and include accrued interest receivable as of the balance sheet date. The loan receivables with the collection period over one year are classified into other non-current assets in the Consolidated Balance Sheets. As of December 31, 2015 and 2016, the balances of loan receivables, net were RMB3,698,488 and RMB12,697,915, respectively.

The Group has entered into syndication loan arrangements with certain third party financial institutions to jointly provide loans to individual customers. The Group and the third party financial institutions make loans to the borrowers and have a direct legal relationship with the borrowers for its own portion of the loans, respectively. The Group and the third party financial institutions have the rights to receive the repayment from the borrowers, take credit risk, and earn interest income on its loan portion, respectively. Hence, the Group records loan receivables and interest income of its portion in the Consolidated Financial Statements.

Allowance for doubtful accounts represents the Group's best estimate of the losses inherent in the outstanding portfolio of loans. Judgment is required to determine the allowance amounts and whether such amounts are adequate to cover potential bad debts, and periodical reviews are performed to ensure such amounts continue to reflect the best estimate of the losses inherent in the outstanding portfolio of loans. As of December 31, 2015 and 2016, allowance for doubtful accounts was RMB87,996 and RMB251,813, respectively.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

o. Property, equipment and software, net

Property, equipment and software are stated at cost less accumulated depreciation and impairment. Property, equipment and software are depreciated at rates sufficient to write off their costs less impairment and residual value, if any, over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Category	Estimated useful lives
Electronic equipment	3 years
Office equipment	5 years
Vehicles	5 years
Logistic and warehouse equipment	5 years
Leasehold improvement	Over the shorter of the expected life of leasehold improvements or the lease term
Software	3-5 years
Building	40 years
Building improvement	5-10 years

Repairs and maintenance costs are charged to expenses as incurred, whereas the costs of renewals and betterment that extend the useful lives of property, equipment and software are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in the Consolidated Statements of Operations and Comprehensive Loss.

p. Construction in progress

Direct costs that are related to the construction of property, equipment and software and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property, equipment and software items and the depreciation of these assets commences when the assets are ready for their intended use. As of December 31, 2015 and 2016, the balances of construction in progress were RMB1,266,992 and RMB1,992,123, which were primarily relating to the construction of office buildings and warehouses.

q. Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives which are 34 to 70 years and represent the shorter of the estimated usage periods or the terms of the agreements.

r. Intangible assets, net

Domain names, trademarks, and copyrights

Domain names, trademarks, and copyrights purchased from third parties are initially recorded at cost and amortized on a straight-line basis over the estimated economic useful lives. The estimated useful lives are as follows:

Category	Estimated useful lives
Domain names	10 years
Trademarks	7-20 years
Copyrights	2-5 years

Intangible assets arising from business combination

The Group performs valuation of the intangible assets arising from business combination to determine the relative fair value to be assigned to each asset acquired. The acquired intangible assets are recognized and measured at fair value and are expensed or amortized using the straight-line approach over the estimated economic useful lives of the assets.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

s. Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination.

Goodwill is not depreciated or amortized but is tested for impairment on an annual basis as of December 31, and in between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In accordance with the FASB guidance on “Testing of Goodwill for Impairment,” a company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the company decides, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the implied fair value of the reporting unit’s goodwill and the carrying amount of goodwill will be recorded. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

t. Investment in equity investees

Investment in equity investees represents the Group’s investments in privately held companies and publicly traded companies. The Group applies the equity method of accounting to account for an equity investment, in common stock or in-substance common stock, according to ASC 323 “Investment—Equity Method and Joint Ventures”, over which it has significant influence but does not own a majority equity interest or otherwise control.

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 Group 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.

For other equity investments that are not considered as debt securities or equity securities that have readily determinable fair values and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock, the cost method of accounting is used.

Under the equity method, the Group’s share of the post-acquisition profits or losses of the equity investees are recorded in share of results of equity investees in the Consolidated Statements of Operations and Comprehensive Loss and its share of post-acquisition movements are recorded in accumulated other comprehensive income/(loss) as a component of shareholders’ equity. The Group records its share of the results of equity investments in publicly listed companies and certain privately held companies 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 investee represents goodwill and intangible assets acquired. When the Group’s share of losses in the equity investee equals or exceeds its interest in the equity investee, the Group does not recognize further losses, unless the Group has incurred obligations or made payments or guarantees on behalf of the equity investee.

Under the cost method, the Group carries the investment at cost and recognizes income to the extent of dividends received from the distribution of the equity investee’s post-acquisition profits.

The Group continually reviews its investment in equity investees to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value; the financial condition, operating performance and the prospects of the equity investee; and other company specific information such as recent financing rounds. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the equity investee is written down to fair value.

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

u. Investment securities

The Group invests in marketable equity securities to meet business objectives. These marketable securities are reported at fair value, classified and accounted for as available-for-sale securities in investment securities. The treatment of a decline in the fair value of an individual security is based on whether the decline is other-than-temporary. The Group assesses its available-for-sale securities for other-than-temporary impairment by considering factors including, but not limited to, its ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Investments classified as available-for-sale securities are reported at fair value with unrealized gains or losses, if any, recorded in accumulated other comprehensive income/(loss) as a component of shareholders’ equity. If the Group determines a decline in fair value is other-than-temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is accounted for as a realized loss charged in others, net in the Consolidated Statements of Operations and Comprehensive loss. The fair value of the investment would not be adjusted for subsequent recoveries in fair value. The Group also invested in certain trust investments and applied the fair value option. The trust investments are carried at fair value, with the fair value changes recorded in the Consolidated Statements of Operations and Comprehensive Loss.

v. Other investments

Other investments represent the higher yield investments purchased by JD Finance and resold to third-party investors. JD Finance will earn yield differentials. As JD Finance takes the majority risks and rewards of the products sold to the third-party investors, the Group reported the investments purchased and the funds raised by sale of the financial products on a gross basis on the Consolidated Balance Sheets. The Group elected the fair value option pursuant to ASC 825 at the date of initial recognition and carried these investments subsequently at fair value. As of December 31, 2015 and 2016, nil and RMB10,766,920 of the higher yield investments purchased by JD Finance with maturities within one year were recorded as other investments in current assets, and nil and RMB6,997,425 with the maturities over one year were recorded as other investments in non-current assets, in the Consolidated Balance Sheets, respectively. As of December 31, 2015 and 2016, nil and RMB18,106,270 of lower yield investments sold to the third-party investors were recorded as accrued expenses and other current liabilities (see Note 15), in the Consolidated Balance Sheets, respectively. The interest revenue and cost are recorded as services and others revenue and cost of revenues, respectively, in the Consolidated Statements of Operations and Comprehensive Loss.

w. Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets.

F-23

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

x. Nonrecourse securitization debt

The Group periodically securitizes accounts receivables and loans arising from its consumer and supply chain financing businesses through the transfer of those assets to securitization vehicles. The securitization vehicles then issue debt securities to third party investors, collateralized by the transferred assets. The asset-backed debt securities issued by the securitization vehicles are nonrecourse to the Group and are payable only out of collections on their respective underlying collateralized assets. The securitization vehicles are considered consolidated variable interest entities pursuant to ASC 810, and the asset-backed debt securities issued by the securitization vehicles are reported as current and non-current liabilities in the Consolidated Balance Sheets based on their respective expected repayment dates. While the contractual maturities of the asset-backed debt securities are from 2017 to 2020, the securities are repaid as collections on the underlying collateralized assets occur. As of December 31, 2015 and 2016, the collateralized accounts receivables and loans were RMB4,320,000 and RMB17,339,490, respectively. The weighted average interest rate for the outstanding nonrecourse securitization debt as of December 31, 2015 and 2016 was approximately 5.30% and 4.39%, respectively.

y. Unsecured senior notes

Unsecured senior notes are recognized initially at fair value, net of debt discounts or premiums and debt issuance costs. Debt discount or premium and debt issuance costs are recorded as a reduction of the principal amount and the related accretion is recorded as interest expense in the Consolidated Statements of Operations and Comprehensive Loss over the maturities of the notes using the effective interest method.

z. Fair value

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The Group measures certain financial assets, including the investments under the cost method and equity method on other-than-temporary basis, intangible assets, goodwill and fixed assets are marked to fair value when an impairment charge is recognized.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

F-24

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

aa. Revenue

The Group through its websites, mainly www.jd.com, engages primarily in the sale of electronics and home appliance products and general merchandise products sourced from manufacturers, distributors and publishers in China on the internet, and offers an online marketplace that enables third-party sellers to sell their products to consumers. The Group also offers financial services to its suppliers, third party sellers and qualified individual customers. Customers place their orders for products or services online through the Group's websites. Payment for the purchased products or services is generally made either before delivery or upon delivery.

Consistent with the criteria of ASC 605, *Revenue Recognition*, the Group recognizes revenues when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

In accordance with ASC 605, *Revenue Recognition*, the Group evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenues should be recorded on a gross basis. When the Group is not the primary obligor, doesn't bear the inventory risk and doesn't have the ability to establish the price, revenues are recorded on a net basis.

Revenue arrangements with multiple deliverables are divided into separate units of accounting and arrangement considerations are allocated using estimated selling prices if the Group does not have vendor-specific objective evidence or third-party evidence of the selling prices of the deliverables.

The Group recognizes revenue net of discounts and return allowances when the products are delivered and title passes to customers. Return allowances, which reduce net revenues, are estimated based on historical experiences.

The Group also sells prepaid cards which can be redeemed to purchase products sold on the website www.jd.com. The cash collected from the sales of prepaid cards is initially recorded in advance from customers in the Consolidated Balance Sheets and subsequently recognized as revenues upon the sales of the respective products through redemption of prepaid cards are completed.

Revenue is recorded net of value-added taxes, business taxes and related surcharges.

Online Direct Sales

The Group primarily sells electronics and home appliance products and general merchandise products through online direct sales. The Group recognizes the revenues from the online direct sales on a gross basis as the Group is primarily obligated in these transactions, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has met several but not all of these indicators. Revenues from the sales of electronics and home appliance products were RMB90,890,026, RMB134,346,243 and RMB179,636,669, and revenues from the sales of general merchandise products were RMB17,659,232, RMB33,374,741 and RMB58,065,317, for the years ended December 31, 2014, 2015 and 2016, respectively.

F-25

[Table of Contents](#)

JD.com, Inc. Notes to the Consolidated Financial Statements (All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

aa. Revenue (Continued)

Services and Others

The revenues of services and others primarily consist of commission fees charged to third-party sellers for participating in the Group's online marketplace, where the Group generally is not the primary obligor, does not bear the inventory risk, does not have the ability to establish the price or control the related shipping services when utilized by the online marketplace merchants. Upon successful sales at www.jd.com, the Group will charge the third-party sellers a negotiated amount or a fixed rate commission fee based on the sales amount. Commission fee revenues are recognized on a net basis at the point of delivery of products, net of return allowance.

The Group also provides online marketing services to merchants and suppliers on its various website channels and third party marketing affiliate's websites, including but not limited to advertising placements such as banners, links, logos and buttons, and pay for performance marketing services on which merchants and suppliers are charged based on effective click on their products or service listings. The Group recognizes revenues from advertising placements ratably over the period during which the advertising services are provided or on the number of times that the advertisement has been displayed based on cost per thousand impressions, and recognizes revenues from pay for performance marketing services based on effective clicks. Advertising arrangements involving multiple deliverables are allocated into single-element arrangements based on their relative selling price in the absence of both vendor specific objective evidence and third party evidence, and the related revenue is recognized over the period during which the element is provided. Significant assumptions and estimates have been made in estimating the relative selling price of each single-element, and changes in judgments on these assumptions and estimates could materially impact the timing of advertising revenue recognition. The Group did not enter into material advertising-for-advertising barter transactions.

The Group offers consumer financing to individual customers and supply chain financing to suppliers and merchants on the Group's online marketplace. Revenues resulting from these financing services are recognized in accordance with the contractual terms.

The Group earns transaction fees from processing transactions for online payment customers. Services resulting from these transactions are recognized as service revenues when processing services are completed. Transaction fee is charged based on certain criteria (such as account type and volume of payments received per month) for funds they receive.

The Group offers comprehensive customer services, primarily include 7*24 hours customer service to respond to customer post-sales requests, return and exchange service to facilitate customer's return, exchange and repair of defective goods. These services are free of charge. The Group also provides return/exchange logistic service to the customers, of which the revenues recognized was not material for the periods presented.

bb. Customer incentives and loyalty programs

The Group provides two types of discounted coupons, referred to as D Coupons and J Coupons, for free to its customers to incentivize purchase.

D Coupons are given to a customer upon their current purchase or can be given for free to promote future purchases. This coupon requires the customer to make future purchase of a minimum value in order to enjoy the value provided by the coupon. The right to purchase discounted products in the future is not considered an element of an arrangement within the scope of the multiple-element arrangements guidance in ASC 605, as the right does not represent a significant and incremental discount to the customer. The Group assesses the significance of the discount by considering its percentage of the total future minimum purchase value, historical usage pattern by the customers and relative outstanding volume and monetary value of D Coupons compared to the other discounts offered by the Group. D Coupons are accounted for as a reduction of revenue on the future purchase.

F-26

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

bb. Customer incentives and loyalty programs (Continued)

J Coupons are given to a customer that has made a qualified purchase and is to be used on a future purchase, with no limitation as to the minimum value of the future purchase. Accordingly, the Group has determined that J Coupons awarded during a purchase activity are considered an element of an arrangement within the scope of ASC 605-25, as the J Coupons represent a significant and incremental discount to the customer. Therefore, the delivered products and the J Coupons awarded are treated as separate unit of accounting. The selling price of the J Coupons awarded is generally determined by management's best estimate of the selling price in the absence of both vendor specific objective evidence and third party evidence. The amount allocated to the J Coupons is deferred and recognized when the J Coupons are redeemed or at the coupon's expiration, whichever occurs first. J Coupons have an expiration of one year after issuance. For the years ended December 31, 2014, 2015 and 2016, the amount of expired J Coupons was not material.

Registered customers may also earn loyalty points or J Beans, which was launched in October 2013 based on certain activities performed on the Group's website by the customers such as purchasing merchandise or reviewing their buying experiences. Customers may redeem the loyalty points for J Coupons or J Beans to be used for future purchase of selected items without minimum purchase requirements. The Group considers loyalty points and J Beans awarded from sales of products and reviewing buying experiences to be part of its revenue generating activities, and such arrangements are considered to have multiple elements. Therefore, the sales consideration is allocated to the products and loyalty points or J Beans based on the relative selling price of the products and loyalty points or J Beans awarded. Consideration allocated to the loyalty points or J Beans is initially recorded as deferred revenues, and recognized as revenues when the J Coupons for which the loyalty points are redeemed are used, or when J Beans are used or expired. In October 2014, the Group terminated its loyalty points program and transferred all of the loyalty points to J Beans for the customers. J Beans will expire at the subsequent year end after issuance. For the years ended December 31, 2014, 2015 and 2016, the amount of expired J Beans was not material.

cc. Cost of revenues

Cost of revenues consists of purchase price of products, inbound shipping charges, write-downs of inventory, traffic acquisition costs related to online marketing services, and direct interest expense costs related to internet finance business. Shipping charges to receive products from the suppliers are included in the inventories, and recognized as cost of revenues upon sale of the products to the customers. Payment processing and related transaction costs, including those associated with the sales transactions as well as packaging material costs, are classified in fulfillment in the Consolidated Statements of Operations and Comprehensive Loss.

dd. Rebates and subsidies

The Group periodically receives considerations from certain vendors, representing rebates for products sold and subsidies for the sales of the vendors' products over a period of time. The rebates are not sufficiently separable from the Group's purchase of the vendors' products and they do not represent a reimbursement of costs incurred by the Group to sell vendors' products. The Group accounts for the rebates received from its vendors as a reduction to the prices it pays for the products purchased and therefore the Group records such amounts as a reduction of cost of revenues when recognized in the Consolidated Statements of Operations and Comprehensive Loss. Rebates are earned upon reaching minimum purchase thresholds for a specified period. When volume rebates can be reasonably estimated based on the Group's past experiences and current forecasts, a portion of the rebates is recognized as the Group makes progress towards the purchase threshold. Subsidies are calculated based on the volume of products sold through the Group and are recorded as a reduction of cost of revenues when the sales have been completed and the amount is determinable.

ee. Fulfillment

Fulfillment costs represent packaging material costs and those costs incurred in outbound shipping, operating and staffing the Group's fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting and warehousing inventories; picking, packaging and preparing customer orders for shipment; processing payment and related transaction costs and responding to inquiries from customers. Fulfillment costs also contain third party transaction fees, such as credit card processing and debit card processing fees. Shipping cost included in fulfillment costs amounted to RMB4,077,586, RMB7,236,163 and RMB11,389,845 for the years ended December 31, 2014, 2015 and 2016, respectively.

F-27

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

ff. Marketing

Marketing expenses consist primarily of advertising costs, public relations expenditures, and payroll and related expenses for employees involved in marketing and business development activities. The Group pays commissions to participants in the associates program when their customer referrals result in successful product sales

and records such costs in marketing in the Consolidated Statements of Operations and Comprehensive Loss. The Group also participates in cooperative advertising arrangements with certain of the Group's vendors and third-party sellers.

Advertising costs, which consist primarily of online advertising, offline television, movie and outdoor advertising, are expensed as incurred, and totaled RMB2,780,642, RMB5,721,216 and RMB8,106,188 for the years ended December 31, 2014, 2015 and 2016, respectively.

gg. Technology and content

Technology and content expenses consist primarily of technology infrastructure expenses and payroll and related expenses for employees involved in platform development, category expansion, editorial content, buying and merchandising selection systems support, as well as costs associated with the computing, storage and telecommunications infrastructure for internal use that support the Group's web services. Technology and content expenses are expensed as incurred. Software development costs are recorded in "Technology and content" as incurred as the costs qualifying for capitalization have been insignificant.

hh. General and administrative

General and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions, including accounting, finance, tax, legal and human relations; costs associated with use by these functions of facilities and equipment, such as depreciation expenses, rental and other general corporate related expenses.

ii. Share-based compensation

The Company grants non-vested ordinary shares, restricted share units ("RSUs") and share options of the Company or its subsidiaries to eligible employees and non-employee consultants and accounts for these share-based awards in accordance with ASC 718 *Compensation — Stock Compensation* and ASC 505-50 *Equity-Based Payments to Non-Employees*.

Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses a) immediately at grant date if no vesting conditions are required; or b) using graded vesting method, net of estimated forfeitures, over the requisite service period, which is the vesting period.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Non-employees' share-based awards are measured at fair value at the earlier of the commitment date or the date the services are completed. Awards granted to non-employees are re-measured at each reporting date using the fair value as at each period end until the measurement date, generally when the services are completed and awards are vested. Changes in fair value between the reporting dates are recognized by graded vesting method.

F-28

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

ii. Share-based compensation(Continued)

Prior to the Company's initial public offering, the fair value of the non-vested ordinary shares and RSUs were assessed using the income approach/discounted cash flow method, with a discount for lack of marketability given that the shares underlying the awards were not publicly traded at the time of grant. This assessment required complex and subjective judgments regarding the Company's projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants were made. In addition, the binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee and non-employee share option exercise behavior, risk-free interest rates and expected dividend yield. Binomial option-pricing model incorporates the assumptions about grantees' future exercise patterns. The fair value of these awards was determined with the assistance from an independent valuation firm using management's estimates and assumptions.

After the Company's initial public offering, in determining the fair value of the RSUs granted, the closing market price of the underlying shares on the last trading date prior to the grant dates is applied. In determining the fair value of the RSUs granted on May 22, 2014, the date when the Group's ADSs first commenced trading on NASDAQ, the per share equivalent of the Company's initial public offering price is applied.

Determination of estimated fair value of the Company's subsidiaries before they were publicly listed requires complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information on companies in China similar to the Company's subsidiaries. The Company, with the assistance of an independent valuation firm, evaluated the use of two generally accepted valuation approaches. The income approach is used if a revenue model had been established, the market approach is used if information from comparable companies had been available, or a weighted blend of these two approaches is used if more than one is applicable, to estimate the Company's subsidiaries' enterprise value for purposes of recording stock-based compensation.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company for accounting purposes.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

F-29

[Table of Contents](#)

2. Summary of significant accounting policies (Continued)

jj. Income tax

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. The Group follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between the financial statements carrying amounts and tax bases of existing assets and liabilities by applying enacted statutory tax rates that will be in effect in the period in which the temporary differences are expected to reverse. The Group records a valuation allowance to reduce the amount of deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period of change.

The Group recognizes in its consolidated financial statements the benefit of a tax position if the tax position is “more likely than not” to prevail based on the facts and technical merits of the position. Tax positions that meet the “more likely than not” recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group estimates its liability for unrecognized tax benefits which are periodically assessed and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The ultimate outcome for a particular tax position may not be determined with certainty prior to the conclusion of a tax audit and, in some cases, appeal or litigation process. The actual benefits ultimately realized may differ from the Group’s estimates. As each audit is concluded, adjustments, if any, are recorded in the Group’s consolidated financial statements in the period in which the audit is concluded. Additionally, in future periods, changes in facts, circumstances and new information may require the Group to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur. As of December 31, 2014, 2015 and 2016, the Group did not have any significant unrecognized uncertain tax positions.

kk. Leases

Each lease is classified at the inception date as either a capital lease or an operating lease. For the lessee, a lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property’s estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the leaser at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. Payments made under operating lease are charged to the Consolidated Statements of Operations and Comprehensive Loss on a straight-line basis over the terms of underlying lease. The Group has no capital leases for any of the periods presented.

ll. Comprehensive income/(loss)

Comprehensive income/(loss) is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments from shareholders and distributions to shareholders. Comprehensive income/(loss) for the periods presented includes net loss, changes in unrealized gains/(losses) on available for sales securities, foreign currency translation adjustments, and share of change in other comprehensive income/(loss) of equity investments.

F-30

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

mm. Earnings/(Loss) per share

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to holders of ordinary shares, considering the accretions to redemption value of the preferred shares and net income attributable to mezzanine classified non-controlling interests shareholders, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders, as adjusted for the accretion and allocation of net income related to the preferred shares and mezzanine classified non-controlling interests shareholders, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preferred shares using the if-converted method, unvested restricted shares, restricted share units and ordinary shares issuable upon the exercise of outstanding share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

nn. Segment reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision making group, in deciding how to allocate resources and in assessing performance. The Group’s CODM is the Chief Executive Officer.

The Group historically had only one single reportable segment because the CODM formerly relied on the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group. With the development of the new business initiatives, the CODM started to separately evaluate performance and allocate resources by different business segments, thus the Group changed its reportable segments in 2016. The Group’s principal operations are currently organized into two major business segments, the JD Mall segment and the New businesses segment, which are defined based on the products and services provided. JD Mall represents traditional e-commerce business. New businesses include JD Finance, O2O, insurance, technology initiatives as well as overseas business. Accordingly, the Group updated the presentation of its reportable segments for prior years to conform to the current year’s presentation in accordance with ASC 280 *Segment Reporting*.

oo. Statutory reserves

The Company's subsidiaries, VIEs and VIEs' subsidiaries established in the PRC are required to make appropriations to certain non-distributable reserve funds.

In accordance with the laws applicable to the Foreign Investment Enterprises established in the PRC, the Group's subsidiaries registered as wholly-owned foreign enterprise have to make appropriations from their after-tax profits (as determined under generally accepted accounting principles in the PRC ("PRC GAAP")) to reserve funds including general reserve fund, enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the company. Appropriations to the enterprise expansion fund and staff bonus and welfare fund are made at the respective company's discretion.

In addition, in accordance with the PRC Company Laws, the Group's VIE and VIEs' subsidiaries, registered as Chinese domestic companies, must make appropriations from their after-tax profits as determined under the PRC GAAP to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the after-tax profits as determined under PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

F-31

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

oo. Statutory reserves (Continued)

The use of the general reserve fund, enterprise expansion fund, statutory surplus fund and discretionary surplus fund are restricted to the offsetting of losses or increasing of the registered capital of the respective company. The staff bonus and welfare fund is a liability in nature and is restricted to fund payments of special bonus to employees and for the collective welfare of employees. None of these reserves are allowed to be transferred to the company in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

For the years ended December 31, 2014, 2015 and 2016, profit appropriation to statutory surplus fund for the Group's entities incorporated in the PRC was approximately RMB12,361, RMB40,551 and RMB77,378 respectively. No appropriation to other reserve funds was made for any of the periods presented.

pp. Recent accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)", and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB deferred the effective date of the revenue recognition guidance to reporting periods beginning after December 15, 2017. Early adoption is permitted for reporting periods beginning after December 15, 2016. The Group has set up an implementation team that is currently in the process of analyzing each of the Group's revenue streams in accordance with the new revenue standard to determine the impact on the Group's consolidated financial statements. While the Group continues to assess all potential impacts of the standard, the Group currently anticipates there will be an impact related to the timing of when to recognize unredeemed portion of prepaid cards, which the Group will begin to recognize over the expected customer redemption period, rather than waiting until prepaid cards expire or when the likelihood of redemption becomes remote. The Group also anticipates that revenues and expenses related to certain advertising barter transactions will be recognized. The Group will apply the new revenue standard beginning January 1, 2018.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330)," which modifies the accounting for inventory. Under this ASU, the measurement principle for inventory will change from lower of cost or market value to lower of cost and net realizable value. The ASU defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The Group does not expect the adoption to have a material impact on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "Income taxes (Topic 740)," which amends the accounting for income taxes and requiring all deferred tax assets and liabilities to be classified as non-current in the consolidated balance sheets. The ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The ASU may be adopted either prospectively or retrospectively. The Group adopted this ASU in the quarter ended December 31, 2016 and retrospectively adjusted prior periods. Upon adoption, current deferred tax liabilities of RMB1,228 in the December 31, 2015 consolidated balance sheet were reclassified as non-current.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities", which amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. This amendment requires all equity investments to be measured at fair value, with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). The ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted only for certain provisions. The Group is currently evaluating the impact of the adoption on its consolidated financial statements.

F-32

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

2. Summary of significant accounting policies (Continued)

pp. Recent accounting pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which introduces a new lessee model that brings substantially all leases on to the balance sheets. The ASU will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Group is currently evaluating the impact, and expects this ASU will have a material impact on the consolidated financial statements, primarily to the consolidated balance sheets and related disclosures.

In March, 2016, the FASB issued ASU 2016-09, “Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”, which relates to the accounting for employee share-based payments. This standard addresses several aspects of the accounting for share-based payment award transactions, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows; (d) accounting for forfeitures of share-based payments. The ASU will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Group does not expect this standard to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses (Topic 326)”, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Group is currently evaluating the impact that the standard will have on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, “Statement of cash flows (Topic 230): restricted cash”, which requires entities to include restricted cash and restricted cash equivalents in the cash and cash equivalent balances in the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Group is currently evaluating the impact of the adoption on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, “Intangibles—Goodwill and Other (Topic 350): simplifying the test for goodwill impairment”, the guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not the difference between the fair value and carrying amount of good will which was the step 2 test before. The ASU should be adopted on a prospective basis for the annual or any interim goodwill impairment tests beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Group is currently evaluating the impact of adopting this standard on its consolidated financial statements.

F-33

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

3. Concentration and risks

Concentration of customers and suppliers

There are no customers or suppliers from whom revenues or purchases individually represent greater than 10% of the total revenues or the total purchases of the Group for the years ended December 31, 2014, 2015 and 2016.

Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, accounts receivable, short-term investments and other investments. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2015 and 2016, all of the Group’s cash and cash equivalents, restricted cash, short-term investments, and other investments were held by major financial institutions located in the PRC and Hong Kong which management believes are of high credit quality. On May 1, 2015, China’s new Deposit Insurance Regulation came into effect, pursuant to which banking financial institutions, such as commercial banks, established in China are required to purchase deposit insurance for deposits in RMB and in foreign currency placed with them. Such Deposit Insurance Regulation would not be effective in providing complete protection for the Group’s accounts, as its aggregate deposits are much higher than the compensation limit. However, the Group believes that the risk of failure of any of these PRC banks is remote. Bank failure is uncommon in China and the Group believes that those Chinese banks that hold the Group’s cash and cash equivalents, restricted cash and short-term investments are financially sound based on public available information. Accounts receivable are typically unsecured and are derived from revenues earned from customers in the PRC. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances.

Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group’s cash and cash equivalents, restricted cash and short-term investments denominated in RMB that are subject to such government controls amounted to RMB12,630,577 and RMB16,827,371 as of December 31, 2015 and 2016, respectively. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain 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 Group in the PRC must be processed through PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

Foreign currency exchange rate risk

In July 2005, the PRC government changed its decades-old policy of pegging the value of the RMB to the US\$, and the RMB appreciated more than 20% against the US\$ over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the US\$ remained within a narrow band. Since June 2010, the RMB has fluctuated against the US\$, at times significantly and unpredictably. The depreciation of the RMB against the US\$ were approximately 4.4% and 7.2% in 2015 and 2016, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the US\$ in the future.

4. Restricted cash and restricted time deposit

To meet the requirements of specific business operations, primarily including secured deposits held in designated bank accounts for issuance of bank acceptance and for payment service and prepaid cards, the Group held restricted cash of RMB2,114,913 and RMB4,391,955 as of December 31, 2015 and 2016, respectively. Changes in the restricted cash balances associated with the bank acceptance are classified as cash flows from operating activities in the Consolidated Statements of Cash Flows as

the Group considers restricted cash arising from these activities directly related to the Group's ordinary business operations. Changes in the restricted cash balances associated with payment services and prepaid cards are classified as cash flow from investing activities in the Consolidated Statements of Cash Flows as the Group considers restricted cash arising from these activities similar to an investment.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

5. Fair value measurement

As of December 31, 2015 and 2016, information about inputs into the fair value measurement of the Group's assets that are measured and recorded at fair value on a recurring basis in periods subsequent to their initial recognition is as follows:

Description	As of December 31, 2015 RMB	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Unobservable Inputs (Level 3) RMB
Assets				
Cash equivalents				
Time deposits	462,158	—	462,158	—
Restricted cash	2,114,913	—	2,114,913	—
Short-term investments				
Time deposits	28,501	—	28,501	—
Wealth management products	2,751,981	—	2,751,981	—
Investment securities				
Listed equity securities	1,005,831	1,005,831	—	—
Total assets	6,363,384	1,005,831	5,357,553	—
Description	As of December 31, 2016 RMB	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Unobservable Inputs (Level 3) RMB
Assets				
Cash equivalents				
Time deposits	4,472,900	—	4,472,900	—
Restricted cash	4,391,955	—	4,391,955	—
Short-term investments				
Time deposits	3,512,000	—	3,512,000	—
Wealth management products	3,661,626	—	3,661,626	—
Investment securities				
Listed equity securities	1,059,632	1,059,632	—	—
Trust investments	724,449	—	724,449	—
Other investments	17,764,345	—	17,764,345	—
Total assets	35,586,907	1,059,632	34,527,275	—

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates. Following is a description of the valuation techniques that the Group uses to measure the fair value of assets that the Group reports in its Consolidated Balance Sheets at fair value on a recurring basis.

Cash equivalents

Time deposits. The Group values its time deposits held in certain bank accounts using quoted prices for securities with similar characteristics and other observable inputs, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

Restricted cash

Restricted cash are valued based on the pervasive interest rate in the market, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

5. Fair value measurement (Continued)

Short-term investments

Wealth management products. The Group values its wealth management products using alternative pricing sources and models utilizing market observable inputs, and accordingly the Group classifies the valuation techniques that use these inputs as Level 2.

As of December 31, 2015 and 2016, gross unrealized gains of RMB1,981 and RMB19,287 were recorded on wealth management products, respectively. No impairment charges were recorded for the years ended December 31, 2014, 2015 and 2016, respectively.

Investment securities

Listed equity securities. The Group values its listed equity securities using quoted prices for the underlying securities in active markets, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 1. The following table summarizes the carrying value and fair value of the investment securities which are accounted for as available-for-sale securities:

	Cost Basis RMB	Gross Unrealized Gains RMB	Gross Unrealized Losses RMB	Provision for decline in value RMB	Fair Value RMB
December 31, 2015	1,254,589	77,299	—	(326,057)	1,005,831
December 31, 2016	1,181,710	116,434	(37,551)	(200,961)	1,059,632

On May 12, 2016, the Group invested in Bluefocus Communication Group Co., Ltd. (“BlueFocus”) by subscription of its newly issued ordinary shares, representing approximately 0.8% of the outstanding ordinary shares of BlueFocus. Total cash consideration for the investment in BlueFocus was RMB200,000.

The Group reviews its available-for-sale securities investments regularly to determine if an investment is other-than-temporarily impaired due to changes in quoted market price or other impairment indicators. Impairment charges of RMB326,057 and RMB200,961 were recorded for the years ended December 31, 2015 and 2016, respectively.

Trust investments. The Group values its trust investments using quoted prices for securities with similar characteristics and other observable inputs, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

F-36

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

5. Fair value measurement (Continued)

Other investments

The Group values other investments using alternative pricing sources and models utilizing market observable inputs, and accordingly the Group classifies the valuation techniques that use these inputs as Level 2.

Other financial instruments

The followings are other financial instruments not measured at fair value in the Consolidated Balance Sheets, but for which the fair value is estimated for disclosure purposes.

Short-term receivables and payables. Accounts receivable, loan receivables and prepayments and other current assets are financial assets with carrying values that approximate fair value due to their short-term nature. Accounts payable, accrued expenses and other current liabilities and advance from customers, are financial liabilities with carrying values that approximate fair value due to their short-term nature.

Short-term borrowings. Interest rates under the borrowing agreements with the lending parties were determined based on the prevailing interest rates in the market. The Group classifies the valuation techniques that use these inputs as Level 2 fair value measurement.

Assets and liabilities measured at fair value on a nonrecurring basis

Goodwill. The inputs used to measure the estimated fair value of goodwill are classified as Level 3 fair value measurement due to the significance of unobservable inputs using company-specific information. The valuation methodology used to estimate the fair value of goodwill is discussed in Note 7 —“Business Combination”.

Investment in equity investees. Investments in privately held companies and publicly traded companies included within investment in equity investees in the Consolidated Balance Sheets are reviewed periodically for impairment using fair value measurement. The primary factors that the Group considers include the duration and severity that the fair value of the investment is below its carrying value; post-balance sheet date fair value of the investment; the financial condition, operating performance, strategic collaboration with and the prospects of the investee; the economic or technological environment in which the investee operates; and other entity specific information such as recent financing rounds completed by the investee companies. The investments in privately held companies were measured using significant unobservable inputs (Level 3) as of December 31, 2014, 2015 and 2016, with impairment charges of nil, RMB285,051 and RMB436,621 were recorded in others, net in the Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2014, 2015 and 2016, respectively. The valuation methodology used to estimate the fair value of investments in publicly traded companies and associated impairment charges are discussed in Note 6 —“Investment in equity investees”.

F-37

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

6. Investment in equity investees

Cost method

As of December 31, 2015 and 2016, the carrying values of the Group's cost method investments were RMB3,308,127 and RMB5,714,513, respectively. Investments were accounted for under the cost method if the Group had no significant influence over the investee or if the underlying shares the Group invested in were not considered in-substance common stock and had no readily determinable fair value. For the years ended December 31, 2015 and 2016, the Group invested RMB2,856,500 and RMB2,580,640 in multiple private companies accounted for under cost method respectively, which may have operational synergy with the Group's core business. During the year ended December 31, 2016, investment consideration for the top two investees were RMB1,298,700 and RMB344,325, respectively.

Equity method

As of December 31, 2016, the Group's investments accounted for under the equity method totaled RMB9,520,507 which mainly included the investment in Yonghui Superstores Co., Ltd. ("Yonghui") amounting to RMB4,234,845, the investment in Bitauto Holdings Limited ("Bitauto") amounting to RMB2,386,118, the investment in Dada Nexus Limited ("Dada") amounting to RMB1,443,239, and the investment in Tuniu Corporation ("Tuniu") amounting to RMB1,198,405. The Group applies the equity method of accounting to account for its equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interest or otherwise control.

Investment in Yonghui

On August 11, 2016, the Group completed the investment in Yonghui through the subscription of newly issued ordinary shares representing 10% equity interest in Yonghui. Yonghui is a leading hypermarket and supermarket operator in China and is listed on the Shanghai Stock Exchange. Total consideration for the investment in Yonghui was RMB4,234,929 in cash. Investment in Yonghui is accounted for using the equity method as the Group has obtained significant influence by the right to nominate two board members out of eleven. The investment cost allocated as follows:

	As of August 11, 2016 RMB	As of December 31, 2016 RMB
Carrying value of investment in Yonghui	4,234,929	4,234,845
Proportionate share of Yonghui's net tangible and intangible assets	1,869,905	1,877,196
Excess of carrying value of the investment over proportionate share of Yonghui's net tangible and intangible assets	<u>2,365,024</u>	<u>2,357,649</u>
The excess of carrying value has been primarily assigned to:		
Goodwill	1,270,190	1,270,190
Amortizable intangible assets (*)	1,459,779	1,449,946
Deferred tax liabilities	(364,945)	(362,487)
	<u>2,365,024</u>	<u>2,357,649</u>
Cumulative losses in equity interest in Yonghui	—	(84)

(*) Weighted average life of the intangible assets not included in Yonghui's consolidated financial statements was 18 years.

As of December 31, 2016, the market value of the Group's investment in Yonghui was approximately RMB4,699,097 based on the quoted closing price as of December 31, 2016.

Table of Contents

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

6. Investment in equity investees (Continued)

Investment in Bitauto

On February 16, 2015, the Group completed its investment in Bitauto through the subscription of newly issued ordinary shares, representing approximately 25% of the outstanding ordinary shares of Bitauto. Bitauto is a leading provider of internet content and marketing services for China's fast-growing automotive industry that is listed on the Nasdaq Global Select Stock Market ("Nasdaq"). Total consideration for the initial investment in Bitauto was RMB5,496,188 with a combination of RMB2,450,920 in cash and RMB3,045,268 in the form of future services, including exclusive access to the new and used car channels on the Group's website and mobile apps and additional support from the Group's key platforms for a period of 5 years. On June 17, 2016, the Group additionally acquired Bitauto's newly issued ordinary shares by paying the cash consideration of RMB328,975. After the subsequent investment in June 2016, the Group held approximately 26% of Bitauto's issued and outstanding shares. Investment in Bitauto is accounted for using the equity method with the investment cost allocated as follows:

	As of February 16, 2015 RMB	As of December 31, 2015 RMB	As of December 31, 2016 RMB
Carrying value of investment in Bitauto (*)	5,496,188	2,881,194	2,386,118
Proportionate share of Bitauto's net tangible and intangible assets	2,119,109	2,141,053	2,492,056
Excess of carrying value of the investment over proportionate share of Bitauto's net tangible and intangible assets	<u>3,377,079</u>	<u>740,141</u>	<u>(105,938)</u>
The excess of carrying value has been primarily assigned to:			
Goodwill (*)	2,846,260	260,619	—
Amortizable intangible assets (**)	707,758	639,362	(105,938)
Deferred tax liabilities	(176,939)	(159,840)	—
	<u>3,377,079</u>	<u>740,141</u>	<u>(105,938)</u>

Cumulative losses in equity interest in Bitauto	—	(2,614,994)	(3,439,045)
---	---	-------------	-------------

(*) In the fourth quarter of 2015 and 2016, the Group conducted an impairment assessment on its investment in Bitauto considering the duration and severity of the decline of Bitauto's stock price after the investment, as well as the financial condition, operating performance and the prospects of Bitauto, and concluded the decline in fair value of the investment was other-than-temporary. Accordingly, the Group recorded a charge of RMB2,585,641 and RMB672,886 to write down the carrying value of its investment in Bitauto to the fair value, based on quoted closing price of Bitauto's stock as of December 31, 2015 and 2016, respectively.

(**) Weighted average life of the intangible assets not included in Bitauto's consolidated financial statements was 5 years.

As of December 31, 2015 and 2016, the market value of the Group's investment in Bitauto was approximately RMB2,881,194 and RMB2,386,118 based on the quoted closing price, respectively.

Investment in Dada

In April 2016, the Group signed series of agreements with Dada, China's largest crowdsourcing delivery platform. The Group obtained a) the newly issued ordinary shares of Dada which represents approximately 81% of the issued and outstanding ordinary shares, or approximately 41% of the equity interests of Dada on a fully diluted basis, b) the newly issued preferred shares of Dada which represents approximately 7% of the equity interest in Dada on a fully diluted basis, and c) A warrant to purchase additional preferred shares of Dada at a pre-determined price for the next 2 years. Total consideration for the above investments and warrant was RMB3,508,200 with a combination of RMB1,298,700 in cash, the Group's future services, including supply chain support for a period of 10 years, traffic and other additional support for a period of 7 years, non-compete obligation in O2O business for a period of 7 years, and the Group's O2O business, JD Daojia. The Group holds two board seats out of five with the founder of Dada holding the casting vote after the transaction.

F-39

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

6. Investment in equity investees (Continued)

With the assistance of an independent appraiser, the Group estimated the fair value of the assets/investments received as follows:

	As of April 26, 2016 RMB
Assets/investments received by the Group	
Dada's ordinary shares	2,164,050
Dada's preferred shares	1,298,700
Warrant to purchase Dada's preferred shares	45,450
	3,508,200

As the Group disposed a consolidated business (JD Daojia), a disposal gain of RMB1,227,760 was recorded in others, net in the Consolidated Statements of Operations and Comprehensive Loss, which equals to the difference between the fair value and carrying value of JD Daojia as of the disposal date of April 26, 2016.

The investment in Dada's ordinary shares is accounted for using the equity method with the investment cost allocated as follows:

	As of April 26, 2016 RMB	As of December 31, 2016 RMB
Carrying value of investment in Dada's ordinary shares	2,164,050	1,443,239
Proportionate share of Dada's net tangible assets, liabilities and intangible assets	424,140	(290,365)
Excess of carrying value of the investment over proportionate share of Dada's net tangible and intangible assets	1,739,910	1,733,604
The excess of carrying value has been primarily assigned to:		
Goodwill	1,605,891	1,605,891
Amortizable intangible assets (*)	178,692	170,284
Deferred tax liabilities	(44,673)	(42,571)
	1,739,910	1,733,604

Cumulative losses in equity interest in Dada	—	(720,811)
--	---	-----------

(*) Weighted average life of the intangible assets not included in Dada's consolidated financial statements was 9 years.

The investment in Dada's preferred shares is accounted for under the cost method as the underlying preferred shares were not considered in-substance common stock and had no readily determinable fair value. The warrant is a freestanding financial instrument and was recorded at fair value of RMB45,450 upon initial recognition.

F-40

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

6. Investment in equity investees (Continued)

Investment in Tuniu

In December 2014, the Group acquired 6.5% equity interest in Tuniu with cash consideration of RMB305,930 (“Initial Investment”). Tuniu is a leading online leisure travel company in China that is listed on the Nasdaq. The Group accounted for the Initial Investment as an available-for-sale security.

On May 22, 2015, the Group additionally acquired Tuniu’s newly issued ordinary shares for total consideration of RMB2,188,490 with a combination of RMB1,528,275 in cash and RMB660,215 in the form of future services, including granting Tuniu an exclusive right, for a period of 5 years, to operate the leisure travel channels on the Group’s website and mobile apps, and Tuniu becomes the Group’s preferred partner for hotel and air ticket booking services. After the subsequent investment in May 2015, the Group held approximately 28% of Tuniu’s issued and outstanding shares and had one board seat. Hence, the Group adopted equity method of accounting to account for the investment in Tuniu. In accordance with ASC 323, accumulated unrealized gains of RMB14,395 that were previously recorded for fair value change of the Initial Investment were reversed in the second quarter of 2015, and the cost of Initial Investment balance was adjusted as if the equity method of accounting had been applied since the Initial Investment was made and reclassified from investment securities to investment in equity investees in the Consolidated Balance Sheets. In January 2016, Tuniu issued new shares to HNA Tourism Group, a third party investor, for an aggregate price of approximately US\$500,000 and the Group’s interest in Tuniu was diluted to approximately 21% as of January 21, 2016. As the issuance price per share was higher than the Group’s average carrying value per share, the Group recorded a gain of RMB108,495 to reflect the deemed disposal.

Investment in Tuniu is accounted for using the equity method with the cost allocated as follows:

	As of May 22, 2015 RMB	As of December 31, 2015 RMB	As of December 31, 2016 RMB
Carrying value of investment in Tuniu (*)	2,494,145	2,343,301	1,198,405
Proportionate share of Tuniu’s net tangible and intangible assets	1,014,296	878,668	1,006,763
Excess of carrying value of the investment over proportionate share of Tuniu’s net tangible and intangible assets	1,479,849	1,464,633	191,642
The excess of carrying value has been primarily assigned to:			
Goodwill (*)	1,212,149	1,212,149	23,899
Amortizable intangible assets (**)	356,933	336,645	223,657
Deferred tax liabilities	(89,233)	(84,161)	(55,914)
	1,479,849	1,464,633	191,642
Cumulative gains/(losses) in equity interest in Tuniu	—	(150,844)	(1,295,740)

(*) In the second quarter of 2016, the Group conducted an impairment assessment on its investment in Tuniu considering the duration and severity of the decline of Tuniu’s stock price after the investment, and concluded the decline in fair value of the investment was other-than-temporary. Accordingly, the Group recorded a charge of RMB721,501 to write down the carrying value of its investment in Tuniu to its then fair value of RMB1,454,578, based on the quoted closing price of Tuniu as of June 30, 2016.

(**) Weighted average life of the intangible assets not included in Tuniu’s financial statements was 8 years.

As of December 31, 2015 and 2016, the market value of the Group’s investment in Tuniu was approximately RMB2,700,098 and RMB1,579,417 based on the quoted closing price, respectively.

F-41

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

6. Investment in equity investees (Continued)

The Group summarizes the condensed financial information of the Group’s equity investments as a group below in accordance with Rule 4-08 of Regulation S-X:

	For the year ended December 31,	
	2015 RMB	2016 RMB
Operating data:		
Revenue	9,937,684	37,129,877
Gross profit	2,935,620	4,829,800
Loss from operations	(1,592,094)	(3,138,278)
Net loss	(1,572,381)	(3,376,144)
Net loss attributable to shareholder	(1,597,903)	(3,736,188)
As of December 31,		
	2015 RMB	2016 RMB
Balance sheet data:		
Current assets	13,606,870	47,159,053
Non-current assets	6,838,075	26,252,671
Current liabilities	6,518,096	27,108,229
Non-current liabilities	146,008	4,559,231

Redeemable stock	—	4,795,473
Non-controlling interests	1,714,021	4,072,998

The Group recorded its interests in Yonghui, Bitauto, Dada and Tuniu one quarter in arrears to enable the Group to provide its financial disclosure independent of the reporting schedule of these equity investees.

The Group performs impairment assessment of its investments under the cost method and equity method whenever events or changes in circumstances indicate that the carrying value of the investment may not be fully recoverable. Impairment charges in connection with the cost method investments of nil, RMB285,051 and RMB436,621 were recorded in others, net in the Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2014, 2015 and 2016, respectively. Impairment charges in connection with the equity method investments of nil, RMB2,585,641 and RMB1,416,801 were recorded in share of results of equity investees in the Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2014, 2015 and 2016, respectively.

F-42

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

7. Business Combination

Transaction with Tencent

On March 10, 2014, the Group entered into a Strategic Cooperation Agreement (“Agreement”) with Tencent Holdings Limited (“Tencent”), for a period of 5 years from April 1, 2014 to March 31, 2019. Pursuant to the Agreement, the Group has become Tencent’s preferred partner in the development of physical goods e-Commerce business in Greater China including: (a) Tencent grants the Group prominent level-1 access points in Weixin and mobile QQ applications; (b) Tencent provides internet traffic and other support from other key platforms to the Group; and (c) the Group cooperates with Tencent in a number of areas primarily mobile-related products, social networking services, membership systems and payment solutions. Terms described in (a), (b) and (c) above are hereinafter collectively referred to as “Strategic Cooperation”. In addition, for a period of 8 years from April 1, 2014 to March 31, 2022, other than the operation of Shanghai Icon E-Commerce Development Group Limited (“Shanghai Icon”), a subsidiary of Tencent, Tencent will not engage in any online direct sales or managed marketplace business model in physical goods e-Commerce businesses in Greater China and a few selected international markets, hereinafter referred to as “Non-Compete”.

On the same date, the Group also entered into a series of agreements with Tencent and its affiliates, pursuant to which, the Group acquired from Tencent: (i) 100% business operation of two online marketplace platforms, Paipai and QQ Wanggou (“Combined Platform Business”); (ii) 9.9% equity interest in Shanghai Icon (“Investment in Shanghai Icon”); (iii) a call option (“Call Option”) to acquire the remaining equity interest of Shanghai Icon, with a price higher of the fair value of the remaining equity interest or RMB800,000 within three years commencing the closing of the Transaction; (iv) certain logistic workforce; and (v) a land use right. The above (i) to (v), Strategic Cooperation and Non-Compete are collectively referred to as “Transaction”. In April, 2016, the Group exercised the Call Option by paying RMB800,000 to acquire the remaining equity interest in Shanghai Icon.

As consideration for the Transaction, the Company issued 351,678,637 ordinary shares to Huang River Investment Limited, a wholly-owned subsidiary of Tencent, representing 15% shares on a fully diluted basis under treasury method upon the closing of the Transaction, on March 10, 2014.

The main purpose of the transaction is to further expand product and service offerings to the Group’s online shopping customers.

The acquisition of Combined Platform Business is accounted for as a business combination and the results of operations of the Combined Platform Business from the acquisition date have been included in the Group’s consolidated financial statements. The acquisitions of Strategic Cooperation, Non-compete, Investment in Shanghai Icon, Logistic Workforce and Land use right are considered asset acquisitions separate from the acquisition of Combined Platform Business. The investment in Shanghai Icon was accounted for under the cost method and recorded in investment in equity investees on the acquisition day. The identifiable intangible assets acquired are amortized on a straight-line basis over the respective useful lives.

The Group has performed the following steps to estimate the cost of the assets and business acquired with the assistance from an independent valuation firm: 1) estimate the total fair value of 351,678,637 ordinary shares issued to Huang River Investment Limited as the consideration of the transaction on March 10, 2014 using the income approach, or the discounted cash flow, or DCF method; 2) estimate the stand-alone fair value of the Combined Platform Business as well as fair value of each of Strategic Cooperation Agreement, Non-Compete, Investment in Shanghai Icon, Logistic workforce and Land Use Right (collectively “Asset Acquisition”); 3) The excess of (1) over sum of (2) and net cash acquired in the Transaction has been allocated to each individual asset of the Asset Acquisition and the Combined Platform Business based on their relative fair values. Additionally, in accordance with the relevant accounting guidance, non-transferability relating to lock-up period associated with the shares issued to Huang River Investment Limited for a period of three years commencing from March 10, 2014, is factored in estimating the fair value of shares issued to acquire Strategic Cooperation, Non-compete, Investment in Shanghai Icon, Logistic Workforce and Land use right, but is not factored in estimating the fair value of shares issued to acquire Combined Platform Business.

The Group considered the following valuation method and significant assumptions in evaluating certain significant intangible assets acquired from the current Transaction:

F-43

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

7. Business Combination (Continued)

Strategic Cooperation Agreement—In addition to the Group’s general business cooperation with Tencent primarily in areas of mobile-related products, social networking services, membership systems and payment solutions, the other parts of the Strategic Cooperation Agreement is in substance a prepaid advertising/promotion service where Tencent users can be diverted to the Group’s websites/platforms where (a) Tencent grants the Group prominent level-1 access points in Weixin and mobile QQ applications and (b) Tencent provides internet traffic and other support from its other key platforms to the Group. These advertising/promotion services include push messages, advertising, payment processing and application activation. The general business cooperation is not recognized as a separate intangible asset because such

provisions only set out the general principal for the cooperation between the Group and Tencent with no specific deliverables provided to the Group. The amount recognized for the Strategic Cooperation Agreement relates to the advertising/ promotion services and the fair value was established using a form of the income approach known as the cost saving method. This method recognizes that, because of the Strategic Cooperation Agreement, the Group can save advertising fees, traffic acquisition costs, payment processing fees and application activation fees that otherwise would need to be paid to a third party for the similar services. The estimated unit market price of the advertising/promotion services was multiplied by the volume of the services to be provided by Tencent to arrive at the cost saving attributable to the Strategic Cooperation Agreement. The most significant assumptions inherent in this approach include: 1) the estimated market price of the services to be provided, 2) the volume of the services to be provided, and 3) discount rate. When applying the cost saving method for the valuation of the Strategic Cooperation Agreement, market participant assumptions were used in accordance with ASC 820. Specifically, the basis of the assumptions were determined with consideration of the terms of the Strategic Cooperation Agreement, an industry report regarding China's e-commerce sector and a market rate that market participants have to pay to third parties for similar services on arm's length basis. The present value of the after-tax cost savings at an appropriate discount rate indicates the value of Strategic Cooperation Agreement. The discount rate was derived by using the capital asset pricing model (the "CAPM"), which is a method that market participants commonly use to price assets. Based on the CAPM, the Group concluded a discount rate of 17.5% was appropriate for valuing the Strategic Cooperation Agreement.

Non-competes Agreement—Other than the operation of Shanghai Ictson, Tencent will not engage in any online direct sales or managed marketplace business models in physical goods e-Commerce business in Greater China and a few selected international markets. The fair value of the Non-competes was determined based on the "with and without" method, which takes into consideration the cash flow increments between the scenario where the Non-competes is not in place and the scenario where the Non-competes is in place for a period of 8 years from April 1, 2014 to March 31, 2022. The most significant assumption inherent in this approach when valuing the Non-competes was the amount of economic impact to the Group that would occur from competition during the period when non-competes agreement is effective. Based on the CAPM, the Group concluded a discount rate of 17.5%, which reflects a market participant's required rate of return for the risks of investing in the Non-competes, was appropriate for discounting the cash flow attributable to the Non-competes.

Investment in Shanghai Ictson—In determining the fair value of the investment in Shanghai Ictson, the Group followed a two-step process. In the first step, the discounted cash flow method, or DCF, was used as the primary approach to determine the fair value of the equity interest of Shanghai Ictson and market approach to cross-check the valuation results derived by the DCF method. The free cashflow of Shanghai Ictson was discounted by 22%, which was determined by the CAPM to reflect a market participant's required rate of return for the risks of investing in the equity interest of Shanghai Ictson. In the second step, since the Group's investment in Shanghai Ictson is in the form of preferred shares, an option pricing method to allocate the equity interest of Shanghai Ictson to its common shares and preferred shares was used. The significant assumptions inherent in option pricing models are the expected time of liquidity event, risk free rate and volatility factor of equity interest of Shanghai Ictson.

F-44

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

7. Business Combination (Continued)

The Group made estimates and judgments in determining the fair value of the assets and business acquired with the assistance from an independent valuation firm. The purchase price allocation is as follows:

	<u>Amount</u> RMB	
Fair value of the Company's shares issued *	11,644,310	
Transaction costs**	20,705	
Total value to be allocated in purchase accounting	11,665,015	
	<u>Amount</u> RMB	<u>Amortization</u> Years
Strategic Cooperation Agreement	6,075,289	5
Non-competes Agreement	1,442,389	8
Combined Platform Business		
Cash	60,284	
Other current assets	3,587	
Property, plant and equipment, net	17,647	
Current liabilities	(63,871)	
Technology***	108,800	5
Domain names and trademark***	33,100	10
Advertising customer relationship***	80,400	7
Goodwill***	2,593,420	
Deferred tax liability	(41,893)	
Investment in Shanghai Ictson	252,779	
Call Option	—	
Logistic workforce	13,900	3
Land use right	73,632	40
Net cash acquired	1,015,552	
Total Purchase price	11,665,015	

* Among total fair value of the shares issued of RMB11,644,310, RMB2,791,474 is the consideration for the acquisition of Combined Platform Business and RMB8,852,836 is the consideration for the acquisition of Strategic Cooperation, Non-competes, Investment in Shanghai Ictson, Logistics workforce, Land use right, and Net cash acquired.

** In accordance with ASC 805-10-25-23, transaction costs relating to the business combination of the Combined Platform Business are expensed as incurred while in accordance with ASC 805-50-30-2, transaction costs relating to the acquisition of the assets in the Asset Acquisition form part of the assets' initial carrying values, and have been included in the estimated purchase price.

*** In November 2015, the Group announced its decision to terminate the consumer-to-consumer (C2C) business of Paipai.com by December 31, 2015 with a transitional period of three months. The shut-down of Paipai.com is to combat the marketing and sales of counterfeit products and to protect the interests of consumers

and brands. As a result, the Group decided that the goodwill arisen from the acquisition of the Combined Platform Business was fully impaired and an impairment charge of RMB2,593,420 was recorded in the fourth quarter of 2015. Concurrently, the remaining balance of the intangible assets arisen from the acquisition amounted to RMB156,709 as of December 31, 2015 was also determined to be impaired and the related deferred tax liability of RMB27,796 recorded from the acquisition of the Combined Platform Business was reversed as a tax benefit in the fourth quarter of 2015.

Based on the assessment of the financial performance of the acquired Combined Platform Business made by the Group, the acquired business is not considered material to the Group. Thus the presentation of the pro-forma financial information with regard to a summary of the results of operations of the Group for the business combination is not required.

F-45

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

7. Business Combination (Continued)

Transaction with Walmart

On June 20, 2016, the Group, Wal-Mart Stores, Inc. (“Walmart”), and Yihaodian (“YHD”), a subsidiary of Walmart, entered into a series of agreements to form a strategic alliance to better serve the consumers across China. Pursuant to the series agreements, (a) the Group acquired the YHD marketplace platform assets, including the YHD brand, websites and mobile apps (“YHD marketplace”). Walmart will continue to operate the YHD direct sales business as one of the merchants on the YHD marketplace; (b) In a period of 8 years commencing from June 20, 2016, Walmart agreed not to engage in or invest in any ecommerce direct sale, e-commerce marketplace or online to offline (“O2O”) platform in China (other than Dada), hereinafter referred to as “Non-Compete”.

As consideration for the acquisition of YHD marketplace and Non-Compete, the Company issued 144,952,250 Class A ordinary shares to Walmart, representing approximately 5% shares on a fully diluted basis under the treasury method upon the closing of the transaction, on June 20, 2016. In accordance with the agreement, Walmart cannot transfer such shares in a 5 years period starting from June 20, 2016.

In addition, the Group and Walmart also entered into Business Cooperation Agreement (“BCA”) in several strategic areas for a period of 5 years commencing from June 20, 2016. Pursuant to BCA, the Group and Walmart agreed to partner in several strategic areas, including: a) Sam’s Club China agreed to open a flagship store on JD.com, expanding the availability of Sam’s Club’s high-quality imported products across China; b) The Group and Walmart agreed to work together to leverage their supply chains to increase the product selection for customers across China, including a broader range of imported products; c) The Group agreed to give the Sam’s flagship store preferential traffic entrance.

The acquisition of YHD marketplace is accounted for as a business combination and the results of operations of the YHD marketplace from the acquisition date have been included in the Group’s consolidated financial statements. The acquisition of Non-Compete is considered asset acquisitions separate from the acquisition of YHD marketplace. The identifiable intangible assets acquired are amortized on a straight-line basis over the respective useful lives.

The terms of BCA were negotiated separately and are similar to the terms with third parties, which were based on an arm’s-length basis, and the fair value of the BCA are not material to the Group as a whole.

The Group has performed the following steps to estimate the fair value of the assets and business acquired with the assistance from an independent valuation firm: 1) estimate the total fair value of 144,952,250 ordinary shares issued to Walmart as the consideration of the transaction using the quoted closing price on June 20, 2016; 2) estimate the stand-alone fair value of the YHD marketplace and Non-Compete; Additionally, in accordance with the relevant accounting guidance, non-transferability relating to lock-up period associated with the shares issued to Walmart for a period of 5 years commencing from June 20, 2016, is factored in estimating the fair value of shares issued to acquire Non-Compete, but is not factored in estimating the fair value of shares issued to acquire YHD marketplace.

Non-compete Agreement—In a period of 8 years commencing from June 20, 2016, Walmart agreed not to directly or indirectly engage in or invest in any e-commerce direct sale, e-commerce marketplace or online to offline (O2O) platform in China (other than Dada). The fair value of the Non-Compete was determined based on the “with and without” method, which takes into consideration the cash flow increments between the scenario where the Non-Compete is not in place and the scenario where the Non-Compete is in place for a period of 8 years commencing from June 20, 2016. The most significant assumption inherent in this approach when valuing the Non-Compete was the amount of economic impact to the Group that would occur from competition during the period when Non-Compete agreement is effective. Based on the CAPM, the Group concluded a discount rate of 17%, reflecting market participant’s required rate of return for the risks of investing in the Non-Compete, was appropriate for discounting the cash flow attributable to the Non-Compete.

F-46

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

7. Business Combination (Continued)

The Group made estimates and judgments in determining the fair value of the assets and business acquired with the assistance from an independent valuation firm. The purchase price allocation is as follows:

	Amount RMB	Amortization Years
Fair value of the Company’s shares issued	9,592,258	
Non-compete Agreement	1,019,816	8
YHD marketplace		

Property, plant and equipment, net	65,887	
Customer relationship	29,896	10
Technology	537,785	7
Domain names and trademark	3,099,958	20
Goodwill	5,755,826	
Deferred tax liability	(916,910)	
Total Purchase price	9,592,258	

Goodwill arising from this acquisition was attributable to the synergies expected from the combined business which will increase both product selection and overall user experience.

Based on the assessment on financial performance of the acquired YHD marketplace made by the Group, the acquired business is not considered material to the Group. Thus the presentation of the pro-forma financial information with regard to a summary of the results of operations of the Group for the business combination is not required.

F-47

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

8. Accounts receivable, net

Accounts receivable, net, consists of the following:

	As of December 31,	
	2015 RMB	2016 RMB
Online direct sales and online marketplace receivables	7,579,868	16,336,141
Online payment processing transactions receivables	385,547	770,134
Advertising receivables	121,170	179,498
Others	379,059	594,947
Accounts receivable	8,465,644	17,880,720
Allowance for doubtful accounts	(271,979)	(416,312)
Accounts receivable, net	8,193,665	17,464,408

The movements in the allowance for doubtful accounts were as follows:

	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Balance at beginning of the year	(1,770)	(63,715)	(271,979)
Additions	(64,424)	(273,772)	(408,316)
Reverse	868	—	—
Write-offs	1,611	65,508	263,983
Balance at end of the year	(63,715)	(271,979)	(416,312)

The value-added tax receivables due from customers are recorded in online direct sales and online marketplace receivables. The allowance for doubtful accounts related to the Group's financing receivables from individual customers related to the online direct sales business was RMB253,347 and RMB398,815 as of December 31, 2015 and 2016, respectively.

9. Inventories, net

Inventories, net, consist of the following:

	As of December 31,	
	2015 RMB	2016 RMB
Products	20,436,275	28,778,528
Packing materials and others	103,268	130,910
Inventories, net	20,539,543	28,909,438

F-48

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

10. Property, equipment and software, net

Property, equipment and software, net, consist of the following:

	As of December 31,	
	2015 RMB	2016 RMB
Electronic equipment	3,089,415	4,422,833
Office equipment	202,422	266,411

Vehicles	843,922	1,091,556
Logistic and warehouse equipment	1,105,245	1,578,653
Leasehold improvement	306,352	496,887
Software	149,590	196,713
Building and building improvement	2,526,948	3,069,651
Total	8,223,894	11,122,704
Less: Accumulated depreciation	(1,990,788)	(3,725,675)
Net book value	6,233,106	7,397,029

Depreciation expenses were RMB514,974, RMB1,123,076 and RMB1,944,606 for the years ended December 31, 2014, 2015 and 2016, respectively.

11. Land use rights, net

Land use rights, net, consist of the following:

	As of December 31,	
	2015 RMB	2016 RMB
Land use rights	1,999,424	2,567,271
Less: Accumulated amortization	(71,232)	(119,760)
Net book value	1,928,192	2,447,511

Amortization expenses for land use rights were RMB19,342, RMB30,360 and RMB48,528 for the years ended December 31, 2014, 2015 and 2016, respectively.

As of December 31, 2016, amortization expenses related to the land use rights for future periods are estimated to be as follows:

	For the year ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021 RMB	2022 and thereafter RMB
Amortization expenses	52,329	52,329	52,329	52,329	52,329	2,185,866

F-49

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

12. Intangible assets, net

Intangible assets, net, consist of the following:

	As of December 31, 2015				
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Impairment Amount	Net Carrying Amount
	Year	RMB	RMB	RMB	RMB
Strategic Cooperation	5.0	6,075,289	(2,130,512)	—	3,944,777
Non-compete	8.0	1,447,189	(327,622)	—	1,119,567
Technology	4.9	110,900	(40,715)	(69,922)	263
Advertising customer relationship	7.0	80,400	(20,737)	(59,663)	—
Domain names and trademark	10.0	85,632	(22,893)	(27,124)	35,615
Logistic workforce	3.0	13,900	(8,378)	—	5,522
Online payment and other licenses	14.3	200,924	(45,981)	—	154,943
Copyrights	2.4	19,656	(16,360)	—	3,296
Total	5.8	8,033,890	(2,613,198)	(156,709)	5,263,983

	As of December 31, 2016				
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Impairment Amount	Net Carrying Amount
	Year	RMB	RMB	RMB	RMB
Strategic Cooperation	5.0	6,075,289	(3,348,899)	—	2,726,390
Non-compete	8.0	2,467,005	(576,654)	—	1,890,351
Technology	6.7	682,685	(85,168)	(69,922)	527,595
Advertising customer relationship	7.7	131,296	(24,565)	(59,663)	47,068
Domain names and trademark	19.5	3,236,980	(117,181)	(27,124)	3,092,675
Logistic workforce	3.0	13,900	(13,024)	—	876
Online payment and other licenses	12.7	236,898	(67,597)	—	169,301
Copyrights	2.4	20,363	(20,322)	—	41
Total	9.5	12,864,416	(4,253,410)	(156,709)	8,454,297

Amortization expenses for intangible assets were RMB1,116,217, RMB1,465,625 and RMB1,640,212 for the years ended December 31, 2014, 2015 and 2016, respectively. The Group recorded an impairment charge of nil, RMB156,709 and nil for the years ended December 31, 2014, 2015 and 2016. Please refer to Note 7 for details.

As of December 31, 2016, amortization expenses related to the intangible assets for future periods are estimated to be as follows:

	For the year ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021 RMB	2022 and thereafter RMB

Amortization expenses	1,802,806	1,801,128	880,089	578,726	573,544	2,818,004
-----------------------	-----------	-----------	---------	---------	---------	-----------

F-50

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

13. Goodwill

The changes in the carrying amount of goodwill were as follows:

	<u>JD Mall</u> RMB	<u>New Businesses</u> RMB	<u>Total</u> RMB
Balance as of December 31, 2013			
Goodwill	—	14,649	14,649
Accumulated impairment loss	—	—	—
	<u>—</u>	<u>14,649</u>	<u>14,649</u>
Transaction in 2014			
Additions	14,401	2,593,420	2,607,821
Balance as of December 31, 2014			
Goodwill	14,401	2,608,069	2,622,470
Accumulated impairment loss	—	—	—
	<u>14,401</u>	<u>2,608,069</u>	<u>2,622,470</u>
Transaction in 2015			
Impairment	—	(2,593,420)	(2,593,420)
Balance as of December 31, 2015			
Goodwill	14,401	2,608,069	2,622,470
Accumulated impairment loss	—	(2,593,420)	(2,593,420)
	<u>14,401</u>	<u>14,649</u>	<u>29,050</u>
Transaction in 2016			
Additions	6,512,618	—	6,512,618
Balance as of December 31, 2016			
Goodwill	6,527,019	2,608,069	9,135,088
Accumulated impairment loss	—	(2,593,420)	(2,593,420)
	<u>6,527,019</u>	<u>14,649</u>	<u>6,541,668</u>

The Group recorded an impairment charge of nil, RMB2,593,420 and nil for the years ended December 31, 2014, 2015 and 2016, respectively. Please refer to Note 7 for details.

14. Short-term borrowings

Short-term borrowings as of December 31, 2015 amounted to RMB3,040,209, which consisted of several bank borrowings denominated in RMB. All of these bank borrowings were repayable within one year. The weighted average interest rate for the outstanding borrowings as of December 31, 2015 was approximately 4.40%.

Short-term borrowings as of December 31, 2016 amounted to RMB8,333,317, which consisted of bank borrowings, recourse securitization debt, recourse refinancing debt and other financing activities denominated in RMB. All of these borrowings were repayable within one year. The weighted average interest rate for the outstanding borrowings as of December 31, 2016 was approximately 4.91%.

F-51

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

15. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	<u>As of December 31,</u>	
	<u>2015</u> RMB	<u>2016</u> RMB
Amount due to the third-party investors from the sale of financial products	—	18,106,270
Salary and welfare payables	1,689,809	2,118,459
Deposits	3,627,058	6,845,980
Payable related to employees' exercise of share-based awards	276,259	74,119
Rental fee payables	135,534	250,795
Professional fee accruals	75,086	96,114
Others	1,374,319	1,939,747
Total	<u>7,178,065</u>	<u>29,431,484</u>

16. Unsecured senior notes

In April 2016, the Company issued unsecured senior notes with two maturity dates for an aggregate principal amount of US\$1,000,000. Listed on the Singapore Stock Exchange, these notes are both fixed rate notes and senior unsecured obligations, with interest payable semi-annually in arrears on and of each year, beginning on October 29, 2016.

The following table provides a summary of the Company's unsecured senior notes as of December 31, 2016:

	Amounts RMB	Effective interest rate
US\$500,000 3.125% notes due 2021	3,435,184	3.37%
US\$500,000 3.875% notes due 2026	3,395,828	4.15%
Carrying value	6,831,012	
Unamortized discount and debt issuance costs	105,988	
Total principal amounts of unsecured senior notes	<u>6,937,000</u>	

The unsecured senior notes were issued at a discount amounting to RMB79,289. The debt issuance costs of RMB35,727 were presented as a direct deduction from the principal amount of the unsecured senior notes on the Consolidated Balance Sheets. 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 all or substantially all of the Company's assets. The Company is in compliance with all covenants. The notes will rank senior in right of payment to all of the Company's existing and future obligations expressly subordinated in right of payment to the notes and rank at least equal in right of payment with all of the Company's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law).

The proceeds from issuance of the unsecured senior notes were used for general corporate purposes.

As of December 31, 2016, the principal of the unsecured senior notes of RMB3,468,500 and RMB3,468,500 will be due in 2021 and 2026, respectively.

F-52

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

17. Others, net

Others, net, consist of the following:

	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Foreign exchange losses, net	(28,980)	(57,395)	(146,354)
Government financial incentives	214,623	392,022	740,567
Impairment of investments	—	(611,108)	(637,583)
Gain from business and investment disposals	—	1,507	1,232,853
Others	30,944	134,377	284,572
Total	<u>216,587</u>	<u>(140,597)</u>	<u>1,474,055</u>

Government financial incentives represent rewards provided by the relevant PRC municipal government authorities to the Group for business achievements made by the Group. As there is no further obligation for the Group to perform, government financial incentives are recognized as other income when received. The amounts of such government financial incentives are determined solely at the discretion of the relevant government authorities and there is no assurance that the Group will continue to receive these government financial incentives in the future.

18. Taxation

a) Transition from PRC Business Tax to PRC Value Added Tax

A pilot program for transition from business tax to value added tax ("VAT") for certain services revenues was launched in Shanghai on January 1, 2012. Starting from September 1, 2012, the pilot program has been expanded from Shanghai to other cities and provinces in China, including Beijing, Wuhan, Guangzhou, Tianjin and Suqian, in which the Group has operations. Commencing August 1, 2013, the pilot program was expanded to cover all regions in the PRC. From May 1, 2016, VAT replaced business tax in all industries, on a nationwide basis.

b) Value added tax

During the periods presented, the Group is subject to statutory VAT rate of 13% and 17% for revenues from sales of audio, video products and books and sales of other products, respectively, in the PRC. The Group is exempted from VAT for revenues from sales of books since January 1, 2014.

Prior to the pilot program, the Group was subject to 5% or 3% business tax for revenues from online advertising and other services or for revenues from logistic services, respectively. After the launch of the pilot program, the Group is subject to 6% and 11% VAT for the revenues from logistics services and 6% VAT for the revenues from online advertising and other services.

The Group is also subject to 3% cultural undertaking development fees on revenues from online advertising services in China.

The Group is also subject to surcharges on VAT payments according to PRC tax law.

c) Business tax

Before May 1, 2016, the Group was subject to 5% business tax and related surcharges for revenues from online payment services. Business tax and the related surcharges are recognized when the revenue is earned. Starting from May 1, 2016, the Group is subject to 6% VAT for revenues from online payment services.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

18. Taxation (Continued)**d) Income tax***Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Group's subsidiaries in Hong Kong are subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

China

On March 16, 2007, the National People's Congress of PRC enacted a new Corporate Income Tax Law ("new CIT law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies would be subject to corporate income tax at a uniform rate of 25%. The new CIT law became effective on January 1, 2008. Under the new CIT law, preferential tax treatments will continue to be granted to entities which conduct businesses in certain encouraged sectors and to entities otherwise classified as "high and new technology enterprises".

Chinabank Payment Technology has been qualified as "high and new technology enterprise" in 2010, whose qualification was renewed in 2013 and 2016, and enjoyed a preferential corporate income tax rate of 15% from 2010 to 2018.

Beijing Shangke has been entitled to an exemption from income tax for first two years and 50% reduction for the next three years from its first profitable year as a "software enterprise". It has also been qualified as "high and new technology enterprise" and enjoys a preferential income tax rate of 15% from 2013 to 2018. The privileges cannot be applied simultaneously.

Chongqing Haijia and Chengdu Century have been recognized as encouraged industries in the Western Regions of China and enjoyed a preferential income tax rate of 15% from 2014 to 2016.

The Group's other PRC subsidiaries, VIEs and VIEs' subsidiaries are subject to the statutory income tax rate of 25%.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

18. Taxation (Continued)**d) Income tax (Continued)***Withholding tax on undistributed dividends*

The new CIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, etc., of a non-PRC company is located." Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The new CIT law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The Company did not record any dividend withholding tax, as it has no retained earnings for any of the periods presented.

The components of loss before tax are as follows:

For the year ended December 31,

2014

2015

2016

	RMB	RMB	RMB
Income/(loss) before tax			
Income/(loss) from China operations	(529,173)	(4,705,034)	448,494
Loss from non-China operations	(4,447,861)	(4,426,734)	(3,682,718)
Total loss before tax	(4,977,034)	(9,131,768)	(3,234,224)
Income tax benefits/(expenses) applicable to China operations			
Current income tax expenses	(23,493)	(28,322)	(214,282)
Deferred tax benefits	4,169	42,584	34,782
Subtotal income tax benefits/(expenses) applicable to China operations	(19,324)	14,262	(179,500)
Total income tax benefits/(expenses)	(19,324)	14,262	(179,500)

F-55

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

18. Taxation (Continued)

d) Income tax (Continued)

Reconciliation of difference between PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2014, 2015 and 2016 is as follows:

	For the year ended December 31,		
	2014	2015	2016
Statutory income tax rate	25.0%	25.0%	25.0%
Tax effect of preferential tax treatments	1.7%	1.9%	24.7%
Tax effect of tax-exempt entities	(22.4)%	(10.9)%	(21.2)%
Effect on tax rates in different tax jurisdiction	0.1%	(0.2)%	(2.2)%
Tax effect of non-deductible expenses	(3.4)%	(10.9)%	(18.9)%
Tax effect of non-taxable income	1.1%	0.2%	0.0%
Changes in valuation allowance	(0.5)%	(4.5)%	(12.9)%
Expiration of loss carry forwards	(2.0)%	(0.4)%	0.0%
Effective tax rates	(0.4)%	0.2%	(5.5)%

e) Deferred tax assets and deferred tax liabilities

	As of December 31,	
	2015 RMB	2016 RMB
Deferred tax assets		
- Allowance for doubtful accounts	79,136	228,965
- Deferred revenues, accruals and other liabilities	66,027	212,504
- Net operating loss carry forwards	1,215,975	1,336,035
Less: valuation allowance	(1,361,138)	(1,777,504)
Net deferred tax assets	—	—
Deferred tax liabilities		
- Intangible assets arisen from business combination	1,228	907,356
Total deferred tax liabilities	1,228	907,356

As of December 31, 2016, the Group had net operating loss carry forwards of approximately RMB 6,160,815 which arose from the subsidiaries, VIEs and VIEs' subsidiaries established in the PRC. The loss carry forwards will expire during the period from 2017 to 2021.

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods.

The Group has incurred net accumulated operating losses for income tax purposes since its inception. The Group believes that it is more likely than not that these net accumulated operating losses and other deferred tax assets will not be utilized in the future. Therefore, the Group has provided full valuation allowances for the deferred tax assets as of December 31, 2014, 2015 and 2016.

Movement of valuation allowance

	As of December 31,		
	2014 RMB	2015 RMB	2016 RMB
Balance at beginning of the period	905,833	931,458	1,361,138
Additions	156,820	449,381	633,457
Reversals	(131,195)	(19,701)	(217,091)
Balance at end of the period	931,458	1,361,138	1,777,504

F-56

[Table of Contents](#)

19. Redeemable non-controlling interests

In January 2016, JD Finance, its founding shareholders and certain investors entered into a share subscription and purchase agreement (the “SPA”) and certain co-investment agreements to issue ordinary shares with preferential rights to certain investors mainly including Sequoia Capital China, China Harvest Investments and China Taiping Insurance, etc. (collectively, the “Investors”) for RMB6,650,000. JD Finance, as a privately owned company registered in China, is not allowed to issue legal form preferred shares or a separate class of ordinary shares under China regulations. Therefore, the shares issued by JD Finance to the Investors are, in legal form, ordinary shares. However, due to the preferential rights as specified in the SPA, these shares are considered in substance a separate class of shares other than the ordinary shares held by the founding shareholders. Here and then after, they are referred to as JD Finance Preferred Shares. The issuance was closed in March, 2016. After the issuance of the JD Finance Preferred Shares, the Group still held approximately 86% equity interests in JD Finance on a fully-diluted, post-investment basis.

The Group determined that the preferred shares should be classified as mezzanine equity since they are contingently redeemable within 60 months after the closing of the issuance by the holders in the event that (i) a qualified initial public offering (“Qualified IPO”) has not occurred, or (ii) any significant non-compliance with laws, cancellation of significant business license, which causes a substantial obstacle to the Qualified IPO, or (iii) a change in control in JD Finance. These matters are not certain to occur, and they are not solely within the control of JD Finance. Therefore the JD Finance Preferred Shares are classified as mezzanine equity. The Qualified IPO is defined as a firm commitment underwritten registered public offering or Back-door listing in China or overseas stock market, with the market cap of JD Finance being at least RMB93,000,000.

The main rights, preferences and privileges of JD Finance Preferred Shares are as follows:

Dividend rights

If the board of JD Finance declares dividend, the Investors have the same rights as the ordinary shareholders.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of JD Finance, either voluntarily or involuntarily, the Investors rank pari passu with the ordinary shareholders.

Redemption rights

The Investors have the right to require Suqian Limao to purchase all the shares from the Investors within 60 months after the closing of the issuance by the holders in the event that (i) a qualified initial public offering (“Qualified IPO”) has not occurred, or (ii) any significant non-compliance with laws, cancellation of significant business license, which causes a substantial obstacle to the Qualified IPO, or (iii) a change in control in JD Finance. The redemption need to be done within 180 days from the date on which the Investors raise their written request. The redemption price equals initial investment plus 8% annual compound interests. In the event that Suqian Limao fails to timely repay the redemption price to the Investors upon the Investors’ redemption request pursuant to above conditions, Suqian Limao shall pay the Investors a penalty interest of 0.05% per day, until such redemption price and interest are fully paid.

Except for Suqian Limao and JD Finance, the other entities controlled by the Group have no obligation to provide any financial support for this redemption. In order for Suqian Limao to fulfil its repayment obligation, Suqian Limao may have to sell its interest in JD Finance, or instruct JD Finance to do the following, including but not limited to: providing a loan to Suqian Limao, selling any assets or equity interest of subsidiaries, or raising fund through debt financing. Other shareholders of JD Finance will have the obligation to approve such sale of JD Finance interest or any instructions given to JD Finance. In the event that JD Finance provides a loan to Suqian Limao to fund the above redemption, JD Finance and other shareholders have agreed that JD Finance shall not pursue for a repayment of such loan.

F-57

[Table of Contents](#)

19. Redeemable non-controlling interests (Continued)

Preemptive rights

The Investors have preemptive rights to purchase and subscribe for any new securities which JD Finance proposes to issue before the Qualified IPO under the same terms and conditions.

In the event that Suqian Limao receives a tender offer from any third party buyer before a Qualified IPO, the Investors shall have the rights to participate on a pro-rata basis in the proposed sale to the third party buyer based on the same terms and conditions.

After issuing JD Finance Preferred Shares and until the occurrence of a Qualified IPO, if JD Finance issues new shares at a price lower than the issuance price in this financing, the Investors have the rights to obtain additional shares of JD Finance from Suqian Limao with no consideration. The number of shares to be obtained by the Investors shall be calculated using a pre-determined formula, so that the Investor’s “per share cost” should be reduced to a weighted average amount of a) their initial purchase price, and b) the issuance price at the subsequent financing.

Voting rights

The Investors have the number of votes as equal to the number of shares they hold.

The Group accreted the JD Finance Preferred Shares to their redemption value, which is purchase price plus 8% compound interest per year over the period since issuance to the redemption date. The Group recorded redeemable non-controlling interests of nil and RMB7,056,921 as of December 31, 2015 and 2016, respectively and net income attributable to mezzanine classified non-controlling interests shareholders of nil, nil and RMB444,657 for the years ended December 31, 2014, 2015 and 2016, respectively.

The redeemable non-controlling interests for the years ended December 31, 2015 and 2016 are summarized below:

	Amounts RMB
Balances as of December 31, 2015	—
Additions	6,612,264
Net income attributable to mezzanine classified non-controlling interests shareholders	444,657
Balances as of December 31, 2016	7,056,921

F-58

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

20. Convertible preferred shares

All of the preference shares were converted to ordinary shares immediately upon the completion of the Group's initial public offering on May 28, 2014. Prior to their automatic conversion to ordinary shares upon the Company's initial public offering on May 28, 2014, the preferred shares were entitled to certain preferences with respect to conversion, redemption, dividends and liquidation. The holders of preferred shares were entitled to vote together with the holders of ordinary shares, and not as a separate class, on all matters submitted to a vote of the shareholders of the Company, on an as-if-converted basis. Immediately prior to the initial public offering, the Company's preference shares comprised the following:

Series	Issuance Date	Shares Issued	Issue Price per Share US\$	Proceeds from Issuance US\$	Shares Outstanding	Carrying Amount RMB
A	March 27, 2007	155,000,000	0.0323	5,000	155,000,000	215,626
A-1	August 15, 2007	130,940,000	0.0382	5,000	36,894,000	40,224
B	January 12, 2009	235,310,000	0.0892	21,000	59,539,244	88,241
C	September 21, 2010	178,238,250	0.7742	138,000	258,316,305*	15,130,903

*Among total shares outstanding, 64,579,075 shares and 15,498,980 shares were re-designated from Series A-1 and Series B preferred shares in conjunction with the issuance of the Series C Preferred Shares.

Prior to the issuance of Series C Preferred Shares, the Company determined that the Series A, A-1 and B Preferred Shares should be classified as mezzanine equity since the Series A, A-1 and B Preferred Shares were contingently redeemable. In conjunction with the issuance of the Series C Preferred Shares, as a result of the waivers to their redemption and preferential liquidation rights, the Series A, A-1 and B Preferred Shares were reclassified from mezzanine equity to permanent equity. The Series C Preference Shares were classified as mezzanine equity in the Consolidated Balance Sheets because they were contingently redeemable.

The Company records accretion on the Preferred Shares, where applicable, to the redemption value from the issuance dates to the earliest redemption dates. The accretion of Series C Preference Shares was RMB7,957,640 for the year ended December 31, 2014.

21. Ordinary shares

Upon inception, 1 ordinary share was issued at a par value of US\$0.00002 per share.

In March 2014, the Company issued 351,678,637 ordinary shares to Huang River Investment Limited, a wholly owned subsidiary of Tencent, in connection with Tencent Transaction (Note 7). Additionally, upon the initial public offering in May 2014, the Company issued 166,120,400 Class A ordinary shares. Concurrently, the Company issued 139,493,960 Class A ordinary shares in a private placement to Huang River Investment Limited.

In June 2016, the Company issued 144,952,250 Class A ordinary shares to Newheight Holdings Ltd., a wholly owned subsidiary of Walmart, in connection with Walmart Transaction (Note 7).

The ordinary shares reserved for future exercise of the RSUs and share options were 93,722,508 and 130,816,834 as of December 31, 2015 and 2016, respectively.

F-59

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

22. Share repurchase program

In September 2015, the Company's Board of Directors authorized a share repurchase program under which the Company may repurchase up to US\$1,000,000 worth of its ADSs over the following 24 months. The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by the management. The Company had no activity related to share repurchase program during the year ended December 31, 2015.

During the year ended December 31, 2016, the Company had repurchased 31,065,784 ADSs for US\$800,000 on the open market, at a weighted average price of US\$25.75 per ADS. The Company accounts for repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders' equity.

Additionally, in order to lower the average cost of acquiring shares in the ongoing share repurchase program, the Company entered into structured repurchase agreements involving the use of capped call options for the purchase of shares. The Company paid a fixed sum of cash upon execution of the agreements. Upon

expiration of the agreements, if the closing market price of the Company's common stock is at or above the pre-determined price (the "Strike Price"), the Company will have its initial investment returned with a premium in either cash or shares at the Company's election. If the closing market price is below the Strike Price, the Company will receive the number of shares specified in the agreements. As the outcome of these arrangements is based entirely on the Company's stock price and does not require the Company to deliver either shares or cash, other than the initial investment, the entire transaction is recorded in equity. During the year ended December 31, 2016, the aggregate price that the Company paid to enter into these agreements was US\$300,000. For those agreements that settled during the year ended December 31, 2016, the Company received approximately US\$216,220 of cash. As of December 31, 2016, the Company had US\$100,000 prepaid amount outstanding for the capped call options, which has been settled in cash in the first quarter of 2017 for US\$107,239.

As of December 31, 2016, the remaining amount authorized under the share repurchase program was US\$200,000.

23. Other comprehensive income/(loss)

Changes in the composition of accumulated other comprehensive income/(loss) for the years ended December 31, 2014, 2015 and 2016 are as follows:

	Foreign currency translation adjustments RMB	Net unrealized gains/(losses) on available-for-sale securities RMB	Total RMB
Balances as of December 31, 2013	(291,840)	23,222	(268,618)
Other comprehensive income/(loss)	(121,612)	14,105	(107,507)
Balances as of December 31, 2014	(413,452)	37,327	(376,125)
Other comprehensive income/(loss)	953,573	(22,622)	930,951
Balances as of December 31, 2015	540,121	14,705	554,826
Other comprehensive income	943,616	44,951	988,567
Balances as of December 31, 2016	1,483,737	59,656	1,543,393

Amounts included in accumulated other comprehensive loss are recorded net of their related income tax effects.

F-60

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

24. Share-based compensation

For the years ended December 31, 2014, 2015 and 2016, total share-based compensation expenses recognized were RMB4,249,548, RMB1,193,945 and RMB 2,343,785, respectively.

(1) Share incentive plan

The Company granted share-based awards to eligible employees and non-employees pursuant to the 2008, 2009, 2010, 2011 stock incentive plans and 2011 special stock incentive plan (collectively, the "Plans"), which govern the terms of the awards. On December 20, 2013, the Company adopted a 2013 Share Incentive Plan ("2013 Plan"), which was approved by the Board of Directors of the Company, to replace the Plans. The awards granted and outstanding under the Plans will survive and remain effective and binding under the 2013 Plan, subject to certain amendments to the original award agreements. The adoption of 2013 Plan did not result in any significant incremental share-based compensation expenses. The 2013 Plan was replaced by a share incentive plan entitled "Share Incentive Plan" containing substantially the same terms as the 2013 Plan on November 13, 2014.

As of December 31, 2016, the Group had reserved 147,179,881 ordinary shares available to be granted as share-based awards under the Share Incentive Plan.

1) Employee awards

The RSUs and share options are generally scheduled to be vested over three to six years. One-third, one-fourth, one-fifth or one-sixth of the awards, depending on different vesting schedules of the Plans, shall be vested upon the end of the calendar year in which the awards were granted or the first anniversary dates of the grants, and the remaining of the awards shall be vested on straight line basis at the end of the remaining calendar or the anniversary years. Starting from the year ended December 31, 2016, certain awards had multiple tranches with tiered vesting commencement dates from 2016 to 2025, and each of the tranches is subject to a six-year vesting schedule.

RSUs

a) Service-based RSUs

A summary of activities of the service-based RSUs for the years ended December 31, 2014, 2015 and 2016 is presented below:

	Number of RSUs	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2014	27,150,848	3.77
Granted	14,588,400	8.43
Vested	(6,385,905)	3.71
Forfeited	(3,649,817)	5.07
Unvested at December 31, 2014	31,703,526	5.77
Granted	18,295,642	14.37
Vested	(7,130,556)	4.96
Forfeited	(3,934,276)	9.73
Unvested at December 31, 2015	38,934,336	9.56
Granted	58,376,008	12.85
Vested	(8,547,278)	7.93
Forfeited	(6,967,648)	10.66
Unvested at December 31, 2016	81,795,418	11.98

For the years ended December 31, 2014, 2015 and 2016, total share-based compensation expenses recognized by the Group for the service-based RSUs granted were RMB386,632, RMB690,742 and RMB1,589,623, respectively.

F-61

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

24. Share-based compensation (Continued)

1) Employee awards (Continued)

As of December 31, 2016, there were RMB4,782,306 of unrecognized share-based compensation expenses related to the service-based RSUs granted. The expenses are expected to be recognized over a weighted-average period of 6.2 years.

The total fair value and intrinsic value of RSUs vested was US\$74,949, US\$113,154 and US\$110,115 during the years ended December 31, 2014, 2015 and 2016, respectively.

b) Performance-based RSUs

A summary of activities of the performance-based RSUs for the years ended December 31, 2014, 2015 and 2016 is presented below:

	Number of RSUs	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2014	—	—
Granted	1,515,151	6.33
Vested	—	—
Forfeited	(48,493)	6.33
Unvested at December 31, 2014	1,466,658	6.33
Granted	—	—
Vested	(188,936)	6.33
Forfeited	(401,358)	6.33
Unvested at December 31, 2015	876,364	6.33
Granted	—	—
Vested	(118,540)	6.33
Forfeited	(447,822)	6.33
Unvested at December 31, 2016	310,002	6.33

The Company granted 1,515,151, nil and nil performance-based RSUs to its employees for the years ended December 31, 2014, 2015, and 2016, respectively.

For the years ended December 31, 2014, 2015 and 2016, total share-based compensation expenses recognized by the Group for the performance-based RSUs granted were RMB14,124, RMB4,630, and RMB4,334, respectively.

As of December 31, 2016, there were RMB3,811 of unrecognized share-based compensation expenses related to the performance-based RSUs granted. The expenses are expected to be recognized over a weighted-average period of 2.1 years.

The total fair value and intrinsic value of RSUs vested was nil, US\$2,347 and US\$1,524 during the years ended December 31, 2014, 2015 and 2016, respectively.

Share options

The Company granted 2,745,000, 5,652,500 and nil service-based share options to its employees for the years ended December 31, 2014, 2015 and 2016, respectively.

A summary of activities of the service-based share options for the years ended December 31, 2014, 2015 and 2016 is presented below:

F-62

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

24. Share-based compensation (Continued)

1) Employee awards (Continued)

Share options	Number of share options	Weighted Average Exercise Price US\$	Weighted Average Remaining Contractual Term Year	Aggregate Intrinsic Value US\$
Outstanding as of January 1, 2014	26,912,328	3.96	9.4	—
Granted	2,745,000	8.20		
Exercised	(849,844)	3.96		
Forfeited or cancelled	(2,606,232)	4.31		

Expired	—			
Outstanding as of December 31, 2014	26,201,252	4.37	8.5	189,729
Granted	5,652,500	13.17		
Exercised	(2,694,404)	4.07		
Forfeited or cancelled	(1,724,726)	6.07		
Expired	—			
Outstanding as of December 31, 2015	27,434,622	6.10	8.1	275,040
Granted	—			
Exercised	(2,820,648)	3.97		
Forfeited or cancelled	(2,954,958)	7.21		
Expired	—			
Outstanding as of December 31, 2016	21,659,016	6.23	7.3	142,433
Vested and expected to vest as of December 31, 2016	19,493,114	6.23	7.3	128,190
Exercisable as of December 31, 2016	8,952,222	5.02	6.9	69,274

There was no option granted during the year ended December 31, 2016. The weighted average grant date fair value of options granted for the years ended December 31, 2014 and 2015 was US\$4.48 and US\$5.59 per share, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2014, 2015 and 2016 was US\$6,648, US\$29,522 and US\$23,796, respectively. The intrinsic value is calculated as the difference between the market value on the date of exercise and the exercise price of the share options. Cash received from the exercises of share options of the Company during the years ended December 31, 2014, 2015 and 2016 was nil, US\$12,332 and US\$12,454, respectively. Cash receivable from the exercises of share options of the Company as of December 31, 2015 and 2016 was US\$1,992 and US\$747, respectively.

For the years ended December 31, 2014, 2015 and 2016, total share-based compensation expenses recognized by the Group for the share options granted were RMB115,469, RMB103,962 and RMB125,225, respectively. As of December 31, 2016, there were RMB161,679 of unrecognized share-based compensation expenses related to the share options granted. The expenses are expected to be recognized over a weighted-average period of 4.3 years.

The estimated fair value of each option grant is estimated on the date of grant using the Binominal option-pricing model with the following assumptions:

	2014	2015
Expected volatility	52%~53%	33%~50%
Risk-free interest rate (per annum)	2.42%~3.50%	2.17%~2.65%
Exercise multiples	2.8	2.0~2.8
Expected dividend yield	—	—
Expected term (in years)	10.0	10.0
Fair value of the underlying shares on the date of option grants (US\$)	6.33~12.51	11.57~14.69

F-63

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

24. Share-based compensation (Continued)

1) Employee awards (Continued)

The Group estimated the risk free interest rate based on the yield to maturity of U.S. treasury bonds denominated in US\$ at the option valuation date. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a research study regarding exercise pattern from historical statistical data. Expected term is the contract life of the option. The expected volatility at the date of grant date and each option valuation date was estimated based on the implied volatility of the Company and the historical stock price volatility of listed comparable companies over a period comparable to the expected term of the options. The Group has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments in the foreseeable future.

2) Non-employee awards

RSUs

A summary of activities of the non-employee RSUs for the years ended December 31, 2014, 2015 and 2016 is presented below:

	Number of RSUs	Weighted-Average Grant-Date Fair Value US\$
Unvested at January 1, 2014	30,000	3.96
Granted	389,965	7.89
Vested	(5,000)	3.96
Unvested at December 31, 2014	414,965	7.65
Granted	300,000	12.94
Vested	(237,779)	7.56
Unvested at December 31, 2015	477,186	11.02
Granted	878,726	10.98
Vested	(145,514)	10.61
Forfeited	(158,000)	10.83
Unvested at December 31, 2016	1,052,398	11.07

For the years ended December 31, 2014, 2015 and 2016, total share-based compensation expenses recognized for the non-employee RSUs granted were RMB15,917, RMB23,305 and RMB23,581, respectively.

As of December 31, 2016, there were RMB70,657 of unrecognized share-based compensation expenses related to the non-employee RSUs granted. The expenses are expected to be recognized over a weighted-average period of 5.0 years.

The total fair value and intrinsic value of RSUs vested was US\$61, US\$3,645 and US\$1,841 during the years ended December 31, 2014, 2015 and 2016, respectively.

F-64

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

24. Share-based compensation (Continued)

3) Founder awards

RSUs

On March 11, 2014, the Company approved a grant of 93,780,970 RSUs to the Founder, Mr. Richard Qiangdong Liu. The share awards were immediately vested and the Company recorded a share-based compensation charge of RMB3,685,041 for the year ended December 31, 2014. The grant date fair value of the awards was US\$6.3 per share.

Share options

In May 2015, the board of directors approved a 10-year compensation plan for the Founder, Mr. Richard Qiangdong Liu. Under this plan, Mr. Richard Qiangdong Liu will receive RMB0.001 per year in cash salary and zero cash bonus during the 10-year period. Mr. Richard Qiangdong Liu was granted an option to acquire a total of 26,000,000 Class A ordinary shares of the Company with an exercise price of US\$16.70 per share (or US\$33.40 per ADS) under the Company's Share Incentive Plan, subject to a 10-year vesting schedule with 10% of the awards vesting on each anniversary of the grant date. The Company will not grant any additional equity incentive to Mr. Liu during the 10-year period.

For the years ended December 31, 2015 and 2016, total share-based compensation expenses recognized for the Founder's share options granted were RMB240,024 and RMB318,156, respectively.

As of December 31, 2016, there were RMB846,458 of unrecognized share-based compensation expenses related to the Founder's share options granted. The expenses are expected to be recognized over a weighted-average period of 8.4 years.

The method used to determine fair value of the share options granted to the Founder was the same as the method used for the share options granted to the employees as described above. The assumptions used in the Binominal option-pricing model to estimate fair value of the Founder's share option on the date of grant is presented below:

	2015
Expected volatility	36%~38%
Risk-free interest rate (per annum)	2.74%~2.79%
Exercise multiples	2.0
Expected dividend yield	—
Expected term (in years)	10.0
Fair value of the underlying shares on the date of option grants (US\$)	16.70~16.93

(2) Share-based compensation of subsidiaries

In October 2015, JD Finance adopted a 2015 Share Incentive Plan ("2015 JD Finance Plan"), which permits the granting of stock options, share appreciation rights, restricted share units and restricted shares of JD Finance to employees, directors and consultants. The Company granted restricted shares units of JD Finance equivalent to approximately 7.25% and 2.94% of the subsidiary's ordinary shares on a fully diluted basis in 2015 and 2016, respectively. The weighted average grant date fair value of the restricted share units granted was RMB4.25 and RMB7.17 for the years ended December 31, 2015 and 2016, respectively. Share-based compensation expenses recognized for the JD Finance RSUs granted during the years ended December 31, 2015 and 2016 were RMB95,664 and RMB260,581, respectively. As of December 31, 2016, the unrecognized compensation expenses related to 2015 JD Finance Plan was RMB681,437. The expenses are expected to be recognized over a weighted-average period of 5.5 years.

F-65

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

25. Net loss per share

Basic and diluted net loss per share for each of the years presented are calculated as follows:

	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Numerator:			
Net loss attributable to ordinary shareholders — basic	(12,953,998)	(9,107,940)	(3,806,790)
Net loss attributable to ordinary shareholders — diluted	(12,953,998)	(9,107,940)	(3,806,790)

Denominator:			
Weighted average number of shares — basic	2,419,668,247	2,735,034,034	2,804,767,889
Weighted average number of shares — diluted	2,419,668,247	2,735,034,034	2,804,767,889
Basic net loss per share attributable to ordinary shareholders	<u>(5.35)</u>	<u>(3.33)</u>	<u>(1.36)</u>
Diluted net loss per share attributable to ordinary shareholders	<u>(5.35)</u>	<u>(3.33)</u>	<u>(1.36)</u>

Generally, basic net loss per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the period.

As a result of the modification of the Series A, A-1 and B Preferred Shares on September 21, 2010, the Series A, A-1 and B Preferred Shares were classified as separate classes of permanent equity securities with no senior or prior rights to ordinary shares, except for the dividend rights. Accordingly for the year ended December 31 2014, the “two-class” method was required to be used for the calculation of net loss per share. Since the Company did not declare any dividends for the year ended December 31 2014, the net loss per share attributable to each class would be the same under the “two-class” method for the year ended December 31 2014. As such, the three classes of shares have been presented on a combined basis in the Consolidated Statements of Operations and Comprehensive Loss and in the above computation of net loss per share.

Diluted net loss per share is computed using the weighted average number of ordinary shares, Series A, A-1 and B Preferred Shares and dilutive potential ordinary shares outstanding during the respective year. The potentially dilutive ordinary shares that were not included in the calculation of diluted net loss per share in the periods presented where their inclusion would be anti-dilutive include non-vested ordinary shares, RSUs and options to purchase ordinary shares of 63,453,677, 81,737,438 and 117,014,016 for the years ended December 31, 2014, 2015 and 2016 on a weighted average basis, respectively. For the year ended December 31 2014, the assumed conversion of the Series C Preferred Shares was anti-dilutive and excluded from the calculation of diluted net loss per share. For the year ended December 31, 2016, as JD Finance was in a loss position, the effect of redemption feature of JD Finance Preferred Shares was anti-dilutive and excluded from the calculation of diluted net loss per share.

F-66

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

26. Related party transactions

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2016:

Name of related parties	Relationship with the Group
Tencent and its subsidiaries (“Tencent Group”)	A shareholder of the Group
Shanghai Icsen and its subsidiaries (“Shanghai Icsen Group”)	An investee of the Group and has been fully acquired since April 2016
Staging Finance Holding Ltd. and its subsidiaries (“Staging Finance Group”)	An investee of the Group
China Business Infinite Co., Ltd. and its subsidiaries (“Business Infinite Group”)	An investee of the Group
Bitauto and its subsidiaries (“Bitauto Group”)	An investee of the Group
Tuniu and its subsidiaries (“Tuniu Group”)	An investee of the Group
Dada and its subsidiaries (“Dada Group”)	An investee of the Group

(a) The Group entered into the following transactions with the major related parties:

Transactions	For the year ended December 31,		
	2014	2015	2016
	RMB	RMB	RMB
Revenues:			
Provision of fulfillment services and sales of goods to Staging Finance Group	—	1,016,286	667,495
Provision of fulfillment services and sales of goods to Business Infinite Group	—	112,541	27,549
Commission service revenue from cooperation on advertising business with Tencent Group	95,287	139,602	184,241
Online marketplace services provided to Tencent Group	272	111	52
Provision of fulfillment services and sales of goods to Shanghai Icsen Group	164,811	6	—
Provision of fulfillment services and sales of goods to Dada Group	—	—	124,092
Traffic support, marketing and promotion services provided to Bitauto Group	—	445,526	610,722
Traffic support, marketing and promotion services provided to Tuniu Group	—	49,200	132,405
Traffic support, marketing and promotion services provided to Dada Group	—	—	41,409
Operating expenses:			
Services and purchases from Shanghai Icsen Group	103,976	168,875	20,871
Services and purchases from Tencent Group	88,076	195,805	244,644
Services from Dada Group	—	—	136,515
Other income:			
Income from non-compete agreement with Dada Group	—	—	53,186

Revenues from related parties, excluding those from the major related parties as stated above, represented approximately nil, 0.01% and 0.01% of total net revenues of the Group for the years ended December 31, 2014, 2015, and 2016, respectively. Transactions with related parties included in operating expenses, excluding those with the major related parties as stated above, represented 0.01%, 0.02%, and 0.03% of total operating expenses of the Group for the years ended December 31, 2014, 2015, and 2016, respectively.

F-67

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

26. Related party transactions (Continued)

(b) The Group had the following balances with the major related parties:

	As of December 31,	
	2015 RMB	2016 RMB
Due from Tencent Group	520,094	962,002
Due from Shanghai Ison Group	105,176	—
Due from Staging Finance Group	183,260	95,021
Due from Dada Group	—	88,971
Total	808,530	1,145,994
Due to Tencent Group	(77,893)	(85,092)
Due to Business Infinite Group	(6,209)	(8,554)
Due to Tuniu Group	(721)	(12,311)
Due to Bitauto Group	(311)	—
Total	(85,134)	(105,957)
Deferred revenues in relation to traffic support, marketing and promotion services to be provided to Bitauto Group	(2,599,742)	(1,989,020)
Deferred revenues in relation to traffic support, marketing and promotion services to be provided to Tuniu Group	(611,015)	(478,610)
Deferred revenues in relation to traffic support, marketing and promotion services to be provided to Dada Group	—	(393,549)
Total	(3,210,757)	(2,861,179)
Other liabilities in relation to non-compete obligation to Dada Group	—	(523,296)
Total	—	(523,296)

As of December 31, 2015 and 2016, the Group recorded amount due from related parties other than the major related parties as stated above of RMB54,986 and RMB264,056, which represented approximately 0.50% and 1.34% of the Group's total accounts receivable, net and prepayments and other current assets, respectively. As of December 31, 2015 and 2016, the Group recorded amount due to related parties other than the major related parties and deferred revenues in relation to traffic support, marketing and promotion services to be provided to related parties other than the major related parties as stated above of RMB79,064 and RMB147,224, which represented approximately 0.19% and 0.19% of the Group's total accounts payable, accrued expenses and other current liabilities, deferred revenues and other non-current liabilities, respectively. The Group believes that the terms of the agreements with the related parties are comparable to the terms in arm's-length transactions with third-party customers and vendors.

27. Segment reporting

The Group has determined that it operates in two operating segments: (1) JD Mall, (2) New Businesses. JD Mall represents traditional e-commerce business. New businesses include JD Finance, O2O, insurance, technology initiatives as well as overseas business. New businesses also include the business of Paipai.com for the years ended December 31, 2014 and 2015.

The Group derives the results of the segments directly from its internal management reporting system. The CODM measures the performance of each segment based on metrics of revenue and earnings from operations and uses these results to evaluate the performance of, and to allocate resources to, each of the segments. The Group currently does not allocate assets, share-based compensation expenses and certain operating expenses to its segments, as the CODM does not use such information to allocate resources to or evaluate the performance of the operating segments. As most of the Group's long-lived assets are located in the PRC and most of the Group's revenues are derived from the PRC, no geographical information is presented.

The table below provides a summary of the Group's operating segment results for the years ended December 31, 2014, 2015 and 2016.

F-68

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

27. Segment reporting (Continued)

	For the year ended December 31,		
	2014 RMB	2015 RMB	2016 RMB
Net revenues:			
JD Mall	114,789,808	180,951,872	258,131,979
New Businesses	632,724	2,014,242	4,572,335
Inter-segment*	(420,215)	(1,690,689)	(2,582,669)
Total consolidated net revenues	115,002,317	181,275,425	260,121,645
Operating income/(loss):			
JD Mall	194,597	479,071	2,289,359
New Businesses**	(691,478)	(2,339,289)	(1,784,903)
Inter-segment*	53,471	275,832	452,034
Total segment operating income/(loss)	(443,410)	(1,584,386)	956,490
Unallocated expenses (***)	(5,359,027)	(4,886,600)	(3,101,387)
Total consolidated operating loss	(5,802,437)	(6,470,986)	(2,144,897)
Total other income/(expense)	825,403	(2,660,782)	(1,089,327)

(*) The inter-segment eliminations mainly consist of revenues related to payment processing and financing services provided by JD Finance to JD Mall, and promotion and advertising services provided by JD Mall to New Businesses.

(**) The operating loss of New Businesses included the interest revenue of RMB94,618, RMB384,139 and RMB1,397,799 for the years ended December 31, 2014, 2015 and 2016, respectively, and interest expense of nil, nil and RMB845,074 for the years ended December 31, 2014, 2015 and 2016, respectively.

(***) Unallocated items include revenue from business cooperation arrangements with equity investees, share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, and impairment of goodwill and intangible assets, which are not allocated to segments.

As of December 31, 2016 and December 31, 2015, the balances of consumer financing, supply chain financing and business financing that affected the balances of accounts receivable, advance to suppliers, loan receivables, amount due from related parties, other non-current assets and accounts payable were as follows:

The balances of consumer financing and business financing of RMB14.3 billion, RMB0.6 billion as of December 31, 2016 and RMB6.4 billion, RMB0.3 billion as of December 31, 2015, respectively were included in the accounts receivables, net.

The balances of supply chain financing of RMB1.2 billion as of December 31, 2016, and RMB0.2 billion as of December 31, 2015, respectively were included in advance to suppliers.

The balances of consumer financing and supply chain financing provided in the marketplace business of RMB9.3 billion, RMB3.4 billion as of December 31, 2016 and RMB2.6 billion, RMB1.1 billion as of December 31, 2015, respectively were included in loan receivables.

The balances of business financing of RMB0.1 billion as of December 31, 2016 and RMB0.2 billion as of December 31, 2015, respectively were included in amount due from related parties.

The balances of consumer financing of RMB1.7 billion as of December 31, 2016 and RMB1.0 billion as of December 31, 2015, respectively were included in other non-current assets.

The balances of supply chain financing of RMB7.0 billion as of December 31, 2016 and RMB4.7 billion as of December 31, 2015, respectively were net off in the accounts payable.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

28. Employee benefit

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, VIEs and VIEs' subsidiaries of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefit expenses, which were expensed as incurred, were approximately RMB903,494, RMB1,815,532 and RMB2,798,830 for the years ended December 31, 2014, 2015 and 2016, respectively.

29. Lines of credit

As of December 31, 2016, the Group had agreements with 21 PRC commercial banks for unsecured revolving lines of credit, and increased its revolving lines of credit to RMB21,660,000. The Company was in compliance with the financial covenants, if any, under those lines of credit as of December 31, 2016.

As of December 31, 2016, under the lines of credit, the Company had RMB2,000,000 outstanding for the liquidity loans, RMB8,841,710 reserved for the issuance of bank acceptance, RMB187,662 reserved for the bank guarantee and RMB826,973 outstanding for the bank factoring.

30. Commitments and contingencies

Operating lease commitments

The Group leases office, fulfillment centers and bandwidth under non-cancelable operating lease agreements. The rental and bandwidth leasing expenses were RMB1,084,264, RMB1,917,683 and RMB2,833,736 for the years ended December 31, 2014, 2015 and 2016, respectively, and were charged to Consolidated Statements of Operations and Comprehensive Loss when incurred.

Future minimum lease payments under non-cancelable operating lease agreements with initial terms of one year or more consist of the following:

	Office and fulfillment centers rental RMB	Bandwidth leasing RMB	Total RMB
2017	1,821,161	263,319	2,084,480
2018	1,112,847	116,758	1,229,605
2019	708,482	99,325	807,807
2020	534,364	23,533	557,897
2021	283,150	1,380	284,530
2022 and Thereafter	413,337	5,312	418,649
	<u>4,873,341</u>	<u>509,627</u>	<u>5,382,968</u>

Capital commitments

The Group's capital commitments primarily relate to commitments on construction of office building and warehouses. Total capital commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB1,920,971 as of December 31, 2016. All of these capital commitments will be fulfilled in the following years according to the construction progress.

Long-Term Debt Obligations

The Group's long-term debt obligations include unsecured senior notes and nonrecourse securitization debt which consists of asset-backed debt securities issued in connection with securitization of certain financial assets. The amounts exclude the corresponding interest payable. The expected repayment schedule of the unsecured senior notes has been disclosed in Note 15. The expected repayment amount of the nonrecourse securitization debt is approximately RMB9,389,213 and RMB4,077,627 for the years ended December 31, 2017 and 2018, respectively.

F-70

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

30. Commitments and contingencies (Continued)

Legal proceedings

From time to time, the Group is subject to legal proceedings and claims in the ordinary course of business. Third parties assert patent infringement claims against the Group from time to time in the form of letters, lawsuits and other forms of communication. In addition, from time to time, the Group receives notification from customers claiming that they are entitled to indemnification or other obligations from the Group related to infringement claims made against them by third parties. Litigation, even if the Group is ultimately successful, can be costly and divert management's attention away from the day-to-day operations of the Group.

The Group records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Group reviews the need for any such liability on a regular basis. The Group has not recorded any material liabilities in this regard as of December 31, 2014, 2015 and 2016.

31. Restricted net assets

The Group's ability to pay dividends is primarily dependent on the Group receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's subsidiaries, VIEs and VIEs' subsidiaries incorporated in PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's subsidiaries.

In accordance with the PRC Regulations on Enterprises with Foreign Investment, a foreign invested enterprise established in the PRC is required to provide certain statutory reserve funds, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profits as reported in the enterprise's PRC statutory financial statements. A foreign invested enterprise is required to allocate at least 10% of its annual after-tax profits to the general reserve fund until such reserve fund has reached 50% of its registered capital based on the enterprise's PRC statutory financial statements. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign invested enterprises. The aforementioned reserved funds can only be used for specific purposes and are not distributable as cash dividends.

Additionally, in accordance with the Company Law of the PRC, a domestic enterprise is required to provide statutory surplus fund at least 10% of its annual after-tax profits until such statutory surplus fund has reached 50% of its registered capital based on the enterprise's PRC statutory financial statements. A domestic enterprise is also required to provide discretionary surplus fund, at the discretion of the board of directors, from the net profits reported in the enterprise's PRC statutory financial statements. The aforementioned reserve funds can only be used for specific purposes and are not distributable as cash dividends.

As a result of these PRC laws and regulations that require annual appropriations of 10% of net after-tax profits to be set aside prior to payment of dividends as general reserve fund or statutory surplus fund, the Group's PRC subsidiaries, VIEs and VIEs' subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

Amounts restricted include paid-in capital and statutory reserve funds, as determined pursuant to PRC GAAP, totaling approximately RMB29,080,653 as of December 31, 2016; therefore in accordance with Rules 4.08 (e) (3) of Regulation S-X, the condensed parent company only financial statements as of December 31, 2015 and 2016 and for the years ended December 31, 2014, 2015 and 2016 are disclosed in Note 33.

F-71

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

32. Subsequent events

On March 1, 2017, JD.com entered into definitive agreements relating to the reorganization of JD Finance, which runs JD.com's internet finance business. Pursuant to the definitive agreements, JD.com will dispose of all its equity stake of 68.6% in JD Finance so that JD.com will hold neither legal ownership nor effective control of JD Finance, and will receive approximately RMB14,300,000 in cash upon transaction closing and 40% of the future pre-tax profit of JD Finance when JD Finance has a positive pre-tax income on a cumulative basis. In addition, JD.com will be able to convert its profit sharing right with respect to JD Finance into 40% of JD Finance's equity interest, subject to applicable regulatory approvals.

Mr. Richard Qiangdong Liu, JD.com's Chairman of the Board and Chief Executive Officer, will acquire an approximately 4.3% equity stake of JD Finance at the same price as third-party investors and pursuant to the same set of definitive agreements. Mr. Richard Qiangdong Liu will also obtain a majority of voting rights in JD Finance through his equity stake and voting proxy and/or other arrangement with other investors and ESOP participants.

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

33. Parent company only condensed financial information

The Company performed a test on the restricted net assets of consolidated subsidiaries, VIEs and VIEs' subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the parent company only.

The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

The Company did not have significant capital and other commitments, or guarantees as of December 31, 2016.

Condensed Balance Sheets

	As of December 31,		
	2015 RMB	2016 RMB	US\$ Note 2(h)
ASSETS			
Current assets:			
Cash and cash equivalents	8,942,549	6,116,574	880,970
Prepayments and other current assets	11,349	38,160	5,496
Total current assets	8,953,898	6,154,734	886,466
Non-current assets:			
Investments in subsidiaries, VIEs and VIEs' subsidiaries	16,523,355	30,006,536	4,321,840
Investment securities	103,363	38,226	5,506
Intangible assets, net	5,056,644	4,615,708	664,800
Total non-current assets	21,683,362	34,660,470	4,992,146
Total assets	30,637,260	40,815,204	5,878,612
LIABILITIES			
Current liabilities:			
Accrued expenses and other liabilities	54,227	91,292	13,150
Total current liabilities	54,227	91,292	13,150
Non-current liabilities:			
Unsecured senior notes	—	6,831,012	983,870
Total non-current liabilities	—	6,831,012	983,870
Total liabilities	54,227	6,922,304	997,020
SHAREHOLDERS' EQUITY:			
Ordinary shares (US\$0.00002 par value; 100,000,000,000 shares authorized; 2,313,578,195 Class A ordinary shares issued and 2,287,701,055 outstanding, 480,178,455 Class B ordinary shares issued and 454,289,431 outstanding as of December 31, 2015; 2,467,134,904 Class A ordinary shares issued and 2,384,954,010 outstanding, 471,573,995 Class B ordinary shares issued and 451,490,387 outstanding as of December 31, 2016)	358	377	54
Additional paid-in capital	48,393,126	59,258,417	8,534,987
Statutory reserves	55,560	132,938	19,147
Treasury stock	(3)	(5,181,880)	(746,346)
Accumulated deficit	(18,420,834)	(21,860,345)	(3,148,545)
Accumulated other comprehensive income	554,826	1,543,393	222,295
Total shareholders' equity	30,583,033	33,892,900	4,881,592
Total liabilities and shareholders' equity	30,637,260	40,815,204	5,878,612

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

33. Parent company only condensed financial information (Continued)

Condensed Statements of Operations and Comprehensive Loss

	For the year ended December 31,			
	2014 RMB	2015 RMB	2016 RMB	US\$

Operating expenses				
Marketing	(915,455)	(1,221,580)	(1,218,760)	(175,538)
General and administrative	(3,834,699)	(445,095)	(577,350)	(83,156)
Loss from operations	(4,750,154)	(1,666,675)	(1,796,110)	(258,694)
Equity in loss of subsidiaries, VIEs and VIEs' subsidiaries	(449,816)	(7,520,216)	(1,948,761)	(280,678)
Interest income	183,294	143,757	55,373	7,975
Interest expense	—	—	(164,910)	(23,752)
Others, net	20,318	(64,806)	47,618	6,858
Net loss	(4,996,358)	(9,107,940)	(3,806,790)	(548,291)
Preferred shares redemption value accretion	(7,957,640)	—	—	—
Net loss attributable to ordinary shareholders	(12,953,998)	(9,107,940)	(3,806,790)	(548,291)
Net loss	(4,996,358)	(9,107,940)	(3,806,790)	(548,291)
Other comprehensive loss:				
Foreign currency translation adjustments	(121,612)	953,573	943,616	135,909
Net change in unrealized gains/(losses) on available-for-sale securities:				
Unrealized gains/(losses), nil of tax	71,286	(238,852)	(78,792)	(11,349)
Reclassification adjustment for (gains)/losses recorded in net income, nil of tax	(57,181)	216,230	123,743	17,823
Net unrealized gains/(losses) on available-for-sale securities	14,105	(22,622)	44,951	6,474
Total other comprehensive income/(loss)	(107,507)	930,951	988,567	142,383
Total comprehensive loss	(5,103,865)	(8,176,989)	(2,818,223)	(405,908)

F-74

[Table of Contents](#)

JD.com, Inc.
Notes to the Consolidated Financial Statements
(All amounts in thousands, except for share and per share data)

33. Parent company only condensed financial information (Continued)**Condensed Statements of Cash Flows**

	For the year ended December 31,			
	2014 RMB	2015 RMB	2016 RMB	USS Note 2(h)
Net cash provided by/(used in) operating activities	101,150	169,018	(33,756)	(4,861)
Cash flows from investing activities:				
Purchase of short-term investments	(6,119,000)	—	—	—
Maturity of short-term investments	—	6,367,600	—	—
Purchases of investment securities	—	(92,090)	—	—
Cash received from disposal of investment securities	—	—	16,440	2,368
Prepayments and investments in subsidiaries, VIEs and VIEs' subsidiaries	(4,264,147)	(5,695,660)	(3,733,972)	(537,804)
Cash received from business combination, net of cash acquired	1,313,753	—	—	—
Net cash provided by/(used in) investing activities	(9,069,394)	579,850	(3,717,532)	(535,436)
Cash flows from financing activities:				
Proceeds from issuance of ordinary shares, net	17,447,653	—	—	—
Repurchase of ordinary shares	—	—	(5,338,274)	(768,871)
Purchase of capped call options	—	—	(2,007,100)	(289,083)
Proceeds from settlement of capped call options	—	—	1,463,218	210,747
Proceeds from issuance of ordinary shares pursuant to stock plans	—	75,713	82,396	11,867
Proceeds from unsecured senior notes, net of discount and debt issuance costs	—	—	6,355,969	915,450
Net cash provided by financing activities	17,447,653	75,713	556,209	80,110
Effect of exchange rate changes on cash and cash equivalents	(363,082)	(10,834)	369,104	53,162
Net increase/(decrease) in cash and cash equivalents	8,116,327	813,747	(2,825,975)	(407,025)
Cash and cash equivalents at beginning of year	12,475	8,128,802	8,942,549	1,287,995
Cash and cash equivalents at end of year	8,128,802	8,942,549	6,116,574	880,970

Basis of presentation

The Company's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries, VIEs and VIEs' subsidiaries.

For the Company only condensed financial information, the Company records its investments in subsidiaries, VIEs and VIEs' subsidiaries under the equity method of accounting as prescribed in ASC 323, Investments-Equity Method and Joint Ventures. Such investments are presented in the Condensed Balance Sheets as "Investment in subsidiaries, VIEs and VIEs' subsidiaries" and shares in the subsidiaries, VIEs and VIEs' subsidiaries' loss are presented as "Equity in loss of subsidiaries, VIEs and VIEs' subsidiaries" in the Condensed Statements of Operations and Comprehensive Loss. The parent company only condensed financial information should be read in conjunction with the Group's consolidated financial statements.

F-75

AMENDED AND RESTATED LOAN AGREEMENT

This AMENDED AND RESTATED LOAN AGREEMENT (this “**Agreement**”), dated June 15, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

Lender: **Beijing Jingdong Century Trade Co., Ltd.**, with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

And

Borrowers: **Beijing Jingdong 360 Degree E-Commerce Co., Ltd.**

Richard Qiangdong Liu;

Pang Zhang; and

Yayun Li

(In this Agreement, the Lender and the Borrowers are individually referred to as a “**Party**”, collectively the “**Parties**”)

1. Loan

- 1.1 Subject to the terms and conditions of this Agreement, the Lender agrees to provide a loan at an aggregate amount of two hundred million (¥200,000,000) (the “**Loan**”) to the Borrowers, which Loan will be provided by Richard Qiangdong Liu, Pang Zhang and Yayun Li at the amount of RMB ninety million (¥90,000,000), RMB fifty million (¥50,000,000) and RMB sixty million (¥60,000,000) , respectively.
- 1.2 It is confirmed that the Lender has provided, and the Borrowers have received, the full amount of the Loan upon execution of this Agreement.
- 1.3 The Borrowers agree to use the Loan to pay for its investment in the registered capital of the Borrower Company and, unless with prior written consent of the Lender, will not use the Loan for any other purpose, or transfer or pledge its shares or other interests in the Borrower Company to any third party.
- 1.4 The Borrowers confirm that they have received the Loan upon execution of this Agreement and used the Loan to pay for their investments in the Registered Capital of the Borrower Company. The Borrowers may not withdraw such investment during the term of operations of the Borrower Company.
- 1.5 It is confirmed that the Lender will not charge any interest upon the Loan, unless otherwise provided herein.

2. Term of Loan

- 2.1 The term of the Loan hereunder shall be ten (10) years from the date when the Borrowers actually receive all or any part of the Loan. Unless otherwise indicated by the Lender prior to its expiration, the term of the Loan will be automatically extended for another ten (10) years, and so forth thereafter.
- 2.2 During the term or any extended term of the Loan, the Loan will become immediately due and payable by the Borrowers pursuant to the terms of this Agreement if:
 - (1) The Borrowers die or become a person incapacitated or with limited capacity for civil acts;
 - (2) The Borrowers resign or are dismissed by the Lender, the Borrower Company or any affiliate of the Lender;
 - (3) The Borrowers commit a crime or are involved in a crime;
 - (4) Any third party pursue any claim of more than RMB 100,000 against any of the Borrowers and the Lender has reasonable ground to believe that the Borrowers will not be capable to pay for such claim;
 - (5) The Lender decides to perform the Exclusive Purchase Option Agreement (as defined below) when foreign enterprises are allowed to control or wholly own the Borrower Company under applicable PRC laws;
 - (6) The Borrowers fail to comply with or perform any of their commitments or obligations under this Agreement (or any other agreement between them and the Lender), and further fails to remedy such breach within 30 business days upon its occurrence; and
 - (7) This Agreement, the Equity Pledge Agreement, or the Exclusive Purchase Option Agreement is terminated or held invalid by any court for any reason other than the Lender’s.

3. Repayment of Loan

- 3.1 The Lender and the Borrowers agree and confirm that the Loan will be repaid in the following manner only: the Borrowers will transfer all of its equity interests in the Borrower Company to the Lender or any legal or natural person designated by the Lender pursuant to requirements from the Lender.
- 3.2 The Lender and the Borrowers agree and confirm that to the extent permitted by the laws, the Lender has the right but no obligation to purchase or designate any legal or natural person designated by it to purchase all or any part of the equity interests in the Borrower Company from the Borrowers at the price set forth under the Exclusive Purchase Option Agreement.

- 3.3 It is agreed and confirmed by the Parties that the Borrowers shall be deemed to have fulfilled their repayment obligations hereunder only after both of the following conditions have been satisfied.
- (1) The Borrowers have transferred all of their equity interests in the Borrower Company to the Lender and/or its designated person; and
 - (2) The Borrowers have repaid to the Lender all of the transfer proceeds or an amount equivalent to the maximum amount permitted by the laws.
- 3.4 The Loan will be deemed as a zero interest loan if the price to transfer the equity interests in the Borrower Company to the Lender from the Borrowers concluded by the Parties under this Agreement any other related agreements is equal or less than the amount of the Loan. Under such circumstance, the Borrowers are not required to repay any remaining amount of and/or any interest upon the Loan; provided, however, that if the equity interest transfer price exceeds the amount of the Loan, the exceeding amount will be deemed as the interest upon the Loan (calculated by the highest interest permitted by the PRC laws) and financing cost thereof.
- 3.5 Notwithstanding anything to the contrary, if the Borrower Company goes bankruptcy, dissolution or is ordered for closure during the term or extended term of this Agreement, and Borrowers will liquidate the Borrower Company according to laws and all of the proceeds from such liquidation will be used to repay the principal, interest (calculated by the highest interest permitted by the PRC laws) and financing cost of the Loan.

4. **Obligations of the Borrowers**

- 4.1 The Borrowers will repay the Loan according to the provisions of this Agreement and requirements from the Lender.
- 4.2 The Borrowers will enter into an Amended and Restated Equity Pledge Agreement (the “**Equity Pledge Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers agree to pledge all of its equity interests in the Borrower Company to the Lender.
- 4.3 The Borrowers will enter into an Amended and Restated Exclusive Purchase Option Agreement (the “**Exclusive Purchase Option Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers will to the extent permitted by the PRC laws grant an irrevocable and exclusive purchase option for the Lender to purchase all or any part of the equity interest in the Borrower Company from the Borrowers.
- 4.4 The Borrowers will perform its obligations under this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, and provide support for the Lender to complete all filings, approvals, authorizations, registration and other government procedures necessary to perform such agreements.

3

- 4.5 The Borrowers will sign an irrevocable power of attorney authorizing a person designated by the Lender to exercise on their behalf all of their rights as the shareholders of the Borrower Company.

5. **Representations and Warranties**

- 5.1 The Lender represents and warrants to the Borrowers that from the date of this Agreement until termination hereof:
- (a) It is a wholly foreign-owned company duly incorporated and validly existing under the laws of the PRC;
 - (b) It has the power and receives all approvals and authorities necessary and appropriate to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its articles of association or other organizational documents;
 - (c) None of its execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between it and any third party or any covenant issued to any third party; and
 - (d) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 5.2 The Borrowers represent and warrant that from the date of this Agreement until termination hereof:
- (a) They are fully capable to conduct civil acts;
 - (b) The Borrower Company is a limited liability company incorporated and validly existing under the PRC laws, and the Borrowers are the legal owners of the Borrower Equity;
 - (c) None of their execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between them and any third party or any covenant issued to any third party;
 - (d) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrowers;
 - (e) They have paid the full investment relating to the Borrower Equity according to law, and received a verification report for such payment from a qualified accounting firm;
 - (f) Except for those provided under the Equity Pledge Agreement, they create no mortgage, pledge or any other security upon the Borrower Equity, provides no offer to any third party to transfer the Borrower Equity, make no covenant regarding any offer to purchase the Borrower Equity from any third party, or enter into any agreement with any third party to transfer the Borrower Equity;

4

- (g) There is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrowers and/or the Borrower Equity is involved; and

- (h) The Borrower Company has completed all government approvals, authorizations, licenses, registrations and filings necessary to conduct its businesses and own its assets.

6. Covenants from the Borrowers

- 6.1 The Borrowers covenant in their capacity of the shareholders of the Borrower Company that during the term of this Agreement they will procure the Borrower Company:
- (a) without prior written consent from the Lender, not to supplement, amend or modify its articles of association, or increase or decrease its registered capital, or change its capital structures of the Company;
 - (b) to maintain its existence, prudently and effectively operate its businesses and deal with its affairs in line with fair financial and business standards and customs;
 - (c) without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any of its assets, businesses or income, or allow creation of any other security interests thereupon;
 - (d) without prior written consent from the Lender, not to incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from The Lender;
 - (e) to always conduct its business operations in ordinary course to maintain the value of its assets;
 - (f) without prior written consent from the Lender, not to enter into any material agreement other than those executed in its ordinary course of business;
 - (g) not to provide any loan or credit to any party without prior written consent from the Lender;
 - (h) to provide any and all information regarding its operations and financial conditions at the request from the Lender;

5

- (i) to buy and maintain requisite insurance policies from an insurer acceptable to the Lender, the amount and type of which will be the same with those maintained by the companies having similar operations, properties or assets in the same region;
- (j) without prior written consent from the Lender, not to combine, merge with, acquire or make investment to any person;
- (k) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
- (l) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of all of its assets;
- (m) without prior written consent from the Lender, not to distribute any dividend or bonus to any of its shareholders;
- (n) to appoint any person nominated by the Lender or the parent of the Lender to its board at the request of the Lender; and
- (o) to strictly comply with the provisions of the Exclusive Purchase Option Agreement, and not to make any act or omission which may affect its validity and enforceability.

- 6.2 The Borrowers covenant during the term of this Agreement:

- (a) except those provided under the Equity Pledge Agreement and without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower Equity, or allow creation of any other security interests thereupon;
- (b) to procure the shareholders of the Borrower Company not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower Equity, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- (c) to procure the shareholders of the Borrower Company not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- (d) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower Equity;

6

- (e) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of the Borrower Equity;
- (f) not to make any act and/or omission which may affect any asset, business or liability of the Borrower Company without prior written consent from the Lender;
- (g) to appoint any person nominated by the Lender or the parent of the Lender to the board of the Borrower Company at the request of the Lender;

- (h) to the extent permitted under the PRC laws and at the request of the Lender at any time, to transfer unconditionally and immediately all of the equity interests owned by the Borrowers to the Lender or any person designated by it, and procure any other shareholder of the Borrower Company to waive the right of first refusal regarding such equity interests;
- (i) to the extent permitted under the PRC laws and at the request of the Lender at any time, to procure any other shareholder of the Borrower Company to transfer unconditionally and immediately all of the equity interests owned by such shareholder to the Lender or any person designated by it, and the Borrowers hereby waive their right of first refusal regarding such equity interests;
- (j) if the Lender purchases the Borrower Equity from the Borrowers pursuant to the Exclusive Purchase Option Agreement, to use the price of such purchase to repay the Loan to the Lender on priority; and
- (k) to strictly comply with the provisions of this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, perform its obligations under each of such agreements, and not to make any act or omission which may affect the validity and enforceability of each of such agreements.

7. Liabilities for Breach of Contract

7.1 If any party (“**Defaulting Party**”) breaches any provision of this Agreement, which causes damage to the other party (“**Non-defaulting Party**”), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) working days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may immediately take the actions pursuant to this Agreement or take other remedies in accordance with laws.

7

7.2 If the Borrowers fail to repay the Loan pursuant to the terms under this Agreement, they will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 0.02% until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrowers.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to the Lender: Beijing Jingdong Century Trade Co., Ltd.

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to the Borrowers:

Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

8

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

9. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless:

(a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

10. Applicable Law and Dispute Resolution

- 10.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 10.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospect to June 15, 2016. Once effective, this Agreement will expire until the Parties have performed their respective obligations under this Agreement.
- 11.3 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.

9

-
- 11.4 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.5 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 11.6 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.7 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.8 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 11.9 Unless with prior written consent from the Lender, the Borrowers may not assign any of their rights and obligations under this Agreement to any third party.
- 11.10 This Agreement is made in four (4) originals with each Party holding one (1) original. Each original has the same effect.

(No text below)

10

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

By: /s/ Beijing Jingdong Century Trade Co., Ltd.
(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B:

Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

Amended and Restated Equity Pledge Agreement

This AMENDED AND RESTATED EQUITY PLEDGE AGREEMENT, (this “**Agreement**”), dated June 15, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

- Party A:** **Beijing Jingdong Century Trade Co., Ltd.**
Registered address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
- Party B:** **Richard Qiangdong Liu;**

Pang Zhang; and

Yayun Li
- Party C:** **Beijing Jingdong 360 Degree E-Commerce Co., Ltd.**
Registered address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing

(Party B is referred to as “**Pledgors**” hereinafter; Party A is referred to as “**Pledgee**” hereinafter; and either the Pledgors or the Pledgee is individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.)

Whereas,

- (1) Beijing Jingdong 360 Degree E-Commerce Co., Ltd. (“**Beijing Company**”) is a limited liability company duly incorporated and validly existing under the PRC laws with the registered share capital of RMB 22 million.
- (2) The Pledgors hold 100% equity interests of Beijing Company of which 45%, 30% and 25% of the equity interests are held by Richard Qiangdong Liu, Yayun Li and Pang Zhang, respectively.
- (3) The Pledgee is a wholly foreign owned company duly incorporated and existing under the laws of the PRC.
- (4) The Pledgee and Beijing Company entered into an Amended and Restated Exclusive Technology Consulting and Service Agreement and an Amended and Restated Business Cooperation Agreement (“**Services Agreements**”) on June 15, 2016.
- (5) The Pledgor, Richard Qiangdong Liu and the Pledgee entered into an Amended and Restated Loan Agreement on June 15, 2016 (“**Loan Agreement**”), and entered into an Amended and Restated Exclusive Purchase Option Agreement on June 15, 2016 (“**Exclusive Purchase Option Agreement**”). In addition, the Pledgor delivered the amended Power of Attorney to the Pledgee on June 15, 2016 (“**Power of Attorney**”, together with the Services Agreements, Loan Agreement and Exclusive Purchase Option Agreement, collectively referred as “**Master Agreement**”).

In order to secure the Pledgor’s performance of his obligations under this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and the Power of Attorney, and in order to ensure Beijing Company to be able to perform its obligations under the Services Agreements, the Pledgor hereby pledges all the equity interests held by him in Beijing Company as the guaranty for him and/or Beijing Company’s performance of obligations under the Master Agreement.

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

1. Definition

Unless otherwise specified herein, the following words shall have the meanings as follows:

- 1.1 Pledge Right: means the priority right the Pledgee owns, with respect to the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgor to the Pledgee.
- 1.2 Pledged Equity Interests: means all the equity interests duly held by the Pledgors in Beijing Company, i.e. 100% equity interests of Beijing Company, as well as all the other rights created over it.
- 1.3 Term of Pledge: means the period of term specified in Article 3 hereof.
- 1.4 Event of Default: means any of the circumstances listed in Article 7 hereof.
- 1.5 Notice of Default: means any notice issued by the Pledgee to the Pledgors in accordance with this Agreement specifying an Event of Default.

2. Pledge Right and Scope of Guaranty

- 2.1 The Pledgor agrees to pledge all the Pledged Equity Interests to the Pledgee as the guaranty for his and/or Beijing Company’s performance of all the obligations under the Master Agreement and all the liabilities of indemnification to the Pledgee which may arise due to the invalidity or cancellation of the Master Agreement. Beijing Company agrees with such equity pledge arrangement.
- 2.2 The effect of guaranty under the Master Agreement will not be prejudiced by any amendment or change of the Master Agreement. The invalidity or cancellation of the Master Agreement does not impair the validity of this Agreement. In the event that the Master Agreement is deemed as invalid, or cancelled or revoked for any reason, the Pledgee is entitled to realized its pledge right in accordance with Article 8 hereof.

3. Creation and Term of Pledge

- 3.1 The Pledge Right hereunder shall be reflected on the register of shareholders and the capital contribution certificate in accordance with the form as attached to this Agreement.

- 3.2 The term of the Pledge Right is two (2) years effective from the registration of pledge of equity interests with the Administration for Industry and Commerce of the place where Beijing Company is registered, till the day on which all the obligations under the Master Agreement are fully performed (“**Term of Pledge**”).
- 3.3 During the Term of Pledge, if the Pledgor and/or Beijing Company fails to perform any obligation under or arising from the Master Agreement, the Pledgee has the right to dispose of the Pledge Right in accordance with Article 8 hereof.

4. Possession of Pledge Certificates

- 4.1 The Pledgor shall deliver the register of shareholders and capital contribution certificate of Beijing Company which reflects the pledge of equity interests as mentioned in above Article 3 within three (3) business days upon the pledge is recorded on such documents, to the Pledgee for its possession, and the Pledgee is obligated to keep the received pledge documents.
- 4.2 The Pledgee is entitled to all the proceeds in cash including the dividends and all the other non-cash proceeds arising from the Pledge Equity Interests since June 15, 2016.

5. Representations and Warranties of the Pledgor

- 5.1 The Pledgor is the legal owner of Pledged Equity Interests.
- 5.2 Once the Pledgee intends to exercise the rights of the Pledgee under this Agreement anytime, it shall be protected from any interference from any other party.
- 5.3 The Pledgee has the right to dispose of or transfer the Pledge Right in the way as described hereunder.
- 5.4 The Pledgor has never created any other pledge right or any other third party right over the equity interests except towards the Pledgee.

6. Covenants from the Pledgors

- 6.1 During the term of this Agreement, the Pledgor covenants to the Pledgee as follows:
- 6.1.1 Without prior written consent of the Pledgee, the Pledgor should not transfer the Pledged Equity Interests, or create or allow creation of any new pledge or any other security upon the Pledged Equity Interests which may impair the rights and/or interest of the Pledgee, except for the transfer of equity interests to the Pledgee or the person designated by the Pledgee in accordance with the Exclusive Purchase Option Agreement.
- 6.1.2 The Pledgor shall abide by and exercise all the provisions of laws and regulations in relation to the pledge of rights, and shall present the Pledgee any and all notices, directions or suggestions issued by related competent authorities within two (2) days upon the receipt of such notices, directions or suggestions, and shall comply with such notices, directions or suggestions, or present its opposite opinions and representations regarding the above mentioned issues according to the reasonable request of the Pledgee or with the consent from the Pledgee;

- 6.1.3 The Pledgor shall give prompt notice to the Pledgee regarding any occurrence or received notice which may influence the equity interests or any part of the equity interests held by the Pledgee, or may change any warranties or obligations of the Pledgor under this Agreement or may influence the performance of obligations by the Pledgor hereunder.
- 6.2 The Pledgor agrees that, the right of the Pledgee to exercise of Pledge Right hereunder in accordance with this Agreement, shall not be interfered or impaired by any legal proceedings taken by the Pledgor, or the successor or designated person of the Pledgor or any other person.
- 6.3 The Pledgor warrants to the Pledgee that, in order to protect or consummate the guaranty provided by this Agreement regarding the performance of the Master Agreement, the Pledgor will faithfully sign, or cause any other party which is materially related to the Pledge Right to sign, any and all right certificates and deeds, and/or take, or cause any other party which is materially related to the Pledge Right to take, any and all actions, reasonably required by the Pledgee, and will facilitate the exercise of the rights and authorizations granted to the Pledgee under this Agreement, enter into any change to related equity certificate with the Pledgee or the Pledgee’s designated person (individual/legal person), and provide to the Pledgee any and all notices, orders and decisions as deemed necessary by the Pledgee.
- 6.4 The Pledgor undertakes to the Pledgee he will abide by and perform all representations, warranties and undertakings to protect the interests of the Pledgee. The Pledgor shall indemnify the Pledgee any and all losses suffered by the Pledgee due to the Pledgor’s failure or partial failure in performance of his representations, warranties or undertakings.
- 6.5 The Pledgor covenants to the Pledgee that he assumes several and joint liabilities with respect to the obligations hereunder.
- 6.6 The Pledgor irrevocably agrees to waive the preemptive right with respect to the Pledged Equity Interests pledged by other shareholders of Beijing Company to the Pledgee, as well as the transfer of equity interests due to the exercise of Pledge Right by the Pledgee.

7. Event of Default

- 7.1 Any of the following is deemed as a Event of Default:
- 7.1.1 Beijing Company fails to perform its obligations under the Master Agreement;

- 7.1.2 Any representation or warranty of the Pledgor under this Agreement is substantially misleading or untrue, and/or the Pledgor breaches any of his representations and warranties under this Agreement;
- 7.1.3 The Pledgor breaches his covenants hereunder;
- 7.1.4 The Pledgor breaches any provision hereof;
- 7.1.5 Except that the Pledgor transfers the equity interests to the Pledgee or the Pledgee's designated person in accordance with the Exclusive Purchase Option Agreement, the Pledgor waives the Pledged Equity Interests or transfers the Pledged Equity Interests without the written consent from the Pledgee;
- 7.1.6 Any external borrowings, guaranty, indemnification, undertakings or any other liabilities of the Pledgor (1) is required to be repaid or exercised early due to its default; or (2) is not repaid or exercised when due, which makes the Pledgee reasonably believes that the ability of the Pledgor to perform his obligations under this Agreement has been impaired.
- 7.1.7 The Pledgor fails to repay general debts or other liabilities;
- 7.1.8 This Agreement is deemed to be illegal with promulgation of related laws, or the Pledgor is unable to continue to perform his obligations hereunder;
- 7.1.9 The consent, permit, approval or authorization from the competent authorities for making this Agreement enforceable, legal or valid is revoked, suspended, invalidated or materially amended;
- 7.1.10 Adverse change occur with respect to the assets of the Pledgor, which makes the Pledgee reasonably believes that the ability of the Pledgor to perform his obligations under this Agreement has been impaired.
- 7.1.11 Successor of the Pledgor or Beijing Company can only perform part of, or refuses to perform, its obligations under this Agreement.
- 7.1.12 Other circumstances occur which make the Pledgee unable to exercise or dispose of the Pledge Right in accordance with related laws.
- 7.2 In the event that is aware of or discover that any issue described in the above Article 7.1 or any other issue which may cause the occurrence of such mentioned issues has occurred, the Pledgor shall give a prompt written notice to the Pledgee.
- 7.3 Unless that the Event of Default specified in above Article 7.1 has been resolved to the satisfaction of the Pledgee, otherwise the Pledgee is entitled to (not obligated to) serve a Notice of Default to the Pledgor immediately following or any time after the occurrence of the Event of Default, to require the Pledgor and Beijing Company to immediately perform its obligations under the Master Agreement (including without limitation to payment of the due and unpaid debts and other amounts payable under the Services Agreements) or dispose of the Pledge Right in accordance with Article 8 hereof.

5

8. Exercise of Pledge Right

- 8.1 Prior to the fulfillment of performance of the obligations under the Master Agreement, the Pledgor should not transfer the Pledged Equity Interests without the written consent of the Pledgee.
- 8.2 In the event of occurrence of the Event of Default described in above Article 7, the Pledgee shall give a Notice of Default to the Pledgor when exercising the Pledge Right. The Pledgee may exercise the right to dispose of the Pledge Right at the same time of or any time after the service of the Notice of Default.
- 8.3 The Pledgee has the right to sell in accordance with legal procedure or dispose of in the other way allowed by law the Pledged Equity Interests hereunder. If the Pledgee decides to exercise the Pledge Right, the Pledgor undertakes to transfer all of his shareholder rights to the Pledgee for exercise. In addition, the Pledgee has the priority to receive the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgor to the Pledgee according to the legal proceedings.
- 8.4 When the Pledgee is disposing of the Pledge Right in accordance with this Agreement, the Pledgor should not create any obstacle, and shall provide any necessary assistance to help the Pledgee to realize the Pledge Right.

9. Transfer of Agreement

- 9.1 Unless with the prior consent from the Pledgee, the Pledgor has no right to grant or transfer any of his rights and obligations hereunder.
- 9.2 This Agreement is binding upon the Pledgor and his successor, as well as the Pledgee and its successors and assignees permitted by the Pledgee.
- 9.3 The Pledgee is entitled to transfer any or all rights and obligations under the Master Agreement to any person (individual/legal person) designated by it at anytime. Under this circumstance, the assignee has the same rights and obligations as the Pledgee under this Agreement, as if such rights and obligations are granted to it as a party to this Agreement. When transferring the rights and obligations under the Services Agreements, this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and/or Power of Attorney, the Pledgors shall sign any and all related agreement and/or documents as required by the Pledgee.
- 9.4 With the change of pledgee due to the transfer, all the parties to the new pledge shall enter into a new pledge contract, which shall be substantially same to this Agreement in the content and to the satisfaction of the Pledgee.

6

10. Effectiveness and Termination

- 10.1 This Agreement becomes effective on the date hereof. All Parties agree and confirm that the terms and conditions hereof become effective since June 15, 2016. This Agreement will supersede the Original Equity Pledge Agreement reached among the parties prior to the conclusion of this Agreement.
- 10.2 The Parties confirm that whether the pledge hereunder has been registered and recorded or not will not impair the effectiveness and validity of this Agreement.
- 10.3 This Agreement will terminate two (2) years after the Pledgor and /or Beijing Company no longer assume any liability under or arising from the Master Agreement.
- 10.4 Release of pledge shall be recorded accordingly on the register of shareholders of Beijing Company and related deregistration formalities shall be proceeded with at the Administration for Industry and Commerce of the place where Beijing Company is registered.

11. Processing Fee and Other Costs

All fees and actual costs related to this Agreement, including not limited to legal fees, processing fee, duty stamp and all the other related taxes and expenses shall be borne by the Pledgor. If related taxes is borne by the Pledgee in accordance with laws, then the Pledgor shall fully indemnify the Pledgee all the taxes withheld by the Pledgee.

12. Force Majeure

- 12.1 "Force Majeure Event" shall mean any event beyond the reasonable controls of the Party so affected, which are unpredictable, unavoidable, irresistible even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosion, geographical variations, storms, floods, earthquakes, morning and evening tides, lightning or wars, riot, strike, and any other such events that all Parties have reached a consensus upon. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party.
- 12.2 In the event that the performance of this Agreement is delayed or interrupted due to the said Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. The affected Party which intends to seek exemption from its obligations of performance under this Agreement or any provision of this Agreement shall immediately inform the other Party of such a Force Majeure Event and the measures it needs to take in order to complete its performance.

13. Dispute Resolution

- 13.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.

7

- 13.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

14. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to the Pledgee: Beijing Jingdong Century Trade Co., Ltd.

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990
Attention: Richard Qiangdong Liu

If to the Pledgors: Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990

8

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing

Phone: 010-58955008
Facsimile: 010-58955990

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990

15. Miscellaneous

- 15.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 15.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 15.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 15.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement duly signed by the Parties is an integral part of and has the same effect with this Agreement.
- 15.5 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 15.6 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 15.7 Any schedule hereto is an integral part of and has the same effect with this Agreement.

9

- 15.8 This Agreement is made in five (5) originals with each Party holding one (1) original. And other originals are submitted to the AIC for proceeding with the formalities of registration of pledge of equity interests.

[No text below]

10

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

(seal)

By: /s/ Richard Qiangdong Liu

Party B: Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Yayun Li

By: /s/ Yayun Li

Pang Zhang

By: /s/ Pang Zhang

Party C: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

By: /s/ Beijing Jingdong 360 Degree E-Commerce Co., Ltd.
(Seal of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Signature page for the Amended and Restated Equity Pledge Agreement

11

Schedule 1:

Register of Shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Name of Shareholder	Capital Contribution Amount/Shareholding Percentage	Registration of Pledge
Richard Qiangdong Liu	RMB 90,000,000 45%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.
Yayun Li	RMB 60,000,000 30%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.
Pang Zhang	RMB 50,000,000 25%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Pang Zhang has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jingdong 360 Degree E-Commerce Co., Ltd. (seal)

(Seal of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.)

/s/ Richard Qiangdong Liu

Legal representative (signature)

Date: June 15, 2016

Schedule 2:

Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 001)

Company: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Date of Incorporation: April 4, 2007

Registered Capital: RMB 200,000,000

Shareholder: Richard Qiangdong Liu

Capital Contributed by Shareholder: RMB 90,000,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jingdong 360 Degree E-Commerce Co., Ltd. (seal)

Signature: (Seal of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.)

Name: Richard Qiangdong Liu

Title: Legal representative

Date: June 15, 2016

Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 002)

Company: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Date of Incorporation: April 4, 2007

Registered Capital: RMB 200,000,000

Shareholder: Yayun Li

Capital Contributed by Shareholder: RMB 60,000,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jingdong 360 Degree E-Commerce Co., Ltd. (seal)

Signature: (Seal of Beijing Jingdong 360 Degree
E-Commerce Co., Ltd.)

Name: Richard Qiangdong Liu

Title: Legal representative

Date: June 15, 2016

14

Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 003)

Company: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

Date of Incorporation: April 4, 2007

Registered Capital: RMB 200,000,000

Shareholder: Pang Zhang

Capital Contributed by Shareholder: RMB 50,000,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated June 15, 2016, Pang Zhang has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jingdong 360 Degree E-Commerce Co., Ltd. (seal)

Signature: (Seal of Beijing Jingdong 360 Degree
E-Commerce Co., Ltd.)

Name: Richard Qiangdong Liu

Title: Legal representative

Date: June 15, 2016

15

Power of Attorney

The undersigned, Richard Qiangdong Liu, a citizen of the People's Republic of China (the "PRC") and a holder of 45% of the equity interests of Beijing Jingdong 360 Degree E-Commerce Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trade Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Richard Qiangdong Liu

Dated: June 15, 2016

Power of Attorney

The undersigned, Pang Zhang, a citizen of the People's Republic of China (the "PRC") and a holder of 25% of the equity interests of Beijing Jingdong 360 Degree E-Commerce Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trade Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Pang Zhang

Dated: June 15, 2016

Power of Attorney

The undersigned, Yayun Li, a citizen of the People's Republic of China (the "PRC") and a holder of 30% of the equity interests of Beijing Jingdong 360 Degree E-Commerce Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trade Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Yayun Li

Dated: June 15, 2016

AMENDED AND RESTATED EXCLUSIVE PURCHASE OPTION AGREEMENT

This AMENDED AND RESTATED EXCLUSIVE PURCHASE OPTION AGREEMENT (this “**Agreement**”), dated June 15, 2016, is made in Beijing, the People’s Republic of China (the “**PRC**”) by and among:

Party A: **Beijing Jingdong Century Trade Co., Ltd.**, a wholly foreign owned company incorporated in the PRC with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

Party B: **Richard Qiangdong Liu;**
Pang Zhang; and
Yayun Li

And

Party C: **Beijing Jingdong 360 Degree E-Commerce Co., Ltd.**, a limited liability company incorporated and existing under the laws of the PRC, with registered address at Room B186, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing.

(Party A, Party B and Party C individually being referred to as a “**Party**” and collectively the “**Parties**”) Whereas,

- Party C is a limited liability company duly incorporated and validly existing under the PRC laws. Party B has an aggregate holding of 100% equity interests in Party C, with Richard Qiangdong Liu, Yayun Li and Pang Zhang holding 45%, 30% and 25% thereof, respectively;
- Party A and Party B have made an Amended and Restated Loan Agreement (the “**Loan Agreement**”) and an Amended and Restated Equity Pledge Agreement (the “**Equity Pledge Agreement**”) dated June 15, 2016;

NOW, THEREFORE, the Parties hereby agree as follows through negotiations:

1. Purchase and Sale of Equity Interests

1.1 Grant of Right

Party B hereby exclusively and irrevocably grants Party A an exclusive option to purchase or designate one or several person(s) (the “**Designated Person**”) to purchase all or any part of the equity interests held by Party B in Party C (the “**Purchase Option**”) at any time from Party B at the price specified in Article 1.3 of this Agreement in accordance with the procedures determined by Party A at its own discretion and to the extent permitted by the PRC laws. No party other than Party A and the Designated Person may have the Purchase Option. Party C hereby agrees Party B to grant the Purchase Option to Party A. For purpose of this Section 1.1 and this Agreement, “**person**” means any individual, corporation, joint venture, partnership, enterprise, trust or non-corporation organization.

1

1.2 Procedures

Party A may exercise the Purchase Option subject to its compliance with the PRC laws and regulations. Upon exercising the Purchase Option, Party A will issue a written notice (the “**Equity Interest Purchase Notice**”) to Party B which notice will specify: (i) Party A’s decision to exercise the Purchase Option; (ii) the percentage of equity interest to be purchased from Party B (the “**Purchased Equity Interest**”); (iii) the date of purchase/equity interest transfer, and (iv) and the purchase price.

1.3 Purchase Price

1.3.1 When Party A exercises the Purchase Option, the purchase price of the Purchased Equity Interest (“**Purchase Price**”) shall be equal to the registered capital paid by Party B for the Purchased Equity Interest, unless applicable PRC laws and regulations require appraisal of the Purchased Equity Interest or any other restriction on the Purchase Price.

1.3.2 If applicable PRC laws require appraisal of the Purchased Equity Interest or any other restrictions on the Purchase Price in connection with exercise of the Purchase Option by Parties A, Party A and Party B agree that the Purchase Price of the Purchased Equity Interest shall be the lowest price permissible under applicable laws. If the lowest price permissible under applicable laws is higher than the registered capital corresponding to the Purchased Equity Interest, the amount of the exceeding balance shall be repaid to Party A by Party B according to the Loan Agreement.

1.4 Transfer of the Purchased Equity Interest

When Party A exercises the Purchase Option:

- Party B shall cause Party C to promptly convene a shareholders’ meeting, during which a resolution shall be adopted to approve transfer of the equity interest to Party A and/or the Designated Person and waiver of its right of first refusal regarding the Purchased Equity Interest by Party B;
- Party B shall enter into an equity interest transfer agreement with Party A and/or the Designated Person pursuant to the terms and conditions of this Agreement and the Purchase Notice;
- The Parties shall execute all other contracts, agreements or documents, obtain all governmental approvals and consents, and conduct all actions that are necessary to transfer the ownership of the Purchased Equity Interest to Party A and/or the Designated Person free from any security interest and cause Party A and/or the Designated Person to be registered as the owner of the Purchased Equity Interest. For the purpose of this Section 1.4.3 and this Agreement, “**Security Interest**” includes guarantees, mortgages, pledges, third-party rights or interests, any purchase option, right of acquisition, right of first refusal, right of set-off, ownership detention or other security arrangements, but excludes any security interest arising from this Agreement or the Equity Pledge Agreement.

2

(4) Party B and Party C shall unconditionally use its best efforts to assist Party A in obtaining the governmental approvals, permits, registrations, filings and complete all formalities necessary for the transfer of the Purchased Equity Interest.

2. Covenants regarding the Equity Interest

2.1 Party C hereby covenants that:

- (1) Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;
- (2) It will maintain due existence of Party C, prudently and effectively operate and handle its business in accordance with fair financial and business standards and customs;
- (3) Without prior written consent of Party A and as of the date of this Agreement, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any assets, businesses or income of Party C, or permit existence of such security interest;
- (4) Without prior written consent by Party A, it will not incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from Party A;
- (5) It will always conduct business operations in the ordinary course to maintain its asset value, and refrain from any action/omission that may adversely affect its business operations and asset value;
- (6) Without prior written consent by Party A, not to enter into any material agreement other than those executed in its ordinary course of business;
- (7) Without prior written consent by Party A, it will not provide any loan or guaranty to any person;
- (8) Upon Party A's request, it will provide Party A with information regarding its operations and financial conditions;
- (9) It will buy and maintain requisite insurance policies from an insurer acceptable to Party A, the amount and type of which will be the same with those maintained by the companies having similar operations, properties or assets in the same region;
- (10) Without prior written consent by Party A, it will not combine, merge with, acquire or make investment to any person;
- (11) It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;

3

(12) In order to keep its ownership of the equity interest of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims; and

(13) Without prior written consent by Party A, it will not distribute any dividend or bonus to any of its shareholders.

2.2 Party B hereby covenants that:

- (1) Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;
- (2) Without the prior written consent by Party A, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;
- (3) It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve Party C to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;
- (4) It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve merger, consolidation, purchase or investment with or any person by Party C;
- (5) It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
- (6) It will cause Party C's shareholders' meeting to vote for the transfer of the Purchased Equity Interest provided hereunder;
- (7) In order to keep its ownership of the equity interests of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;
- (8) At the request of Party A, it will appoint any person nominated by Party A to the board of Party C;
- (9) At the request of Party A at any time, it will transfer unconditionally and immediately the Purchased Equity Interest to Party A or any Designated Person and waive the right of first refusal regarding the Purchased Equity Interest. If the equity interest of Party C could be sold or transferred to any party other than Party A or the Designated Person, Party B may not waive its right of first refusal without Party A's consent;

4

(10) It will strictly comply with the provisions of this Agreement and other agreements jointly or severally executed by any of the Parties, duly perform all obligations under such agreements, and will not make any act or omission which may affect the validity and enforceability of these agreements; and

(11) It irrevocably undertakes to be severally and jointly liable for the obligations provided hereunder.

2.3 Party A hereby covenants that:

To satisfy the cash flow requirements with regard to the business operations of Party C or make up Party C's losses accrued through such operations, Party A agrees that it shall, through itself or its designated person, provide financial support to Party C.

3. Representations and Warranties

Each of Party B and Party C represents and warrants, jointly and severally, to Party A that as of the date of this Agreement:

- (1) It has the rights and powers to execute and deliver this Agreement and any equity interest transfer agreement (the "**Transfer Agreement**") executed for each transfer of the Purchased Equity Interest contemplated hereunder to which it is a party, and perform its obligations under this Agreement and any Transfer Agreement. Once executed, this Agreement and the Transfer Agreement to which it is a party will be its legal, valid and binding obligations and enforceable against it according to the terms of this Agreement and the Transfer Agreement.
- (2) None of its execution, delivery and performance of this Agreement or any Transfer Agreement will: (i) breach any applicable PRC laws; (ii) conflict with its articles of association or any other organizational documents; (iii) breach any agreement or document to which it is a party or binding upon it, or constitute breach of any such agreement or document; (iv) breach any condition on which basis any of its permits or approvals is granted and/or will continue to be effective; or (v) cause any of its permits or approvals to be suspended, cancelled or imposed with additional conditions.
- (3) Party B has good and entire ownership of and creates no security interest or encumbrance upon any of its assets.
- (4) Party C has no outstanding debt, except for those (i) incurred during its ordinary course of business, and (ii) disclosed to and approved in writing by Party A.
- (5) Party C is in compliance with all applicable laws and regulations.

4. Effectiveness and Term

- 4.1 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospect to April 27, 2007. Once effective, this Agreement will replace the Original Exclusive Purchase Option Agreement.

5

-
- 4.2 The term of this Agreement is ten (10) years. This Agreement may be extended for another ten (10) years upon Party A's written confirmation prior to the expiration of this Agreement, and so forth thereafter.
 - 4.3 During the term provided in Section 4.2, if Party A or Party C is terminated at expiration of their respective operation term (including any extension of such term) or by any other reason, this Agreement shall be terminated upon such termination.

5. Termination

- 5.1 At any time during the term of this Agreement and any extended term hereof, if Party A can not exercise the Purchase Option pursuant to Section 1 due to then applicable laws, Party A can, at its own discretion, unconditionally terminate this Agreement by issuing a written notice to Party B without any liability.
- 5.2 If Party C is terminated due to bankruptcy, dissolution or being ordered to close down by the laws during the term of this Agreement and its extension period, the obligations of Party B hereunder shall be terminated upon the termination of Party C; notwithstanding anything to the contrary, Party B shall immediately repay the principal and any interest accrued thereupon under the Loan Agreement.
- 5.3 Except under circumstances indicated in Section 5.2, Party B may not unilaterally terminate this Agreement at any time during the term and extension periods of this Agreement without Party A's written consent.

6. Taxes and Expenses

Each Party shall bear any and all taxes, costs and expenses related to transfer and registration as required by the PRC laws incurred by or imposed on such Party arising from the preparation and execution of this Agreement and the consummation of the transaction contemplated hereunder.

7. Breach of Contract

- 7.1 If either Party ("**Defaulting Party**") breaches any provision of this Agreement, which causes damage to other Parties ("**Non-defaulting Party**"), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may take the actions pursuant to this Agreement or take other remedies in accordance with the laws.

7.2 The following events shall constitute a default by Party B:

- (1) Party B breaches any provision of this Agreement, or any representation or warranty made Party B under this Agreement is untrue or proves inaccurate in any material aspect;
- (2) Party B assigns or otherwise transfers or disposes of any of its rights under this Agreement without the prior written consent by Party A; or

6

(3) Any breaches by Party B which renders this Agreement, the Loan Agreement, and the Equity Pledge Agreement unenforceable.

7.3 Should a breach of contract by Party B or violation by Party B of the Loan Agreement and the Equity Pledge Agreement occur, Party A may:

- (1) request Party B to immediately transfer all or any part of the Purchased Equity Interests to Party A or the Designated Person pursuant to this Agreement; and
- (2) recover the principal and the interest accrued thereupon under the Loan Agreement.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to **Party A:** **Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to **Party B:**

Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

7

If to **Party C:** **Beijing Jingdong 360 Degree E-Commerce Co., Ltd.**

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

9. Applicable Law and Dispute Resolution

- 9.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 9.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

10. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.

8

- 11.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement
- 11.5 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.6 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.7 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 11.8 Unless with prior written consent from Party A, none of Party B or Party C may assign any of its rights and obligations under this Agreement to any third party.
- 11.9 This Agreement is made in five (5) originals with each Party holding one (1) original. Each original has the same effect.

(No text below)

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its authorized representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B:

Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

By: /s/ Yayun Li

Party C: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

/s/ Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

(Seal of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Business Operations Agreement

This Business Operations Agreement (this “**Agreement**”) is made as of June 15, 2016, in Beijing, the People’s Republic of China (the “**PRC**”) by and among:

Beijing Jingdong Century Trade Co., Ltd., with registered address at Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing (“**Party A**”)

Beijing Jingdong 360 Degree E-Commerce Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with registered address at Room 222, Building C, No. 18 Kechuang Street, Beijing Economic and Technological Development Zone, Beijing (“**Party B**”).

And

Richard Qiangdong Liu, with PRC identification number of ***;

Yayun Li, with PRC identification number of ***; and

Pang Zhang, with PRC identification number of ***

(LIU Qiangdong, Yayun Li and Pang Zhang collectively, “**Party C**”)

(Party A, Party B and Party C Individually a “**Party**”, and collectively the “**Parties**”)

WHEREAS:

- A Party A is a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC laws;
- B Party B is a limited liability company duly incorporated and validly existing under the PRC laws;
- C A business relationship has been established between Party A and Party B by entering into an Exclusive Consulting and Services Agreement, whereby Party B is required to make all payments to Party A thereunder. Therefore, the daily operations of Party B will have a material impact on its ability to pay the payables to Party A; and
- D Party C is shareholders of Party B whose 45%, 30% and 25% equity interests are respectively owned by Richard Qiangdong Liu, Yayun Li and Pang Zhang.

NOW, THEREFORE, the Parties hereby agree and intend to be legally bound as follows through friendly negotiations and in the principles of equity and mutual benefit:

1. Negative Undertakings

In order to ensure Party B’s performance of the agreements between Party A and Party B and all its obligations owed to Party A, Party B and Party C hereby confirm and agree that unless with prior written consent from Party A or a third party appointed by Party A, Party B shall not conduct any transaction which may materially affect any of its assets, businesses, employees, duties, rights or operations, including but not limited to the following:

- 1.1 to conduct any business that is beyond the normal business scope or in a manner inconsistent with past practices;
- 1.2 to borrow money or incur any debt from any third party;
- 1.3 to change or dismiss any director or to dismiss and replace any senior management member;
- 1.4 to sell to or acquire from any third party, or otherwise dispose any of its material assets or rights, including but not limited to any intellectual property rights;
- 1.5 to provide guarantee in favor of any third party or impose any encumbrance upon any of its assets (including intellectual property rights);
- 1.6 to amend its articles of association or change its scope of business;
- 1.7 to change its ordinary course of business or modify any material internal bylaws or systems;
- 1.8 to assign any of the rights or obligations under this Agreement to any third party;
- 1.9 to make significant adjustment to any of its business operations, marketing strategies, operation policies or client relations; and
- 1.10 to make any form of distribution of dividend or bonus.

2. Operational and Human Resource Management

- 2.1 Party B and Party C hereby agree to accept and strictly perform the comments and instructions from Party A from time to time regarding employment and dismissal of its employees, the daily business management and financial management.
- 2.2 Party B and Party C hereby jointly and severally agree that Party C shall appoint the person elected in accordance with the procedures required by applicable laws and regulations and the articles of association of Party B or designated by Party A as director (or managing director) or supervisor of Party B, and cause such director to elect the person recommended by Party A as the chairman of the board (if any), and appoint the persons designated by Party A as Party B’s General Manager, Chief Financial Officer, and other officers.

- 2.3 If any of the above directors or officers resigns or is dismissed by Party A, he or she will lose the qualification to hold any position in Party B and, under such circumstance, Party C shall remove such person from his or her position in Party B and immediately elect or appoint any other candidate designated by Party A to assume such position.
- 2.4 For the purpose of Section 2.3, Party C shall effect all internal or external procedures necessary to accomplish the dismissal and appointment in accordance with relevant laws and regulations, the articles of association of Party B and this Agreement.
- 2.5 Party C hereby agree to, upon execution of this Agreement, simultaneously sign a Power of Attorney whereby Party C shall authorize irrevocably any individual appointed by Party A to exercise shareholders' rights, including the full voting right of a shareholder at Party B's shareholders' meetings. Party C further agrees to replace the authorized person appointed according to the above mentioned power of attorney (the "Trustee") at any time pursuant to the requirements of Party A by revoking its authorization to the Trustee and granting the same authorization to such other person designated by Party A by execution of a power of attorney in the form and substance similar to that contemplated in the preceding sentence with immediate effect.

3. Right of Information

The Trustee may be provided with any information regarding operations, clients, financial conditions and employees of Party B and have access to relevant materials of Party B in connection with exercising any of the rights authorized to it. The right of information provided in this Section 3 shall be the same with the right to access Party B's information by any of its shareholders, and will be exercised with sufficient facility from Party B without any interference.

4. Waiver

It is agreed by the Parties that unless caused by the material neglect or willful misconduct of Party A, Party A will not be held liable for any indemnity by any other Party or any third Party due to the Trustee's exercise of any of its rights.

5. Representations and Warranties by Party C

- 5.1 Party C, in the capacity of natural person, is Chinese citizens having full civil capabilities to execute, deliver and perform this Agreement and perform its obligations hereunder or, in the capacity of legal person, is a limited liability company duly incorporated and validly existing under the PRC laws, has full and independent capabilities to execute, deliver and perform this Agreement.
- 5.2 Party C has the right to execute, deliver and perform this Agreement without any approval or authorization.

3

- 5.3 None of Party C's execution and performance of this Agreement is in violation of any of its articles of association, or any laws, regulations, governmental approvals, authorizations, notices or other documents binding upon or having effect upon Party C, or any contracts with or any covenants to any third party by Party C.
- 5.4 Once executed, this Agreement will constitute legal and valid obligations enforceable against Party C.
- 5.5 Unless otherwise provided under this Agreement or the Equity Pledge Agreement, there is no mortgage, pledge or any other security interest, or restrictive agreement with any third party, or offer to transfer to any third party, or covenant in response to any offer to buy from any third party, or any agreement with any third party to transfer, in each case regarding any of Party B's equity interests by Party C.
- 5.6 Party C will be in strict compliance with this Agreement and actively perform its obligations hereunder. Party C will also cause Party B to be in strict compliance with this Agreement and refrain from any action or omission which may affect validity or enforceability of this Agreement.

6. Representations and Warranties by Party B

- 6.1 Party B is a limited liability company duly incorporated and validly existing under the PRC laws.
- 6.2 Party B has received all consents and authorizations necessary and desirable to execute, deliver and perform this Agreement.
- 6.3 Party C will be in strict compliance with this Agreement, actively perform its obligations hereunder, and refrain from any action or omission which may affect validity or enforceability of this Agreement.

7. Breach Liability

- 7.1 Subject to provisions under Section 4 of this Agreement, Party B and Party C shall jointly and severally indemnify and hold harmless Party A and any of its shareholders, directors, employees, affiliates, agents, successors and trustees from any claim, harm, expenses, indemnities, liabilities, fines or any other loss or damages arising from:
- 7.1.1 any breach or failure to perform this Agreement by Party C and/or Party B; or
- 7.1.2 any material neglect or willful misconduct, or any breach of applicable laws or regulations by Party C and/or Party B.
- 7.2 Without prejudice to the indemnity liability provided under Section 7.1, Party A may require Party C and Party B to stop or prevent any breach of this Agreement, and/or require Party C and Party B to perform its obligations under this Agreement.

4

8. Confidentiality

Each of the Parties acknowledges and confirms that the existence and terms of this Agreement, as well as any oral or written information exchanged among the Parties in connection with preparation or performance of this Agreement, will be confidential information. Each of Party C and party B will keep all

confidential information in confidence and, without prior written consent from Party A, may not disclose any confidential information to any third party, unless such information (a) is in the public domain (not due to unauthorized disclosure by the receiving Party); (b) is required for disclosure by any applicable laws or regulations, rules of any exchange, or requirements or orders from any government authority or court having jurisdiction; or (c) is disclosed by Party C or Party B to any of its legal or financial advisors on as-needed basis, provided that such legal or financial advisor shall comply with the confidentiality obligations similar to this Section 8. Disclosure of any confidential information by any person or entity engaged by Party C or Party B shall be deemed as disclosure of such information by Party C and/or Party B, and consequently Party C and/or Party B shall be held liable for breach of this Agreement.

9. Other Agreements

- 9.1 This Agreement shall be binding on and inure to the benefit of each of the Parties and their respective successors, heirs and permitted assigns. Without prior written consent from Party A, Party C may not transfer any of its rights, interests or obligations under this Agreement.
- 9.2 Party C hereby agrees that Party A may transfer any of its rights and obligations under this Agreement to any third party at its discretion with notice to Party C in writing but without consent from Party C.
- 9.3 If any agreement between Party A and Party B terminates or expires, Party A will have the right to terminate all of the agreements between Party A and Party B including, among others, the Exclusive Consulting and Services Agreement.
- 9.4 Considering the business relationship between Party A and Party B has been established through execution of the Exclusive Consulting and Services Agreement, and daily business activities of Party B will have a material impact on Party B's ability to pay the payables to Party A, Party C agrees that subject to Section 1 of this Agreement, any dividend, distribution or other gain or interest received by it as shareholder of Party B will be immediately, unconditionally and freely paid or transferred to Party A, and provide any document or take any action necessary to accomplish such payment or transfer at the request of Party A.
- 9.5 Party C will provide assistance sufficient for the Trustee to exercise any right authorized to it, including without limitation prompt signing any resolution of the shareholders or any other relevant legal document when it is necessary to do so (including required in connection with any approval, registration and filing from or with any government authority). Party C hereby confirms that its covenants under Section 9.5 of this Agreement will not restrict its authorization of any right to the Trustee.

5

10. Entire Agreements and Amendments

- 10.1 This Agreement and all agreements and/or documents referred to or expressly included herein represent all agreements among the Parties regarding the subject matter hereof, and supersede all previous agreements, contracts, understandings and communications among all the Parties, oral or written, with respect to the subject matters of this Agreement.
- 10.2 Any amendment of this Agreement will not be effective without agreement of the Parties in writing. Any amendment and supplement duly executed by the Parties shall be an integral part of and have the same effect with this Agreement.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the PRC laws.

12. Dispute Resolution

- 12.1 Any dispute arising from or in connection with this Agreement will be settled through negotiations and, if the negotiations fail, be submitted to Beijing Arbitration Commission ("BAC") for arbitration in accordance with its rules then effect. The arbitration shall take place in Beijing. The language of arbitration shall be in Chinese. The arbitrary award shall be final and binding upon each of the Parties. This Section 12.1 will survive termination or expiration of this Agreement.
- 12.2 each of the Parties shall continue to perform its obligations under this Agreement in good faith other than the matter under dispute.

13. Notice

Any and all notices given by any of the Parties regarding any of its rights or obligations under this Agreement shall be made in writing and delivered in person, by registered mail, postage prepaid mail, recognized courier service or facsimile to the following addresses.

If to Party A: **Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: LIU Qiangdong

6

If to Party B: **Beijing Jingdong 360 Degree E-Commerce Co., Ltd.** with registered address at

Address: Room 222, Building C, No. 18 Kechuang Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: LIU Qiangdong

If to Party C:

Richard Qiangdong Liu

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

14. Effect, Term and Others

- 14.1 Any written consent, proposal, appointment relating to Party A under this Agreement and any other decision having material effect upon daily business operations of Party B will be made by the board of directors/managing director of Party A.
- 14.2 The term of this Agreement will commence as of the date hereof and, unless early terminated by Party A, expire upon dissolution of Party B under the PRC laws. At the request of Party A, the Parties may extend the term of this Agreement prior to its expiration, and enter into separate business operation agreement or continue to perform this Agreement, in each case at the request of Party A.
- 14.3 Neither Party B nor Party C may terminate this Agreement during the term hereof. Party A shall have the right to terminate this Agreement at any time with written notice to Party B and Party C no less than thirty (30) days in advance.

7

- 14.4 It is confirmed by the Parties that this Agreement represent their fair and reasonable agreements made on the basis of equity and mutual benefits. If any clause hereof is held invalid or unenforceable under applicable laws, such clause shall be deemed to have been deleted from this Agreement and invalid, and the remainder of this Agreement will continue to have effect and be deemed to have excluded such clause. The Parties will negotiate to replace the deleted clause with legal, valid one acceptable to each of the Parties.
- 14.5 Any failure or delay on the part of any Party to exercise any rights, powers or privileges hereunder shall not operate as a waiver thereof. Any single or partial exercise of such rights, powers or privileges shall not preclude any further exercise of such rights, powers or privileges.
- 14.6 This Agreement is in four originals with each Party holding one thereof. Each of the originals has the same effect.

[Remaining intentionally left blank]

8

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on their behalf by a duly authorized representative as of the date first written above.

PARTY A: BEIJING JINGDONG CENTURY TRADE CO., LTD.

/s/ Beijing Jingdong Century Trade Co., Ltd.
(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

PARTY B: Beijing Jingdong 360 Degree E-Commerce Co., Ltd.

/s/ Beijing Jingdong 360 Degree E-Commerce Co., Ltd.
(Seal of Beijing Jingdong 360 Degree E-Commerce Co., Ltd.)

By: /s/ Richard Qiang Dong Liu

PARTY C:

By: /s/ LIU Qiangdong

By: /s/ Yayun Li

By: /s/ Pang Zhang

9

AMENDED AND RESTATED LOAN AGREEMENT

This AMENDED AND RESTATED LOAN AGREEMENT (this “**Agreement**”), dated June 15, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

Lender: **Beijing Jingdong Century Trade Co., Ltd.**, with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

And

Borrowers: **Jiangsu Yuanzhou E-Commerce Co., Ltd.**

Richard Qiangdong Liu;

Pang Zhang; and

Yayun Li

(In this Agreement, the Lender and the Borrowers are individually referred to as a “**Party**”, collectively the “**Parties**”)

1. Loan

- 1.1 Subject to the terms and conditions of this Agreement, the Lender agrees to provide a loan at an aggregate amount of twenty two million (¥22,000,000) (the “**Loan**”) to the Borrowers, which Loan will be provided by Richard Qiangdong Liu, Pang Zhang and Yayun Li at the amount of RMB nine million and nine hundred thousand (¥9,900,000), RMB five million and five hundred thousand (¥ 5,500,000) and RMB six million and six hundred thousand (¥ 6,600,000), respectively.
- 1.2 It is confirmed that the Lender has provided, and the Borrowers have received, the full amount of the Loan upon execution of this Agreement.
- 1.3 The Borrowers agree to use the Loan to pay for their investment in the registered capital of the Borrower Company and, unless with prior written consent of the Lender, will not use the Loan for any other purpose, or transfer or pledge its shares or other interests in the Borrower Company to any third party.
- 1.4 The Borrowers confirm that they have received the Loan upon execution of this Agreement and used the Loan to pay for their investment in the Registered Capital of the Borrower Company. The Borrowers may not withdraw such investment during the term of operations of the Borrower Company.

- 1.5 It is confirmed that the Lender will not charge any interest upon the Loan, unless otherwise provided herein.

2. Term of Loan

- 2.1 The term of the Loan hereunder shall be ten (10) years from the date when the Borrowers actually receive all or any part of the Loan. Unless otherwise indicated by the Lender prior to its expiration, the term of the Loan will be automatically extended for another ten (10) years, and so forth thereafter.
- 2.2 During the term or any extended term of the Loan, the Loan will become immediately due and payable by the Borrowers pursuant to the terms of this Agreement if:
- (1) The Borrowers die or become a person incapacitated or with limited capacity for civil acts;
 - (2) The Borrowers resign or are dismissed by the Lender, the Borrower Company or any affiliate of the Lender;
 - (3) The Borrowers commit a crime or are involved in a crime;
 - (4) Any third party pursue any claim of more than RMB 100,000 against any of the Borrowers and the Lender has reasonable ground to believe that the Borrowers will not be capable to pay for such claim;
 - (5) The Lender decides to perform the Exclusive Purchase Option Agreement (as defined below) when foreign enterprises are allowed to control or wholly own the Borrower Company under applicable PRC laws;
 - (6) The Borrowers fail to comply with or perform any of their commitments or obligations under this Agreement (or any other agreement between them and the Lender), and further fails to remedy such breach within 30 business days upon its occurrence; and
 - (7) This Agreement, the Equity Pledge Agreement, or the Exclusive Purchase Option Agreement is terminated or held invalid by any court for any reason other than the Lender’s.

3. Repayment of Loan

- 3.1 The Lender and the Borrowers agree and confirm that the Loan will be repaid in the following manner only: the Borrowers will transfer all of their equity interests in the Borrower Company to the Lender or any legal or natural person designated by the Lender pursuant to requirements from the Lender.
- 3.2 The Lender and the Borrowers agree and confirm that to the extent permitted by the laws, the Lender has the right but no obligation to purchase or designate any legal or natural person designated by it to purchase all or any part of the equity interests in the Borrower Company from the Borrowers at the price set forth under the Exclusive Purchase Option Agreement.

- 3.3 It is agreed and confirmed by the Parties that the Borrowers shall be deemed to have fulfilled their repayment obligations hereunder only after both of the following conditions have been satisfied.
- (1) The Borrowers have transferred all of their equity interests in the Borrower Company to the Lender and/or their designated person; and
 - (2) The Borrowers have repaid to the Lender all of the transfer proceeds or an amount equivalent to the maximum amount permitted by the laws.
- 3.4 The Loan will be deemed as a zero interest loan if the price to transfer the equity interests in the Borrower Company to the Lender from the Borrowers concluded by the Parties under this Agreement any other related agreements is equal or less than the amount of the Loan. Under such circumstance, the Borrowers are not required to repay any remaining amount of and/or any interest upon the Loan; provided, however, that if the equity interest transfer price exceeds the amount of the Loan, the exceeding amount will be deemed as the interest upon the Loan (calculated by the highest interest permitted by the PRC laws) and financing cost thereof.
- 3.5 Notwithstanding anything to the contrary, if the Borrower Company goes bankruptcy, dissolution or is ordered for closure during the term or extended term of this Agreement, and Borrowers will liquidate the Borrower Company according to laws and all of the proceeds from such liquidation will be used to repay the principal, interest (calculated by the highest interest permitted by the PRC laws) and financing cost of the Loan.

4. Obligations of the Borrowers

- 4.1 The Borrowers will repay the Loan according to the provisions of this Agreement and requirements from the Lender.
- 4.2 The Borrowers will enter into an Amended and Restated Equity Pledge Agreement (the “**Equity Pledge Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers agree to pledge all of their equity interests in the Borrower Company to the Lender.
- 4.3 The Borrowers will enter into an Amended and Restated Exclusive Purchase Option Agreement (the “**Exclusive Purchase Option Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers will to the extent permitted by the PRC laws grant an irrevocable and exclusive purchase option for the Lender to purchase all or any part of the equity interest in the Borrower Company from the Borrowers.
- 4.4 The Borrowers will perform their obligations under this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, and provide support for the Lender to complete all filings, approvals, authorizations, registration and other government procedures necessary to perform such agreements.

3

- 4.5 The Borrowers will sign an irrevocable power of attorney authorizing a person designated by the Lender to exercise on its behalf all of its rights as the shareholder of the Borrower Company.

5. Representations and Warranties

- 5.1 The Lender represents and warrants to the Borrowers that from the date of this Agreement until termination hereof:
- (1) It is a wholly foreign-owned company duly incorporated and validly existing under the laws of the PRC;
 - (2) It has the power and receives all approvals and authorities necessary and appropriate to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its articles of association or other organizational documents;
 - (3) None of its execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between it and any third party or any covenant issued to any third party; and
 - (4) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 5.2 The Borrowers represent and warrant that from the date of this Agreement until termination hereof:
- (1) They are fully capable to conduct civil acts;
 - (2) The Borrower Company is a limited liability company incorporated and validly existing under the PRC laws, and the Borrowers are the legal owners of the Borrower Equity;
 - (3) None of their execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between them and any third party or any covenant issued to any third party;
 - (4) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrowers;
 - (5) They have paid the full investment relating to the Borrower Equity according to law, and received a verification report for such payment from a qualified accounting firm;
 - (6) Except for those provided under the Equity Pledge Agreement, they create no mortgage, pledge or any other security upon the Borrower Equity, provides no offer to any third party to transfer the Borrower Equity, make no covenant regarding any offer to purchase the Borrower Equity from any third party, or enter into any agreement with any third party to transfer the Borrower Equity;

4

- (7) There is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrowers and/or the Borrower Equity is involved; and

- (8) The Borrower Company has completed all government approvals, authorizations, licenses, registrations and filings necessary to conduct its businesses and own its assets.

6. Covenants from the Borrowers

- 6.1 The Borrowers covenant in their capacity of the shareholders of the Borrower Company that during the term of this Agreement they will procure the Borrower Company:
- (1) without prior written consent from the Lender, not to supplement, amend or modify its articles of association, or increase or decrease its registered capital, or change its capital structures of the Company;
 - (2) to maintain its existence, prudently and effectively operate its businesses and deal with its affairs in line with fair financial and business standards and customs;
 - (3) without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any of its assets, businesses or income, or allow creation of any other security interests thereupon;
 - (4) without prior written consent from the Lender, not to incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from The Lender;
 - (5) to always conduct its business operations in ordinary course to maintain the value of its assets;
 - (6) without prior written consent from the Lender, not to enter into any material agreement other than those executed in its ordinary course of business (for purpose of this Section 6.1.6, a material agreement means any agreement with a contact value exceeding RMB one hundred thousand Yuan (RMB 100,000));
 - (7) not to provide any loan or credit to any party without prior written consent from the Lender;
 - (8) to provide any and all information regarding its operations and financial conditions at the request from the Lender;
 - (9) to buy and maintain requisite insurance policies from an insurer acceptable to the Lender, the amount and type of which will be the same with those maintained by the companies having similar operations, properties or assets in the same region;
- 5
-
- (10) without prior written consent from the Lender, not to combine, merge with, acquire or make investment to any person;
 - (11) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - (12) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of all of its assets;
 - (13) without prior written consent from the Lender, not to distribute any dividend or bonus to any of its shareholders;
 - (14) to appoint any person nominated by the Lender or the parent of the Lender to its board at the request of the Lender; and
 - (15) to strictly comply with the provisions of the Exclusive Purchase Option Agreement, and not to make any act or omission which may affect its validity and enforceability.
- 6.2 The Borrowers covenant during the term of this Agreement:
- (1) except those provided under the Equity Pledge Agreement and without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower Equity, or allow creation of any other security interests thereupon;
 - (2) to procure the shareholders of the Borrower Company not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower Equity, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
 - (3) to procure the shareholders of the Borrower Company not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
 - (4) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower Equity;
 - (5) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of the Borrower Equity;
 - (6) not to make any act and/or omission which may affect any asset, business or liability of the Borrower Company without prior written consent from the Lender;
 - (7) to appoint any person nominated by the Lender or the parent of the Lender to the board of the Borrower Company at the request of the Lender;

- (8) to the extent permitted under the PRC laws and at the request of the Lender at any time, to transfer unconditionally and immediately all of the equity interests owned by the Borrowers to the Lender or any person designated by it, and procure any other shareholder of the Borrower Company to waive the right of first refusal regarding such equity interests;
- (9) to the extent permitted under the PRC laws and at the request of the Lender at any time, to procure any other shareholder of the Borrower Company to transfer unconditionally and immediately all of the equity interests owned by such shareholder to the Lender or any person designated by it, and the Borrowers hereby waive their right of first refusal regarding such equity interests;
- (10) if the Lender purchases the Borrower Equity from the Borrowers pursuant to the Exclusive Purchase Option Agreement, to use the price of such purchase to repay the Loan to the Lender on priority; and
- (11) to strictly comply with the provisions of this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, perform its obligations under each of such agreements, and not to make any act or omission which may affect the validity and enforceability of each of such agreements.

7. Liabilities for Breach of Contract

- 7.1 If any party (“**Defaulting Party**”) breaches any provision of this Agreement, which causes damage to the other party (“**Non-defaulting Party**”), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) working days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may immediately take the actions pursuant to this Agreement or take other remedies in accordance with laws.
- 7.2 If the Borrowers fail to repay the Loan pursuant to the terms under this Agreement, they will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 0.02% until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrowers.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

7

If to the Lender: Beijing Jingdong Century Trade Co., Ltd.

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to the Borrowers:

Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990

9. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

10. Applicable Law and Dispute Resolution

- 10.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 10.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospect to June 15, 2016. Once effective, this Agreement will expire until the Parties have performed their respective obligations under this Agreement.
- 11.3 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 11.4 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.5 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 11.6 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.7 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.8 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.

- 11.9 Unless with prior written consent from the Lender, the Borrowers may not assign any of their rights and obligations under this Agreement to any third party.
- 11.10 This Agreement is made in four (4) originals with each Party holding one (1) original. Each original has the same effect.

(No text below)

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.
 (Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B:

Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

By: /s/ Yayun Li

Amended and Restated Equity Pledge Agreement

This AMENDED AND RESTATED EQUITY PLEDGE AGREEMENT, (this “**Agreement**”), dated June 15, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

- Party A:** **Beijing Jingdong Century Trade Co., Ltd.**
Registered address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
- Party B:** **Richard Qiangdong Liu;**

Pang Zhang;

Yayun Li
- Party C:** **Jiangsu Yuanzhou E-Commerce Co., Ltd.**
Registered address: Intersection of Hongzehu East Street and Qingshuijiang Street, Suyu District, Jiangsu

(Party B is referred to as “**Pledgors**” hereinafter; Party A is referred to as “**Pledgee**” hereinafter; and either the Pledgors or the Pledgee is individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.)

Whereas,

- (1) Jiangsu Yuanzhou E-Commerce Co., Ltd. (“**Jiangsu Yuanzhou**”) is a limited liability company duly incorporated and validly existing under the PRC laws.
- (2) The Pledgors hold 100% equity interests of Jiangsu Yuanzhou of which 45%, 30% and 25% of the equity interests are held by Richard Qiangdong Liu, Yayun Li and Pang Zhang, respectively.
- (3) The Pledgee is a wholly foreign owned company duly incorporated and existing under the laws of the PRC.
- (4) The Pledgee and Jiangsu Yuanzhou entered into an Amended and Restated Exclusive Technology Consulting and Service Agreement and an Amended and Restated Business Cooperation Agreement (“**Services Agreements**”) on June 15, 2016.
- (5) The Pledgors and the Pledgee entered into an Amended and Restated Loan Agreement on June 15, 2016 (“**Loan Agreement**”), and entered into an Amended and Restated Exclusive Purchase Option Agreement on June 15, 2016 (“**Exclusive Purchase Option Agreement**”). In addition, the Pledgor delivered the amended Power of Attorney to the Pledgee on June 15, 2016 (“**Power of Attorney**”, together with the Services Agreements, Loan Agreement and Exclusive Purchase Option Agreement, collectively referred as “**Master Agreement**”).

- (6) In order to secure the Pledgor’s performance of their obligations under this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and the Power of Attorney, and in order to ensure Jiangsu Yuanzhou to be able to perform its obligations under the Services Agreements, the Pledgor hereby pledges all the equity interests held by him in Jiangsu Yuanzhou as the guaranty for him and/or Jiangsu Yuanzhou’s performance of obligations under the Master Agreement.

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

1. Definition

Unless otherwise specified herein, the following words shall have the meanings as follows:

- 1.1 Pledge Right: means the priority right the Pledgee owns, with respect to the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgor to the Pledgee.
- 1.2 Pledged Equity Interests: means all the equity interests duly held by the Pledgors in Jiangsu Yuanzhou, i.e. 100% equity interests of Jiangsu Yuanzhou, as well as all the other rights created over it.
- 1.3 Term of Pledge: means the period of term specified in Article 3 hereof.
- 1.4 Event of Default: means any of the circumstances listed in Article 7 hereof.
- 1.5 Notice of Default: means any notice issued by the Pledgee to the Pledgors in accordance with this Agreement specifying an Event of Default.

2. Pledge Right and Scope of Guaranty

- 2.1 The Pledgor agrees to pledge all the Pledged Equity Interests to the Pledgee as the guaranty for his and/or Jiangsu Yuanzhou’s performance of all the obligations under the Master Agreement and all the liabilities of indemnification to the Pledgee which may arise due to the invalidity or cancellation of the Master Agreement. Jiangsu Yuanzhou agrees with such equity pledge arrangement.
- 2.2 The effect of guaranty under the Master Agreement will not be prejudiced by any amendment or change of the Master Agreement. The invalidity or cancellation of the Master Agreement does not impair the validity of this Agreement. In the event that the Master Agreement is deemed as invalid, or cancelled or revoked for any reason, the Pledgee is entitled to realized its pledge right in accordance with Article 8 hereof.

3. Creation and Term of Pledge

- 3.1 The Pledge Right hereunder shall be reflected on the register of shareholders and the capital contribution certificate in accordance with the form as attached to this Agreement.

- 3.2 The term of the Pledge Right is two (2) years effective from the registration of pledge of equity interests with the Administration for Industry and Commerce of the place where Jiangsu Yuanzhou is registered, till the day on which all the obligations under the Master Agreement are fully performed (“**Term of Pledge**”).
- 3.3 During the Term of Pledge, if the Pledgor and/or Jiangsu Yuanzhou fails to perform any obligation under or arising from the Master Agreement, the Pledgee has the right to dispose of the Pledge Right in accordance with Article 8 hereof.

4. Possession of Pledge Certificates

- 4.1 The Pledgor shall deliver the register of shareholders and capital contribution certificate of Jiangsu Yuanzhou which reflects the pledge of equity interests as mentioned in above Article 3 within three (3) business days upon the pledge is recorded on such documents, to the Pledgee for its possession, and the Pledgee is obligated to keep the received pledge documents.
- 4.2 The Pledgee is entitled to all the proceeds in cash including the dividends and all the other non-cash proceeds arising from the Pledge Equity Interests since June 15, 2016.

5. Representations and Warranties of the Pledgor

- 5.1 The Pledgor is the legal owner of Pledged Equity Interests.
- 5.2 Once the Pledgee intends to exercise the rights of the Pledgee under this Agreement anytime, it shall be protected from any interference from any other party.
- 5.3 The Pledgee has the right to dispose of or transfer the Pledge Right in the way as described hereunder.
- 5.4 The Pledgor has never created any other pledge right or any other third party right over the equity interests except towards the Pledgee.

6. Covenants from the Pledgors

- 6.1 During the term of this Agreement, the Pledgor covenants to the Pledgee as follows:
- 6.1.1 Without prior written consent of the Pledgee, the Pledgor should not transfer the Pledged Equity Interests, or create or allow creation of any new pledge or any other security upon the Pledged Equity Interests which may impair the rights and/or interest of the Pledgee, except for the transfer of equity interests to the Pledgee or the person designated by the Pledgee in accordance with the Exclusive Purchase Option Agreement.
- 6.1.2 The Pledgor shall abide by and exercise all the provisions of laws and regulations in relation to the pledge of rights, and shall present the Pledgee any and all notices, directions or suggestions issued by related competent authorities within two (2) days upon the receipt of such notices, directions or suggestions, and shall comply with such notices, directions or suggestions, or present its opposite opinions and representations regarding the above mentioned issues according to the reasonable request of the Pledgee or with the consent from the Pledgee;

3

-
- 6.1.3 The Pledgor shall give prompt notice to the Pledgee regarding any occurrence or received notice which may influence the equity interests or any part of the equity interests held by the Pledgee, or may change any warranties or obligations of the Pledgor under this Agreement or may influence the performance of obligations by the Pledgor hereunder.
- 6.2 The Pledgor agrees that, the right of the Pledgee to exercise of Pledge Right hereunder in accordance with this Agreement, shall not be interfered or impaired by any legal proceedings taken by the Pledgor, or the successor or designated person of the Pledgor or any other person.
- 6.3 The Pledgor warrants to the Pledgee that, in order to protect or consummate the guaranty provided by this Agreement regarding the performance of the Master Agreement, the Pledgor will faithfully sign, or cause any other party which is materially related to the Pledge Right to sign, any and all right certificates and deeds, and/or take, or cause any other party which is materially related to the Pledge Right to take, any and all actions, reasonably required by the Pledgee, and will facilitate the exercise of the rights and authorizations granted to the Pledgee under this Agreement, enter into any change to related equity certificate with the Pledgee or the Pledgee’s designated person (individual/legal person), and provide to the Pledgee any and all notices, orders and decisions as deemed necessary by the Pledgee.
- 6.4 The Pledgor undertakes to the Pledgee he will abide by and perform all representations, warranties and undertakings to protect the interests of the Pledgee. The Pledgor shall indemnify the Pledgee any and all losses suffered by the Pledgee due to the Pledgor’s failure or partial failure in performance of his representations, warranties or undertakings.
- 6.5 The Pledgor covenants to the Pledgee that he assumes several and joint liabilities with respect to the obligations hereunder.
- 6.6 The Pledgor irrevocably agrees to waive the preemptive right with respect to the Pledged Equity Interests pledged by other shareholders of Jiangsu Yuanzhou to the Pledgee, as well as the transfer of equity interests due to the exercise of Pledge Right by the Pledgee.

7. Event of Default

- 7.1 Any of the following is deemed as a Event of Default:
- 7.1.1 Jiangsu Yuanzhou fails to perform its obligations under the Master Agreement;

4

- 7.1.2 Any representation or warranty of the Pledgor under this Agreement is substantially misleading or untrue, and/or the Pledgor breaches any of his representations and warranties under this Agreement;
- 7.1.3 The Pledgor breaches his covenants hereunder;
- 7.1.4 The Pledgor breaches any provision hereof;
- 7.1.5 Except that the Pledgor transfers the equity interests to the Pledgee or the Pledgee's designated person in accordance with the Exclusive Purchase Option Agreement, the Pledgor waives the Pledged Equity Interests or transfers the Pledged Equity Interests without the written consent from the Pledgee;
- 7.1.6 Any external borrowings, guaranty, indemnification, undertakings or any other liabilities of the Pledgor (1) is required to be repaid or exercised early due to its default; or (2) is not repaid or exercised when due, which makes the Pledgee reasonably believes that the ability of the Pledgor to perform his obligations under this Agreement has been impaired.
- 7.1.7 The Pledgor fails to repay general debts or other liabilities;
- 7.1.8 This Agreement is deemed to be illegal with promulgation of related laws, or the Pledgor is unable to continue to perform his obligations hereunder;
- 7.1.9 The consent, permit, approval or authorization from the competent authorities for making this Agreement enforceable, legal or valid is revoked, suspended, invalidated or materially amended;
- 7.1.10 Adverse change occur with respect to the assets of the Pledgor, which makes the Pledgee reasonably believes that the ability of the Pledgor to perform his obligations under this Agreement has been impaired.
- 7.1.11 Successor of the Pledgor or Jiangsu Yuanzhou can only perform part of, or refuses to perform, its obligations under this Agreement.
- 7.1.12 Other circumstances occur which make the Pledgee unable to exercise or dispose of the Pledge Right in accordance with related laws.
- 7.2 In the event that is aware of or discover that any issue described in the above Article 7.1 or any other issue which may cause the occurrence of such mentioned issues has occurred, the Pledgor shall give a prompt written notice to the Pledgee.
- 7.3 Unless that the Event of Default specified in above Article 7.1 has been resolved to the satisfaction of the Pledgee, otherwise the Pledgee is entitled to (not obligated to) serve a Notice of Default to the Pledgor immediately following or any time after the occurrence of the Event of Default, to require the Pledgor and Jiangsu Yuanzhou to immediately perform its obligations under the Master Agreement (including without limitation to payment of the due and unpaid debts and other amounts payable under the Services Agreements) or dispose of the Pledge Right in accordance with Article 8 hereof.

5

8. Exercise of Pledge Right

- 8.1 Prior to the fulfillment of performance of the obligations under the Master Agreement, the Pledgor should not transfer the Pledged Equity Interests without the written consent of the Pledgee.
- 8.2 In the event of occurrence of the Event of Default described in above Article 7, the Pledgee shall give a Notice of Default to the Pledgor when exercising the Pledge Right. The Pledgee may exercise the right to dispose of the Pledge Right at the same time of or any time after the service of the Notice of Default.
- 8.3 The Pledgee has the right to sell in accordance with legal procedure or dispose of in the other way allowed by law the Pledged Equity Interests hereunder. If the Pledgee decides to exercise the Pledge Right, the Pledgor undertakes to transfer all of his shareholder rights to the Pledgee for exercise. In addition, the Pledgee has the priority to receive the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgor to the Pledgee according to the legal proceedings.
- 8.4 When the Pledgee is disposing of the Pledge Right in accordance with this Agreement, the Pledgor should not create any obstacle, and shall provide any necessary assistance to help the Pledgee to realize the Pledge Right.

9. Transfer of Agreement

- 9.1 Unless with the prior consent from the Pledgee, the Pledgor has no right to grant or transfer any of his rights and obligations hereunder.
- 9.2 This Agreement is binding upon the Pledgor and his successor, as well as the Pledgee and its successors and assignees permitted by the Pledgee.
- 9.3 The Pledgee is entitled to transfer any or all rights and obligations under the Master Agreement to any person (individual/legal person) designated by it anytime. Under this circumstance, the assignee has the same rights and obligations as the Pledgee under this Agreement, as if such rights and obligations are granted to it as a party to this Agreement. When transferring the rights and obligations under the Services Agreements, this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and/or Power of Attorney, the Pledgors shall sign any and all related agreement and/or documents as required by the Pledgee.
- 9.4 With the change of pledgee due to the transfer, all the parties to the new pledge shall enter into a new pledge contract, which shall be substantially same to this Agreement in the content and to the satisfaction of the Pledgee.

6

10. Effectiveness and Termination

- 10.1 This Agreement becomes effective on the date hereof. All Parties agree and confirm that the terms and conditions hereof become effective since June 15, 2016.
- 10.2 The Parties confirm that whether the pledge hereunder has been registered and recorded or not will not impair the effectiveness and validity of this Agreement.
- 10.3 This Agreement will terminate two (2) years after the Pledgor and /or Jiangsu Yuanzhou no longer assume any liability under or arising from the Master Agreement.
- 10.4 Release of pledge shall be recorded accordingly on the register of shareholders of Jiangsu Yuanzhou and related deregistration formalities shall be proceeded with at the Administration for Industry and Commerce of the place where Jiangsu Yuanzhou is registered.

11. Processing Fee and Other Costs

All fees and actual costs related to this Agreement, including not limited to legal fees, processing fee, duty stamp and all the other related taxes and expenses shall be borne by the Pledgor. If related taxes is borne by the Pledgee in accordance with laws, then the Pledgor shall fully indemnify the Pledgee all the taxes withheld by the Pledgee.

12. Force Majeure

- 12.1 "Force Majeure Event" shall mean any event beyond the reasonable controls of the Party so affected, which are unpredictable, unavoidable, irresistible even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosion, geographical variations, storms, floods, earthquakes, morning and evening tides, lightning or wars, riot, strike, and any other such events that all Parties have reached a consensus upon. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party.
- 12.2 In the event that the performance of this Agreement is delayed or interrupted due to the said Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. The affected Party which intends to seek exemption from its obligations of performance under this Agreement or any provision of this Agreement shall immediately inform the other Party of such a Force Majeure Event and the measures it needs to take in order to complete its performance.

13. Dispute Resolution

- 13.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.

7

-
- 13.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

14. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to the Pledgee: Beijing Jingdong Century Trade Co., Ltd.

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990
Attention: Richard Qiangdong Liu

If to the Pledgor: Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990

8

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development Zone,
Beijing
Phone: 010-58955008
Facsimile: 010-58955990

15. Miscellaneous

- 15.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 15.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 15.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 15.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement duly signed by the Parties is an integral part of and has the same effect with this Agreement.
- 15.5 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 15.6 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 15.7 Any schedule hereto is an integral part of and has the same effect with this Agreement.

15.8 This Agreement is made in five (5) originals with each Party holding one (1) original. And other originals are submitted to the AIC for proceeding with the formalities of registration of pledge of equity interests.

[No text below]

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.
(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B: Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Yayun Li

By: /s/ Yayun Li

Pang Zhang

By: /s/ Pang Zhang

Party C: Jiangsu Yuanzhou E-Commerce Co., Ltd.

By: /s/ Pang Zhang

Schedule 1:

Register of Shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd.

Name of Shareholder	Capital Contribution Amount/Shareholding Percentage	Registration of Pledge
Richard Qiangdong Liu	RMB 9,900,000 45%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.
Yayun Li	RMB 6,600,000 30%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.
Pang Zhang	RMB 5,500,000 25%	In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Pang Zhang has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.

Jiangsu Yuanzhou E-Commerce Co., Ltd. (seal)

/s/ Pang Zhang

Legal representative (signature)

Date: June 15, 2016

Schedule 2:

Jiangsu Yuanzhou E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 001)

Company: Jiangsu Yuanzhou E-Commerce Co., Ltd.
 Date of Incorporation: September 26, 2010
 Registered Capital: RMB 22,000,000
 Shareholder: Richard Qiangdong Liu
 Capital Contributed by Shareholder: RMB 9,900,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd..

Jiangsu Yuanzhou E-Commerce Co., Ltd. (seal)

Signature: /s/ Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: June 15, 2016

Jiangsu Yuanzhou E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 002)

Company: Jiangsu Yuanzhou E-Commerce Co., Ltd.
 Date of Incorporation: September 26, 2010
 Registered Capital: RMB 22,000,000
 Shareholder: Yayun Li
 Capital Contributed by Shareholder: RMB 6,600,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd..

Jiangsu Yuanzhou E-Commerce Co., Ltd. (seal)

Signature: /s/Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: June 15, 2016

14

Jiangsu Yuanzhou E-Commerce Co., Ltd.

Capital Contribution Certificate

(No.: 003)

Company: Jiangsu Yuanzhou E-Commerce Co., Ltd.

Date of Incorporation: September 26, 2010

Registered Capital: RMB 22,000,000

Shareholder: Pang Zhang

Capital Contributed by Shareholder: RMB 5,500,000

In accordance with the Amended and Restated Equity Pledge Agreement by and among Richard Qiangdong Liu, Pang Zhang, Yayun Li, Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016, Pang Zhang has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Jiangsu Yuanzhou E-Commerce Co., Ltd. (seal)

Signature: /s/Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: June 15, 2016

15

Power of Attorney

The undersigned, Richard Qiangdong Liu, a citizen of the People's Republic of China (the "PRC") and a holder of 45% of the equity interests of Jiangsu Yuanzhou E-Commerce Co., Ltd. (the "Jiangsu Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Jiangsu Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Jiangsu Company according to laws and the articles of association of the Jiangsu Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Jiangsu Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Jiangsu Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

1

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Richard Qiangdong Liu

Dated: June 15, 2016

2

Power of Attorney

The undersigned, Pang Zhang, a citizen of the People's Republic of China (the "PRC") and a holder of 25% of the equity interests of Jiangsu Yuanzhou E-Commerce Co., Ltd. (the "Jiangsu Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Jiangsu Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Jiangsu Company according to laws and the articles of association of the Jiangsu Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Jiangsu Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Jiangsu Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Pang Zhang

Dated: June 15, 2016

Power of Attorney

The undersigned, Yayun Li, a citizen of the People's Republic of China (the "PRC") and a holder of 30% of the equity interests of Jiangsu Yuanzhou E-Commerce Co., Ltd. (the "Jiangsu Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Jiangsu Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Jiangsu Company according to laws and the articles of association of the Jiangsu Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Jiangsu Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Amended and Restated Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Amended and Restated Equity Pledge Agreement and the Amended and Restated Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Jiangsu Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Yayun Li

Dated: June 15, 2016

AMENDED AND RESTATED EXCLUSIVE PURCHASE OPTION AGREEMENT

This AMENDED AND RESTATED EXCLUSIVE PURCHASE OPTION AGREEMENT (this “**Agreement**”), dated June 15, 2016, is made in Beijing, People’s Republic of China (the “**PRC**”) by and among:

Party A: **Beijing Jingdong Century Trade Co., Ltd.**, a wholly foreign owned company incorporated in the PRC with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

Party B: **Richard Qiangdong Liu;**

Pang Zhang;

Yayun Li;

And

Party C: **Jiangsu Yuanzhou E-Commerce Co., Ltd.**, a limited liability company incorporated and existing under the laws of the PRC, with registered address at Intersection of Hongzehu East Street and Qingshuijiang Street, Suyu District, Jiangsu.

(Party A, Party B and Party C individually being referred to as a “**Party**” and collectively the “**Parties**”)

Whereas,

1. Party C is a limited liability company duly incorporated and validly existing under the PRC laws. Party B has an aggregate holding of 100% equity interests in Party C, with Richard Qiangdong Liu, Yayun Li and Pang Zhang holding 45%, 30% and 25% thereof, respectively;

2. Party B and Party C have made an Amended and Restated Loan Agreement (the “**Loan Agreement**”) and an Amended and Restated Equity Pledge Agreement (the “**Equity Pledge Agreement**”) dated June 15, 2016; and

NOW, THEREFORE, the Parties hereby agree as follows through negotiations:

1. Purchase and Sale of Equity Interests

1.1 Grant of Right

Party B hereby exclusively and irrevocably grants Party A an exclusive option to purchase or designate one or several person(s) (the “**Designated Person**”) to purchase all or any part of the equity interests held by Party B in Party C (the “**Purchase Option**”) at any time from Party B at the price specified in Article 1.3 of this Agreement in accordance with the procedures determined by Party A at its own discretion and to the extent permitted by the PRC laws. No party other than Party A and the Designated Person may have the Purchase Option. Party C hereby agrees Party B to grant the Purchase Option to Party A. For purpose of this Section 1.1 and this Agreement, “**person**” means any individual, corporation, joint venture, partnership, enterprise, trust or non-corporation organization.

1

1.2 Procedures

Party A may exercise the Purchase Option subject to its compliance with the PRC laws and regulations. Upon exercising the Purchase Option, Party A will issue a written notice (the “**Equity Interest Purchase Notice**”) to Party B which notice will specify: (i) Party A’s decision to exercise the Purchase Option; (ii) the percentage of equity interest to be purchased from Party B (the “**Purchased Equity Interest**”); (iii) the date of purchase/equity interest transfer, and (iv) and the purchase price.

1.3 Purchase Price

1.3.1 When Party A exercises the Purchase Option, the purchase price of the Purchased Equity Interest (“**Purchase Price**”) shall be equal to the registered capital paid by Party B for the Purchased Equity Interest, unless applicable PRC laws and regulations require appraisal of the Purchased Equity Interest or any other restriction on the Purchase Price.

1.3.2 If applicable PRC laws require appraisal of the Purchased Equity Interest or any other restrictions on the Purchase Price in connection with exercise of the Purchase Option by Parties A, Party A and Party B agree that the Purchase Price of the Purchased Equity Interest shall be the lowest price permissible under applicable laws. If the lowest price permissible under applicable laws is higher than the registered capital corresponding to the Purchased Equity Interest, the amount of the exceeding balance shall be repaid to Party A by Party B according to the Loan Agreement.

1.4 Transfer of the Purchased Equity Interest

When Party A exercises the Purchase Option:

1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, during which a resolution shall be adopted to approve transfer of the equity interest to Party A and/or the Designated Person and waiver of its right of first refusal regarding the Purchased Equity Interest by Party B;

1.4.2 Party B shall enter into an equity interest transfer agreement with Party A and/or the Designated Person pursuant to the terms and conditions of this Agreement and the Purchase Notice;

1.4.3 The Parties shall execute all other contracts, agreements or documents, obtain all governmental approvals and consents, and conduct all actions that are necessary to transfer the ownership of the Purchased Equity Interest to Party A and/or the Designated Person free from any security interest and cause Party A and/or the Designated Person to be registered as the owner of the Purchased Equity Interest. For the purpose of this Section 1.4.3 and this Agreement, “**Security Interest**” includes guarantees, mortgages, pledges, third-party rights or interests, any purchase option, right of acquisition, right of first refusal, right of set-off, ownership detention or other security arrangements, but excludes any security interest arising from this Agreement or the Equity Pledge Agreement.

1.4.4 Party B and Party C shall unconditionally use its best efforts to assist Party A in obtaining the governmental approvals, permits, registrations, filings and complete all formalities necessary for the transfer of the Purchased Equity Interest.

2. Covenants regarding the Equity Interest

2.1 Party C hereby covenants that:

2.1.1 Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;

2.1.2 It will maintain due existence of Party C, prudently and effectively operate and handle its business in accordance with fair financial and business standards and customs;

2.1.3 Without prior written consent of Party A and as of the date of this Agreement, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any assets, businesses or income of Party C, or permit existence of such security interest;

2.1.4 Without prior written consent by Party A, it will not incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from Party A;

2.1.5 It will continue all business operations normally to maintain its asset value, and refrain from any action/omission that may adversely affect its business operations and asset value;

2.1.6 Without prior written consent by Party A, not to enter into any material agreement, other than those executed in the ordinary course of business (for purpose of this Section 2.1.6, a material agreement means any agreement with a contact value exceeding RMB one hundred thousand Yuan (RMB 100,000));

2.1.7 Without prior written consent by Party A, it will not provide any loan or guaranty to any person;

2.1.8 Upon Party A's request, it will provide Party A with information regarding its operations and financial conditions;

2.1.9 It will buy and maintain requisite insurance policies from an insurer acceptable to Party A, the amount and type of which will be the same with such insurance policies maintained by the companies having similar operations, properties or assets in the same region;

2.1.10 Without prior written consent by Party A, it will not combine, merge with, acquire or make investment to any person;

2.1.11 It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;

2.1.12 In order to keep its ownership of the equity interest of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims; and

2.1.13 Without prior written consent by Party A, it will not distribute any dividend or bonus to any of its shareholders.

2.2 Party B hereby covenants that:

2.2.1 Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;

2.2.2 Without the prior written consent by Party A, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;

2.2.3 It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve Party C to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;

2.2.4 It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve merger, consolidation, purchase or investment with or any person by Party C;

2.2.5 It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;

2.2.6 It will cause Party C's shareholders' meeting to vote for the transfer of the Purchased Equity Interest provided hereunder;

2.2.7 In order to keep its ownership of the equity interests of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;

2.2.8 At the request of Party A, it will appoint any person nominated by Party A to the board of Party C;

2.2.9 At the request of Party A at any time, it will transfer unconditionally and immediately the Purchased Equity Interest to Party A or any Designated Person and waive the right of first refusal regarding the Purchased Equity Interest. If the equity interest of Party C could be sold or transferred to any party other than Party A or the Designated Person, Party B may not waive its right of first refusal without Party A's consent;

2.2.10 It will strictly comply with the provisions of this Agreement and other agreements jointly or severally executed by any of the Parties, duly perform all obligations under such agreements, and will not make any act or omission which may affect the validity and enforceability of these agreements; and

2.2.11 It irrevocably undertakes to be severally and jointly liable for the obligations provided hereunder.

2.3 Party A hereby covenants that:

To satisfy the cash flow requirements with regard to the business operations of Party C or make up Party C's losses accrued through such operations, Party A agrees that it shall, through itself or its designated person, provide financial support to Party C.

3. Representations and Warranties

Each of Party B and Party C represents and warrants, jointly and severally, to Party A that as of the date of this Agreement:

3.1 It has the rights and powers to execute and deliver this Agreement and any equity interest transfer agreement (the "**Transfer Agreement**") executed for each transfer of the Purchased Equity Interest contemplated hereunder to which it is a party, and perform its obligations under this Agreement and any Transfer Agreement. Once executed, this Agreement and the Transfer Agreement to which it is a party will be its legal, valid and binding obligations and enforceable against it according to the terms of this Agreement and the Transfer Agreement.

3.2 None of its execution, delivery and performance of this Agreement or any Transfer Agreement will: (i) breach any applicable PRC laws; (ii) conflict with its articles of association or any other organizational documents; (iii) breach any agreement or document to which it is a party or binding upon it, or constitute breach of any such agreement or document; (iv) breach any condition on which basis any of its permits or approvals is granted and/or will continue to be effective; or (v) cause any of its permits or approvals to be suspended, cancelled or imposed with additional conditions.

3.3 Party B has good and entire ownership of and creates no security interest or encumbrance upon any of its assets.

3.4 Party C has no outstanding debt, except for those (i) incurred during its ordinary course of business, and (ii) disclosed to and approved in writing by Party A.

3.5 Party C is in compliance with all applicable laws and regulations.

5

4. Effectiveness and Term

4.1 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospect to June 15, 2016. Once effective, this Agreement will replace the Original Exclusive Purchase Option Agreement.

4.2 The term of this Agreement is ten (10) years. This Agreement may be extended for another ten (10) years upon Party A's written confirmation prior to the expiration of this Agreement, and so forth thereafter.

4.3 During the term provided in Section 4.2, if Party A or Party C is terminated at expiration of their respective operation term (including any extension of such term) or by any other reason, this Agreement shall be terminated upon such termination.

5. Termination

5.1 At any time during the term of this Agreement and any extended term hereof, if Party A can not exercise the Purchase Option pursuant to Section 1 due to then applicable laws, Party A can, at its own discretion, unconditionally terminate this Agreement by issuing a written notice to Party B without any liability.

5.2 If Party C is terminated due to bankruptcy, dissolution or being ordered to close down by the laws during the term of this Agreement and its extension period,, the obligations of Party B hereunder shall be terminated upon the termination of Party C; notwithstanding anything to the contrary, Party B shall immediately repay the principal and any interest accrued thereupon under the Loan Agreement.

5.3 Except under circumstances indicated in Section 5.2, Party B may not unilaterally terminate this Agreement at any time during the term and extension periods of this Agreement without Party A's written consent.

6. Taxes and Expenses

Each Party shall bear any and all taxes, costs and expenses related to transfer and registration as required by the PRC laws incurred by or imposed on such Party arising from the preparation and execution of this Agreement and the consummation of the transaction contemplated hereunder.

7. Breach of Contract

7.1 If either Party ("**Defaulting Party**") breaches any provision of this Agreement, which causes damage to other Parties ("**Non-defaulting Party**"), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may take the actions pursuant to this Agreement or take other remedies in accordance with the laws.

7.2 The following events shall constitute a default by Party B:

6

(1) Party B breaches any provision of this Agreement, or any representation or warranty made Party B under this Agreement is untrue or proves inaccurate in any material aspect;

- (2) Party B assigns or otherwise transfers or disposes of any of its rights under this Agreement without the prior written consent by Party A; or
- (3) Any breaches by Party B which renders this Agreement, the Loan Agreement, and the Equity Pledge Agreement unenforceable.

7.3 Should a breach of contract by Party B or violation by Party B of the Loan Agreement and the Equity Pledge Agreement occur, Party A may:

- (1) request Party B to immediately transfer all or any part of the Purchased Equity Interests to Party A or the Designated Person pursuant to this Agreement; and
- (2) recover the principal and the interest accrued thereupon under the Loan Agreement.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to Party A: **Beijing Jingdong Century Trade Co., Ltd.**
Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to Party B:

Richard Qiangdong Liu
Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

7

Pang Zhang
Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li
Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

If to Party C: **Jiangsu Yuanzhou E-Commerce Co., Ltd.**
Address: Intersection of Hongzehu East Street and Qingshuijiang Street, Suyu District, Jiangsu.
Phone: 0527-87026127
Fax: 0527-58955990
Attention: Pang Zhang

9. Applicable Law and Dispute Resolution

- 9.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 9.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

10. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

8

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 11.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement
- 11.5 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.6 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.7 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 11.8 Unless with prior written consent from Party A, none of Party B or Party C may assign any of its rights and obligations under this Agreement to any third party.
- 11.9 This Agreement is made in four (4) originals with each Party holding one (1) original. Each original has the same effect.

[No text below]

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B:

Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

By: /s/ Yayun Li

Party C: Jiangsu Yuanzhou E-Commerce Co., Ltd.

/s/ Pang Zhang

By: Pang Zhang

Business Operations Agreement

This Business Operations Agreement (this “**Agreement**”) is made as of August 25, 2016, in Beijing, the People’s Republic of China (the “**PRC**”) by and among:

Beijing Jingdong Century Trade Co., Ltd., with registered address at Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing (“**Party A**”)

Jiangsu Yuanzhou E-Commerce Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with registered address at Intersection of Hongzhe East Street and Qingshuijiang Street, Suyu District, Jiangsu. (“**Party B**”)

And

Richard Qiangdong Liu, with PRC identification number of ***;

Yayun Li, with PRC identification number of ***; and

Pang Zhang, with PRC identification number of ***

(Richard Qiangdong Liu, Yayun Li and Pang Zhang collectively, “**Party C**”)

(Party A, Party B and Party C Individually a “**Party**”, and collectively the “**Parties**”)

WHEREAS:

- A Party A is a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC laws;
- B Party B is a limited liability company duly incorporated and validly existing under the PRC laws;
- C A business relationship has been established between Party A and Party B by entering into an Exclusive Consulting and Services Agreement, whereby Party B is required to make all payments to Party A thereunder. Therefore, the daily operations of Party B will have a material impact on its ability to pay the payables to Party A; and
- D Party C is shareholders of Party B whose 45%, 30% and 25% equity interests are respectively owned by Richard Qiangdong Liu, Yayun Li and Pang Zhang.

NOW, THEREFORE, the Parties hereby agree and intend to be legally bound as follows through friendly negotiations and in the principles of equity and mutual benefit:

1. Negative Undertakings

In order to ensure Party B’s performance of the agreements between Party A and Party B and all its obligations owed to Party A, Party B and Party C hereby confirm and agree that unless with prior written consent from Party A or a third party appointed by Party A, Party B shall not conduct any transaction which may materially affect any of its assets, businesses, employees, duties, rights or operations, including but not limited to the following:

- 1.1 to conduct any business that is beyond the normal business scope or in a manner inconsistent with past practices;
- 1.2 to borrow money or incur any debt from any third party;
- 1.3 to change or dismiss any director or to dismiss and replace any senior management member;
- 1.4 to sell to or acquire from any third party, or otherwise dispose any of its material assets or rights, including but not limited to any intellectual property rights;
- 1.5 to provide guarantee in favor of any third party or impose any encumbrance upon any of its assets (including intellectual property rights);
- 1.6 to amend its articles of association or change its scope of business;
- 1.7 to change its ordinary course of business or modify any material internal bylaws or systems;
- 1.8 to assign any of the rights or obligations under this Agreement to any third party;
- 1.9 to make significant adjustment to any of its business operations, marketing strategies, operation policies or client relations; and
- 1.10 to make any form of distribution of dividend or bonus.

2. Operational and Human Resource Management

- 2.1 Party B and Party C hereby agree to accept and strictly perform the comments and instructions from Party A from time to time regarding employment and dismissal of its employees, the daily business management and financial management.
- 2.2 Party B and Party C hereby jointly and severally agree that Party C shall appoint the person elected in accordance with the procedures required by applicable laws and regulations and the articles of association of Party B or designated by Party A as director (or managing director) or supervisor of Party B, and cause such director to elect the person recommended by Party A as the chairman of the board (if any), and appoint the persons designated by Party A as Party B’s General Manager, Chief Financial Officer, and other officers.

- 2.3 If any of the above directors or officers resigns or is dismissed by Party A, he or she will lose the qualification to hold any position in Party B and, under such circumstance, Party C shall remove such person from his or her position in Party B and immediately elect or appoint any other candidate designated by Party A to assume such position.
- 2.4 For the purpose of Section 2.3, Party C shall effect all internal or external procedures necessary to accomplish the dismissal and appointment in accordance with relevant laws and regulations, the articles of association of Party B and this Agreement.
- 2.5 Party C hereby agree to, upon execution of this Agreement, simultaneously sign a Power of Attorney whereby Party C shall authorize irrevocably any individual appointed by Party A to exercise shareholders' rights, including the full voting right of a shareholder at Party B's shareholders' meetings. Party C further agrees to replace the authorized person appointed according to the above mentioned power of attorney (the "Trustee") at any time pursuant to the requirements of Party A by revoking its authorization to the Trustee and granting the same authorization to such other person designated by Party A by execution of a power of attorney in the form and substance similar to that contemplated in the preceding sentence with immediate effect.

3. Right of Information

The Trustee may be provided with any information regarding operations, clients, financial conditions and employees of Party B and have access to relevant materials of Party B in connection with exercising any of the rights authorized to it. The right of information provided in this Section 3 shall be the same with the right to access Party B's information by any of its shareholders, and will be exercised with sufficient facility from Party B without any interference.

4. Waiver

It is agreed by the Parties that unless caused by the material neglect or willful misconduct of Party A, Party A will not be held liable for any indemnity by any other Party or any third Party due to the Trustee's exercise of any of its rights.

5. Representations and Warranties by Party C

- 5.1 Party C, in the capacity of natural person, is Chinese citizens having full civil capabilities to execute, deliver and perform this Agreement and perform its obligations hereunder or, in the capacity of legal person, is a limited liability company duly incorporated and validly existing under the PRC laws, has full and independent capabilities to execute, deliver and perform this Agreement.
- 5.2 Party C has the right to execute, deliver and perform this Agreement without any approval or authorization.

3

- 5.3 None of Party C's execution and performance of this Agreement is in violation of any of its articles of association, or any laws, regulations, governmental approvals, authorizations, notices or other documents binding upon or having effect upon Party C, or any contracts with or any covenants to any third party by Party C.
- 5.4 Once executed, this Agreement will constitute legal and valid obligations enforceable against Party C.
- 5.5 Unless otherwise provided under this Agreement or the Equity Pledge Agreement, there is no mortgage, pledge or any other security interest, or restrictive agreement with any third party, or offer to transfer to any third party, or covenant in response to any offer to buy from any third party, or any agreement with any third party to transfer, in each case regarding any of Party B's equity interests by Party C.
- 5.6 Party C will be in strict compliance with this Agreement and actively perform its obligations hereunder. Party C will also cause Party B to be in strict compliance with this Agreement and refrain from any action or omission which may affect validity or enforceability of this Agreement.

6. Representations and Warranties by Party B

- 6.1 Party B is a limited liability company duly incorporated and validly existing under the PRC laws.
- 6.2 Party B has received all consents and authorizations necessary and desirable to execute, deliver and perform this Agreement.
- 6.3 Party C will be in strict compliance with this Agreement, actively perform its obligations hereunder, and refrain from any action or omission which may affect validity or enforceability of this Agreement.

7. Breach Liability

- 7.1 Subject to provisions under Section 4 of this Agreement, Party B and Party C shall jointly and severally indemnify and hold harmless Party A and any of its shareholders, directors, employees, affiliates, agents, successors and trustees from any claim, harm, expenses, indemnities, liabilities, fines or any other loss or damages arising from:
- 7.1.1 any breach or failure to perform this Agreement by Party C and/or Party B; or
- 7.1.2 any material neglect or willful misconduct, or any breach of applicable laws or regulations by Party C and/or Party B.
- 7.2 Without prejudice to the indemnity liability provided under Section 7.1, Party A may require Party C and Party B to stop or prevent any breach of this Agreement, and/or require Party C and Party B to perform its obligations under this Agreement.

4

8. Confidentiality

Each of the Parties acknowledges and confirms that the existence and terms of this Agreement, as well as any oral or written information exchanged among the Parties in connection with preparation or performance of this Agreement, will be confidential information. Each of Party C and party B will keep all

confidential information in confidence and, without prior written consent from Party A, may not disclose any confidential information to any third party, unless such information (a) is in the public domain (not due to unauthorized disclosure by the receiving Party); (b) is required for disclosure by any applicable laws or regulations, rules of any exchange, or requirements or orders from any government authority or court having jurisdiction; or (c) is disclosed by Party C or Party B to any of its legal or financial advisors on as-needed basis, provided that such legal or financial advisor shall comply with the confidentiality obligations similar to this Section 8. Disclosure of any confidential information by any person or entity engaged by Party C or Party B shall be deemed as disclosure of such information by Party C and/or Party B, and consequently Party C and/or Party B shall be held liable for breach of this Agreement.

9. Other Agreements

- 9.1 This Agreement shall be binding on and inure to the benefit of each of the Parties and their respective successors, heirs and permitted assigns. Without prior written consent from Party A, Party C may not transfer any of its rights, interests or obligations under this Agreement.
- 9.2 Party C hereby agrees that Party A may transfer any of its rights and obligations under this Agreement to any third party at its discretion with notice to Party C in writing but without consent from Party C.
- 9.3 If any agreement between Party A and Party B terminates or expires, Party A will have the right to terminate all of the agreements between Party A and Party B including, among others, the Exclusive Consulting and Services Agreement.
- 9.4 Considering the business relationship between Party A and Party B has been established through execution of the Exclusive Consulting and Services Agreement, and daily business activities of Party B will have a material impact on Party B's ability to pay the payables to Party A, Party C agrees that subject to Section 1 of this Agreement, any dividend, distribution or other gain or interest received by it as shareholder of Party B will be immediately, unconditionally and freely paid or transferred to Party A, and provide any document or take any action necessary to accomplish such payment or transfer at the request of Party A.
- 9.5 Party C will provide assistance sufficient for the Trustee to exercise any right authorized to it, including without limitation prompt signing any resolution of the shareholders or any other relevant legal document when it is necessary to do so (including required in connection with any approval, registration and filing from or with any government authority). Party C hereby confirms that its covenants under Section 9.5 of this Agreement will not restrict its authorization of any right to the Trustee.

5

10. Entire Agreements and Amendments

- 10.1 This Agreement and all agreements and/or documents referred to or expressly included herein represent all agreements among the Parties regarding the subject matter hereof, and supersede all previous agreements, contracts, understandings and communications among all the Parties, oral or written, with respect to the subject matters of this Agreement.
- 10.2 Any amendment of this Agreement will not be effective without agreement of the Parties in writing. Any amendment and supplement duly executed by the Parties shall be an integral part of and have the same effect with this Agreement.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the PRC laws.

12. Dispute Resolution

- 12.1 Any dispute arising from or in connection with this Agreement will be settled through negotiations and, if the negotiations fail, be submitted to Beijing Arbitration Commission ("BAC") for arbitration in accordance with its rules then effect. The arbitration shall take place in Beijing. The language of arbitration shall be in Chinese. The arbitrary award shall be final and binding upon each of the Parties. This Section 12.1 will survive termination or expiration of this Agreement.
- 12.2 each of the Parties shall continue to perform its obligations under this Agreement in good faith other than the matter under dispute.

13. Notice

Any and all notices given by any of the Parties regarding any of its rights or obligations under this Agreement shall be made in writing and delivered in person, by registered mail, postage prepaid mail, recognized courier service or facsimile to the following addresses.

If to Party A:	Beijing Jingdong Century Trade Co., Ltd.
Address:	Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone:	010-58955008
Fax:	010-58955990
Attention:	Richard Qiangdong Liu

6

If to Party B:	Jiangsu Yuanzhou E-Commerce Co., Ltd. with registered address at
Address:	Intersection of Hongzehu East Street and Qingshuijiang Street, Suyu District, Jiangsu
Phone:	010-58955990
Fax:	010-89126786
Attention:	Pang Zhang

If to Party C:
Richard Qiangdong Liu

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

14. Effect, Term and Others

- 14.1 Any written consent, proposal, appointment relating to Party A under this Agreement and any other decision having material effect upon daily business operations of Party B will be made by the board of directors/managing director of Party A.
- 14.2 The term of this Agreement will commence as of the date hereof and, unless early terminated by Party A, expire upon dissolution of Party B under the PRC laws. At the request of Party A, the Parties may extend the term of this Agreement prior to its expiration, and enter into separate business operation agreement or continue to perform this Agreement, in each case at the request of Party A.
- 14.3 Neither Party B nor Party C may terminate this Agreement during the term hereof. Party A shall have the right to terminate this Agreement at any time with written notice to Party B and Party C no less than thirty (30) days in advance.

7

- 14.4 It is confirmed by the Parties that this Agreement represent their fair and reasonable agreements made on the basis of equity and mutual benefits. If any clause hereof is held invalid or unenforceable under applicable laws, such clause shall be deemed to have been deleted from this Agreement and invalid, and the remainder of this Agreement will continue to have effect and be deemed to have excluded such clause. The Parties will negotiate to replace the deleted clause with legal, valid one acceptable to each of the Parties.
- 14.5 Any failure or delay on the part of any Party to exercise any rights, powers or privileges hereunder shall not operate as a waiver thereof. Any single or partial exercise of such rights, powers or privileges shall not preclude any further exercise of such rights, powers or privileges.
- 14.6 This Agreement is in four originals with each Party holding one thereof. Each of the originals has the same effect.

[Remaining intentionally left blank]

8

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on their behalf by a duly authorized representative as of the date first written above.

PARTY A: BEIJING JINGDONG CENTURY TRADE CO., LTD.

/s/ Beijing Jingdong Century Trade Co., Ltd.,

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

PARTY B: Jiangsu Yuanzhou E-Commerce Co., Ltd.

By: /s/ Pang Zhang

PARTY C:

By: /s/ Richard Qiangdong Liu

By: /s/ Yayun Li

By: /s/ Pang Zhang

9

Equity Pledge Agreement

This EQUITY PLEDGE AGREEMENT, (this “**Agreement**”), dated August 25, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

Party A: Beijing Jingdong Century Trade Co., Ltd.

Registered address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing

Party B: Richard Qiangdong Liu;

Pang Zhang;
Yayun Li

Party C: Beijing Jiasheng Investment Management Co., Ltd.

Registered address: Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing
Economic and Technological Development Zone, Beijing

(Party B is referred to as “Pledgors” collectively or “Pledgor” separately hereinafter; Party A is referred to as “Pledgee” hereinafter; and either the Pledgors or the Pledgee is individually referred to as a “Party” and collectively referred to as the “Parties”.)

Whereas,

- (1) Beijing Jiasheng Investment Management Co., Ltd. (“Beijing Company”) is a limited liability company duly incorporated and validly existing under the PRC laws.
- (2) The Pledgors hold 100% equity interests of Beijing Company in total, of which 45%, 30% and 25% equity interests are owned by Richard Qiangdong Liu, Yayun Li and Pang Zhang, respectively.
- (3) The Pledgee is a wholly foreign owned company duly incorporated and existing under the laws of the PRC.
- (4) The Pledgee and Beijing Company entered into an Exclusive Technology Consulting and Service Agreement on August 25, 2016 (“Services Agreement”).
- (5) The Pledgors and the Pledgee entered into a Loan Agreement on August 25, 2016 (“Loan Agreement”), and entered into an Exclusive Purchase Option Agreement on August 25, 2016 (“Exclusive Purchase Option Agreement”). In addition, the Pledgors delivered the Power of Attorney to the Pledgee on August 25, 2016 (“Power of Attorney”, together with the Services Agreement, Loan Agreement and Exclusive Purchase Option Agreement, collectively referred as “Master Agreement”).

-
- (6) In order to secure the Pledgors’ performance of their obligations under this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and the Power of Attorney, and in order to ensure Beijing Company to be able to perform its obligations under the Services Agreement, the Pledgors hereby pledge all the equity interests held by them in Beijing Company as the guaranty for their and/or Beijing Company’s performance of obligations under the Master Agreement.

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

1. Definition

Unless otherwise specified herein, the following words shall have the meanings as follows:

- 1.1 Pledge Right: means the priority right the Pledgee owns, with respect to the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgors to the Pledgee.
- 1.2 Pledged Equity Interests: means all the equity interests duly held by the Pledgors in Beijing Company, i.e. 100% equity interests of Beijing Company, as well as all the other rights created over it.
- 1.3 Term of Pledge: means the period of term specified in Article 3 hereof.
- 1.4 Event of Default: means any of the circumstances listed in Article 7 hereof.
- 1.5 Notice of Default: means any notice issued by the Pledgee to the Pledgors in accordance with this Agreement specifying an Event of Default.

2. Pledge Right and Scope of Guaranty

- 2.1 The Pledgors agree to pledge all the Pledged Equity Interests to the Pledgee as the guaranty for their and/or Beijing Company’s performance of all the obligations under the Master Agreement and all the liabilities of indemnification to the Pledgee which may arise due to the invalidity or cancellation of the Master Agreement. Beijing Company agrees with such equity pledge arrangement.
- 2.2 The effect of guaranty under the Master Agreement will not be prejudiced by any amendment or change of the Master Agreement. The invalidity or cancellation of the Master Agreement does not impair the validity of this Agreement. In the event that the Master Agreement is deemed as invalid, or cancelled or revoked for any reason, the Pledgee is entitled to realized its pledge right in accordance with Article 8 hereof.

3. Creation and Term of Pledge

- 3.1 The Pledge Right hereunder shall be reflected on the register of shareholders and the capital contribution certificate of Beijing Company in accordance with the form as attached to this Agreement.
- 3.2 The term of the Pledge Right is two (2) years effective from the registration of pledge of equity interests with the Administration for Industry and Commerce of the place where Beijing Company is registered, till the day on which all the obligations under the Master Agreement are fully performed ("Term of Pledge").
- 3.3 During the Term of Pledge, if the Pledgors and/or Beijing Company fails to perform any obligation under or arising from the Master Agreement, the Pledgee has the right to dispose of the Pledge Right in accordance with Article 8 hereof.

4. Possession of Pledge Certificates

- 4.1 The Pledgors shall deliver the register of shareholders and capital contribution certificate of Beijing Company which reflects the pledge of equity interests as mentioned in above Article 3 within three (3) business days upon the pledge is recorded on such documents, to the Pledgee for its possession, and the Pledgee is obligated to keep the received pledge documents.
- 4.2 The Pledgee is entitled to all the proceeds in cash including the dividends and all the other non-cash proceeds arising from the Pledge Equity Interests since August 25, 2016.

5. Representations and Warranties of the Pledgors

- 5.1 The Pledgors are the legal owners of Pledged Equity Interests.
- 5.2 Once the Pledgee intends to exercise the rights of the Pledgee under this Agreement anytime, it shall be protected from any interference from any other party.
- 5.3 The Pledgee has the right to dispose of or transfer the Pledge Right in the way as described hereunder.
- 5.4 Neither of the Pledgors has ever created any other pledge right or any other third party right over the equity interests except towards the Pledgee.

6. Covenants from the Pledgor

- 6.1 During the term of this Agreement, the Pledgors covenant to the Pledgee as follows:
- 6.1.1 Without prior written consent of the Pledgee, the Pledgors should not transfer the Pledged Equity Interests, or create or allow creation of any new pledge or any other security upon the Pledged Equity Interests which may impair the rights and/or interest of the Pledgee, except for the transfer of equity interests to the Pledgee or the person designated by the Pledgee in accordance with the Exclusive Purchase Option Agreement.
- 6.1.2 The Pledgors shall abide by and exercise all the provisions of laws and regulations in relation to the pledge of rights, and shall present the Pledgee any and all notices, directions or suggestions issued by related competent authorities within two (2) days upon the receipt of such notices, directions or suggestions, and shall comply with such notices, directions or suggestions, or present its opposite opinions and representations regarding the above mentioned issues according to the reasonable request of the Pledgee or with the consent from the Pledgee;
- 6.1.3 The Pledgors shall give prompt notice to the Pledgee regarding any occurrence or received notice which may influence the equity interests or any part of the equity interests held by the Pledgee, or may change any warranties or obligations of the Pledgors under this Agreement or may influence the performance of obligations by the Pledgors hereunder.
- 6.2 The Pledgors agree that, the right of the Pledgee to exercise of Pledge Right hereunder in accordance with this Agreement, shall not be interfered or impaired by any legal proceedings taken by the Pledgors, or the successor or designated person of the Pledgors or any other person.
- 6.3 The Pledgors warrant to the Pledgee that, in order to protect or consummate the guaranty provided by this Agreement regarding the performance of the Master Agreement, the Pledgors will faithfully sign, or cause any other party which is materially related to the Pledge Right to sign, any and all right certificates and deeds, and/or take, or cause any other party which is materially related to the Pledge Right to take, any and all actions, reasonably required by the Pledgee, and will facilitate the exercise of the rights and authorizations granted to the Pledgee under this Agreement, enter into any change to related equity certificate with the Pledgee or the Pledgee's designated person (individual/legal person), and provide to the Pledgee any and all notices, orders and decisions as deemed necessary by the Pledgee.
- 6.4 The Pledgors undertake to the Pledgee they will abide by and perform all representations, warranties and undertakings to protect the interests of the Pledgee. The Pledgors shall indemnify the Pledgee any and all losses suffered by the Pledgee due to the Pledgors' failure or partial failure in performance of their representations, warranties or undertakings.
- 6.5 The Pledgors covenant to the Pledgee they assume several and joint liabilities with respect to the obligations hereunder.

- 6.6 The Pledgors irrevocably agree to waive the preemptive right with respect to the Pledged Equity Interests pledged by other shareholders of Beijing Company to the Pledgee, as well as the transfer of equity interests due to the exercise of Pledge Right by the Pledgee.

7. Event of Default

- 7.1 Any of the following is deemed as an Event of Default:
- 7.1.1 Beijing Company fails to perform its obligations under the Master Agreement;

- 7.1.2 Any representation or warranty of the Pledgors under this Agreement is substantially misleading or untrue, and/or any of the Pledgors breaches any of his representations and warranties under this Agreement;
- 7.1.3 Any of the Pledgors breaches its covenants hereunder;
- 7.1.4 Any of the Pledgors breaches any provision hereof;
- 7.1.5 Except that any of the Pledgors transfers the equity interests to the Pledgee or the Pledgee's designated person in accordance with the Exclusive Purchase Option Agreement, any of the Pledgors waives the Pledged Equity Interests or transfers the Pledged Equity Interests without the written consent from the Pledgee;
- 7.1.6 Any external borrowings, guaranty, indemnification, undertakings or any other liabilities of the Pledgors (1) is required to be repaid or exercised early due to its default; or (2) is not repaid or exercised when due, which makes the Pledgee reasonably believes that the ability of the Pledgors to perform their obligations under this Agreement has been impaired.
- 7.1.7 Any of the Pledgors fails to repay general debts or other liabilities;
- 7.1.8 This Agreement is deemed to be illegal with promulgation of related laws, or any of the Pledgors is unable to continue to perform his obligations hereunder;
- 7.1.9 The consent, permit, approval or authorization from the competent authorities for making this Agreement enforceable, legal or valid is revoked, suspended, invalidated or materially amended;
- 7.1.10 Adverse change occur with respect to the assets of the Pledgors, which makes the Pledgee reasonably believes that the ability of the Pledgors to perform their obligations under this Agreement has been impaired.
- 7.1.11 Successor of the Pledgors or Beijing Company can only perform part of, or refuses to perform, its obligations under this Agreement.

5

7.1.12 Other circumstances occur which make the Pledgee unable to exercise or dispose of the Pledge Right in accordance with related laws.

- 7.2 In the event that is aware of or discover that any issue described in the above Article 7.1 or any other issue which may cause the occurrence of such mentioned issues has occurred, the Pledgors shall give a prompt written notice to the Pledgee.
- 7.3 Unless that the Event of Default specified in above Article 7.1 has been resolved to the satisfaction of the Pledgee, otherwise the Pledgee is entitled to (not obligated to) serve a Notice of Default to the Pledgors immediately following or any time after the occurrence of the Event of Default, to require the Pledgors and Beijing Company to immediately perform its obligations under the Master Agreement (including without limitation to payment of the due and unpaid debts and other amounts payable under the Services Agreements) or dispose of the Pledge Right in accordance with Article 8 hereof.

8. Exercise of Pledge Right

- 8.1 Prior to the fulfillment of performance of the obligations under the Master Agreement, neither of the Pledgors may transfer the Pledged Equity Interests without the written consent of the Pledgee.
- 8.2 In the event of occurrence of the Event of Default described in above Article 7, the Pledgee shall give a Notice of Default to the Pledgors when exercising the Pledge Right. The Pledgee may exercise the right to dispose of the Pledge Right at the same time of or any time after the service of the Notice of Default.
- 8.3 The Pledgee has the right to sell in accordance with legal procedure or dispose of in the other way allowed by law the Pledged Equity Interests hereunder. If the Pledgee decides to exercise the Pledge Right, the Pledgors both undertake to transfer all of their shareholder rights to the Pledgee for exercise. In addition, the Pledgee has the priority to receive the proceedings arising from selling at a discount, auction of, or selling off the equity interests pledged by the Pledgors to the Pledgee according to the legal proceedings.
- 8.4 When the Pledgee is disposing of the Pledge Right in accordance with this Agreement, neither of the Pledgors may create any obstacle, and shall provide any necessary assistance to help the Pledgee to realize the Pledge Right.

9. Transfer of Agreement

- 9.1 Unless with the prior consent from the Pledgee, the Pledgors have no right to grant or transfer any of their rights and obligations hereunder.
- 9.2 This Agreement is binding upon the Pledgors and their successor, as well as the Pledgee, and its successors and assignees permitted by the Pledgee.

6

-
- 9.3 The Pledgee is entitled to transfer any or all rights and obligations under the Master Agreement to any person (individual/legal person) designated by it at anytime. Under this circumstance, the assignee have the same rights and obligations as the Pledgee under this Agreement, as if such rights and obligations are granted to it as a party to this Agreement. When transferring the rights and obligations under the Services Agreements, this Agreement, the Loan Agreement, the Exclusive Purchase Option Agreement and/or Power of Attorney, the Pledgors shall sign any and all related agreement and/or documents as required by the Pledgee.
 - 9.4 With the change of pledgee due to the transfer, all the parties to the new pledge shall enter into a new pledge contract, which shall be substantially same to this Agreement in the content and to the satisfaction of the Pledgee.

10. Effectiveness and Termination

- 10.1 This Agreement becomes effective on the date hereof. All Parties agree and confirm that the terms and conditions hereof become effective since August 25, 2016.
- 10.2 The Parties confirm that whether the pledge hereunder has been registered and recorded or not will not impair the effectiveness and validity of this Agreement.
- 10.3 This Agreement will terminate two (2) years after the Pledgors and /or Beijing Company no longer assume any liability under or arising from the Master Agreement.
- 10.4 Release of pledge shall be recorded accordingly on the register of shareholders of Beijing Company and related deregistration formalities shall be proceeded with at the Administration for Industry and Commerce of the place where Beijing Company is registered.

11. Processing Fee and Other Costs

All fees and actual costs related to this Agreement, including not limited to legal fees, processing fee, duty stamp and all the other related taxes and expenses shall be borne by the Pledgors. If related taxes is borne by the Pledgee in accordance with laws, then the Pledgor shall fully indemnify the Pledgee all the taxes withheld by the Pledgee.

12. Force Majeure

- 12.1 "Force Majeure Event" shall mean any event beyond the reasonable controls of the Party so affected, which are unpredictable, unavoidable, irresistible even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosion, geographical variations, storms, floods, earthquakes, morning and evening tides, lightning or wars, riot, strike, and any other such events that all Parties have reached a consensus upon. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party.

7

- 12.2 In the event that the performance of this Agreement is delayed or interrupted due to the said Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. The affected Party which intends to seek exemption from its obligations of performance under this Agreement or any provision of this Agreement shall immediately inform the other Party of such a Force Majeure Event and the measures it needs to take in order to complete its performance.

13. Dispute Resolution

- 13.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 13.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to Beijing Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

14. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to the Pledgee: Beijing Jingdong Century Trade Co., Ltd.

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Facsimile: 010-58955990
Attention: Richard Qiangdong Liu

8

If to the Pledgors: Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Facsimile: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Facsimile: 010-58955990

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Facsimile: 010-58955990

15. Miscellaneous

- 15.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 15.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 15.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 15.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement duly signed by the Parties is an integral part of and has the same effect with this Agreement.
- 15.5 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.

9

- 15.6 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 15.7 Any schedule hereto is an integral part of and has the same effect with this Agreement.
- 15.8 This Agreement is made in five (5) originals with each Party holding one (1) original. And other originals are submitted to the AIC for proceeding with the formalities of registration of pledge of equity interests.

[No text below]

10

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

Signature of authorized representative: /s/ Richard Qiangdong Liu

Party B: Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Yayun Li

By: /s/ Yayun Li

Pang Zhang

By: /s/ Pang Zhang

Party C: Beijing Jiasheng Investment Management Co., Ltd.

Signature of authorized representative: /s/ Pang Zhang

Signature page for the Amended and Restated Equity Pledge Agreement

11

Schedule 1:

Register of Shareholders of Beijing Jiasheng Investment Management Co., Ltd.

Name of	Capital Contribution	Registration of Pledge
---------	----------------------	------------------------

Shareholder	Amount/Shareholding Percentage	
Richard Qiangdong Liu	RMB 450,000 45%	In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.
Yayun Li	RMB 300,000 30%	In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.
Pang Zhang	RMB 250,000 25%	In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Pang Zhang has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jiasheng Investment Management Co., Ltd.

Signature of authorized

representative: /s/ Pang Zhang

12

Schedule 2:

**Beijing Jiasheng Investment Management Co., Ltd.
Capital Contribution Certificate
(No.: 001)**

Company: Beijing Jiasheng Investment Management Co., Ltd.
Date of Incorporation: November 18, 2014
Registered Capital: RMB 1,000,000
Shareholder: Richard Qiangdong Liu
Capital Contributed by Shareholder: RMB 450,000

In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Richard Qiangdong Liu has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jiasheng Investment Management Co., Ltd.
(seal)

Signature: /s/ Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: August 25, 2016

13

**Beijing Jiasheng Investment Management Co., Ltd.
Capital Contribution Certificate
(No.: 002)**

Company: Beijing Jiasheng Investment Management Co., Ltd.
Date of Incorporation: November 18, 2014
Registered Capital: RMB 1,000,000
Shareholder: Yayun Li
Capital Contributed by Shareholder: RMB 300,000

In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Yayun Li has pledged all the equity interests held by her to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jiasheng Investment Management Co., Ltd.
(seal)

Signature: /s/ Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: August 25, 2016

14

Beijing Jiasheng Investment Management Co., Ltd.
Capital Contribution Certificate
(No.: 003)

Company: Beijing Jiasheng Investment Management Co., Ltd.
Date of Incorporation: November 18, 2014
Registered Capital: RMB 1,000,000
Shareholder: Pang Zhang
Capital Contributed by Shareholder: RMB 250,000

In accordance with the Equity Pledge Agreement by and among Richard Qiangdong Liu, Yayun Li, Pang Zhang, Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016, Pang Zhang has pledged all the equity interests held by him to Beijing Jingdong Century Trade Co., Ltd.

Beijing Jiasheng Investment Management Co., Ltd.
(seal)

Signature: /s/ Pang Zhang

Name: Pang Zhang

Title: Legal representative

Date: August 25, 2016

15

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity of the registrant. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Capital Contribution	Date of Entitlement to all Proceeds for Pledgee	Effective Date	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Party A: Beijing Jingbangda Trade Co., Ltd.	The registered capital of Beijing Yuanyi Freight Forwarding Co., Ltd. is RMB 3,000,000.00.	January 5, 2017	January 5, 2017	January 5, 2017
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			
	Party C: Beijing Yuanyi Freight Forwarding Co., Ltd.	Richard Qiangdong Liu: RMB 1,350,000.00 (45%) Yayun Li: RMB 900,000.00 (30%) Pang Zhang: RMB 750,000.00 (25%)			
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	The registered capital of Jiangsu Jingdong Bangneng Investment Management Co., Ltd. is RMB 80,000,000.00.	June 15, 2016	September 8, 2016	September 8, 2016
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			
	Party C: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Richard Qiangdong Liu: RMB 36,000,000.00 (45%) Yayun Li: RMB 24,000,000.00 (30%) Pang Zhang: RMB 20,000,000.00 (25%)			
Jiangsu Jingdong Saide E-commerce Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	The registered capital of Jiangsu Jingdong Saide E-commerce Co., Ltd. is RMB 50,000,000.00.	September 5, 2016	September 5, 2016	September 5, 2016
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			
	Party C: Jiangsu Jingdong Saide E-commerce Co., Ltd.	Richard Qiangdong Liu: RMB 22,500,000.00 (45%) Yayun Li: RMB 15,000,000.00 (30%) Pang Zhang: RMB 12,500,000.00 (25%)			
Suqian Limao Donghong Investment Management Co., Ltd.	Party A: Suqian Yitong Information Technology Co., Ltd.	The registered capital of Suqian Limao Donghong Investment Management Co., Ltd. is RMB 1,000,000.00.	December 28, 2016	December 8, 2015	December 28, 2016
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			

	Party C: Suqian Limao Donghong Investment Management Co., Ltd.	Richard Qiangdong Liu: RMB 620,000.00 (62%) Yayun Li: RMB 380,000.00 (38%)			
Beijing Andist Technology Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	The registered capital of Beijing Andist Technology Co., Ltd. is RMB 2,000,000.00.	December 1, 2016	December 1, 2016	December 1, 2016
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			
	Party C: Beijing Andist Technology Co., Ltd.	Richard Qiangdong Liu: RMB 900,000.00 (45%) Yayun Li: RMB 600,000.00 (30%) Pang Zhang: RMB 500,000.00 (25%)			
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	The registered capital of Shanghai Jingdong Cai'ao E-commercial Co., Ltd. is RMB 10,000,000.00.	December 20, 2016	December 20, 2016	December 20, 2016
	Party B: Richard Qiangdong Liu, Pang Zhang and Yanyun Li	The capital contribution amount and shareholding percentage of the shareholders are as follows:			
	Party C: Shanghai Jingdong Cai'ao E-commercial Co., Ltd.,	Richard Qiangdong Liu: RMB 4,500,000.00 (45%) Yayun Li: RMB 3,000,000.00 (30%) Pang Zhang: RMB 2,500,000.00 (25%)			

Power of Attorney

The undersigned, Richard Qiangdong Liu, a citizen of the People's Republic of China (the "PRC") and a holder of 45% of the equity interests of Beijing Jiasheng Investment Management Co., Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

1

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Richard Qiangdong Liu

Dated: August 25, 2016

2

Power of Attorney

The undersigned, Yayun Li, a citizen of the People's Republic of China (the "PRC") and a holder of 30% of the equity interests of Beijing Jiasheng Investment Management Co., Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

1

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Yayun Li

Dated: August 25, 2016

2

Power of Attorney

The undersigned, Pang Zhang, a citizen of the People's Republic of China (the "PRC") and a holder of 25% of the equity interests of Beijing Jiasheng Investment Management Co., Ltd. (the "Beijing Company") (the "Shareholding"), hereby irrevocably authorizes any natural person appointed by Beijing Jingdong Century Trading Co., Ltd. (the "WFOE") to exercise the following rights during the term of this Power of Attorney:

Any natural person appointed by the WFOE is hereby authorized to exercise on behalf of the undersigned as his sole and exclusive agent the rights in respect of the Shareholding including without limitation: (1) attend shareholders' meeting of the Beijing Company and sign resolutions thereof on behalf of the undersigned; (2) exercise all rights of the undersigned as a shareholder of the Beijing Company according to laws and the articles of association of the Beijing Company, including without limitation the rights to vote and to sell, transfer, pledge or dispose all or any part of the Shareholding; and (3) designate and appoint on behalf of the undersigned the legal representative, chairperson, director, supervisor, chief executive officer and any other senior management of the Beijing Company.

Subject to the powers and authorities provided under this Power of Attorney, any natural person appointed by the WFOE will have the right to sign on behalf of the undersigned any transfer agreement contemplated under the Exclusive Purchase Option Agreement to which the undersigned will be a party, and to perform the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, each of which is dated the date hereof and to which the undersigned is a party. Exercise of such right will not have any restriction upon this Power of Attorney.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to transfer, apply or otherwise dispose any cash dividend, bonus and any other non-cash gain arising from the Shareholding on reliance of any oral or written instruction from the undersigned.

Unless otherwise provided under this Power of Attorney, any natural person appointed by the WFOE has the right to take any action regarding the Shareholding according to his/her own judgment without any oral or written instruction from the undersigned.

Any and all the actions associated with the Shareholding made by any natural person appointed by the WFOE will be deemed as the action of the undersigned, and any and all documents relating to the Shareholding executed by any natural person appointed by the WFOE shall be deemed to be executed and acknowledged by the undersigned.

Any natural person appointed by the WFOE may delegate this power of attorney by assigning his/her rights relating to the conduct of the aforesaid matter and exercise of the Shareholding to any other person or entity at his/her own discretion without prior notice to or consent from the undersigned.

This Power of Attorney is irrevocable and effective as of the date hereof as long as the undersigned is a shareholder of the Beijing Company. This Power of Attorney supersedes any other power of attorney previously signed by the undersigned.

1

During the term of this Power of Attorney, the undersigned hereby waives all of the rights associated with the Shareholding which have been authorized to any natural person appointed by the WFOE and will not exercise any such right by himself.

By: /s/ Pang Zhang

Dated: August 25, 2016

2

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Richard Qiangdong Liu	January 5, 2017
	Yayun Li	January 5, 2017
	Pang Zhang	January 5, 2017
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Richard Qiangdong Liu	September 8, 2016
	Yayun Li	September 8, 2016

Jiangsu Jingdong Saide E-commerce Co., Ltd.	Pang Zhang	September 8, 2016
	Richard Qiangdong Liu	September 5, 2016
	Yayun Li	September 5, 2016
Suqian Limao Donghong Investment Management Co., Ltd.	Pang Zhang	September 5, 2016
	Richard Qiangdong Liu	December 28, 2016
Beijing Andist Technology Co., Ltd.	Yayun Li	December 28, 2016
	Richard Qiangdong Liu	December 1, 2016
	Yayun Li	December 1, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Pang Zhang	December 1, 2016
	Richard Qiangdong Liu	December 20, 2016
	Yayun Li	December 20, 2016
	Pang Zhang	December 20, 2016

EXCLUSIVE TECHNOLOGY CONSULTING AND SERVICE AGREEMENT

This EXCLUSIVE TECHNOLOGY CONSULTING AND SERVICE AGREEMENT (this “**Agreement**”), dated December 5, 2014, is made in Beijing, the People’s Republic of China (the “**PRC**”) by and among:

Party A: **Beijing Jingdong Century Trade Co., Ltd.**, with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing; and

Party B: **Beijing Jiasheng Investment Management Co., Ltd.**, a limited liability company incorporated and existing under the laws of the PRC, with registered address at Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing Economic and Technological Development Zone, Beijing.

(Party A and Party B individually, a “**Party**”; collectively, the “**Parties**”)

Whereas,

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC laws, having the resources and qualifications to provide Party B with technology consulting and services;
2. Party B is a limited liability company duly incorporated and validly existing under the PRC laws;

NOW, THEREFORE, the Parties hereby agree as follows through negotiations:

1. Technology Consulting and Services; Sole and Exclusive Rights and Interests

- 1.1 During the term of this Agreement, Party A agrees to provide Party B with technology consulting and services set forth in Exhibit I attached hereto subject to the terms and conditions of this Agreement.
- 1.2 Party B agrees to accept the technology consulting and services provided by Party A. Party B further agrees that during the term hereof, it will not accept the same or similar technology consulting and services with respect to the foregoing business operations from any third party, unless with prior written consent from Party A.
- 1.3 Any and all rights and interests arising from performance of this Agreement, including without limitation ownership, copyright, patent and other intellectual properties, technical and business secrets, which is developed by Party A or by Party B based on the intellectual property owned by Party A, will be solely and exclusively owned by Party A.

2. Calculation and Payment of Technology Consulting and Services Fee

- 2.1 Party B agrees to pay technology consulting and services fee set forth under this Agreement to Party A for the technology consulting and services provided by Party A under this Agreement (the “**Consulting Services Fee**”).
- 2.2 The Parties agree to determine and pay the Consulting Services Fee according to Exhibit II attached hereto.

3. Representations and Warranties

- 3.1 Party A hereby represents and warrants that:
 - 3.1.1 It is a wholly foreign-owned enterprise duly incorporated and validly existing under the laws of the PRC;
 - 3.1.2 Its execution and performance of this Agreement are within the scope of its corporate power and business; it has taken necessary corporate actions and obtained appropriate authorization and necessary consent and approvals from third parties and government agency, and execution of this Agreement will not constitute a breach of any law or contract which has binding or other effect upon it; and
 - 3.1.3 This Agreement, once executed, constitutes legal, valid and binding obligations of Party A, and is enforceable upon Party A pursuant to its terms.
- 3.2 Party B hereby represents and warrants that:
 - 3.2.1 It is a limited liability company duly incorporated and validly existing under the laws of the PRC;
 - 3.2.2 Its execution and performance of this Agreement are within the scope of its corporate power and business; it has taken necessary corporate actions and obtained appropriate authorization and necessary consent and approvals from third parties and government agency, and execution of this Agreement will not constitute a breach of any law or contract which has binding or other effect upon it; and
 - 3.2.3 This Agreement, once executed, constitutes legal, valid and binding obligations of Party B, and is enforceable upon Party B pursuant to its terms.

4. Confidentiality

- 4.1 Party B agrees to take reasonably best efforts to keep in confidence Party A’s confidential information and materials (“**Confidential Information**”) that it may be aware of or have access to in connection with its acceptance of Party A’s exclusive consulting and services. Without prior written consent from Party A, Party B shall not disclose, offer or transfer any Confidential Information to any third party. If this Agreement terminates and upon Party A’s request, Party B shall return to Party A or destroy all of the documents, materials or software containing Confidential Information, and shall delete any Confidential Information from all relevant memory devices and cease to use any Confidential Information.

4.2 This Article 4 will survive any change, termination or expiration of this Agreement.

5. Breach of Contract

If either party (the “**Defaulting Party**”) breaches any provision of this Agreement, which causes damage to the other Party (the “**Non-defaulting Party**”), the Non-defaulting Party may notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) working days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may take the actions pursuant to this Agreement or pursue other remedies in accordance with laws.

6. Effectiveness and Term

6.1 This Agreement shall take effect as of the date first written above. The term of this Agreement is ten (10) years unless early termination occurs in accordance with relevant provisions herein or any other agreement reached by the Parties.

6.2 This Agreement may be extended upon Party A’s written confirmation prior to the expiration of this Agreement and the extended term shall be ten (10) years or the term agreed by both Parties.

7. Termination

7.1 This Agreement shall be terminated on the expiring date unless it is renewed in accordance with the relevant provisions herein.

7.2 During the term hereof, Party B may not make early termination of this Agreement unless Party A commits gross negligence, fraud or other illegal action, or goes bankrupt. Notwithstanding the foregoing, Party A shall always have the right to terminate this Agreement by issuing a thirty (30) days prior written notice to Party B.

7.3 The rights and obligations of the Parties under Articles 4 and 5 will survive termination of this Agreement.

3

8. Governing Law and Dispute Resolution

8.1 The execution, interpretation, performance of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.

8.2 The parties hereto shall strive to settle any dispute arising from the interpretation or performance of the terms under this Agreement through friendly consultation in good faith. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by either Party, any Party can submit such matter to Beijing Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon both Parties.

9. Force Majeure

9.1 “Force Majeure Event” shall mean any event beyond the reasonable controls of the Party so affected, which are unpredictable, unavoidable, irresistible even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosion, geographical variations, storms, floods, earthquakes, morning and evening tides, lightning or wars, riot, strike, and any other such events that all Parties have reached a consensus upon. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party.

9.2 In the event that the performance of this Agreement is delayed or interrupted due to the said Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. The affected Party which intends to seek exemption from its obligations of performance under this Agreement or any provision of this Agreement shall immediately inform the other Party of such a Force Majeure Event and the measures it needs to take in order to complete its performance.

10. Notices

All notices or other correspondences given by either Party pursuant to this Agreement shall be made in writing and may be delivered in person, or by registered mail, postage prepaid mail, generally accepted courier service or facsimile to the following addresses of the relevant Party or both Parties, or any other address notified by the other Party from time to time, or another person’s address designated by it. The date when the notice is deemed to be duly served shall be determined as follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after delivery to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

4

If to **Party A: Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

Telephone: 010-58955008

Fax: 010-58955990

Attention: Richard Qiangdong Liu

If to **Party B: Beijing Jiasheng Investment Management Co., Ltd.**

Address: Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing Economic and Technological Development Zone, Beijing.

Telephone: 010-58955008

Fax: 010-58955990

Attention: Richard Qiangdong Liu

11. Assignment

Party B shall not assign its rights and obligations under this Agreement to any third party without the prior written consent of Party A.

12. Severability

If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.

13. Amendment and Supplement to Agreement

Any amendment and supplement to this Agreement shall be made in writing by the Parties. Any agreements on such amendment and supplement duly executed by both Parties shall be deemed as a part of this Agreement and shall have the same legal effect as this Agreement.

14. Miscellaneous

- 14.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 14.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 14.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.

- 14.4 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 14.5 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 14.6 Any attachment hereto is an integral part of and has the same effect with this Agreement.
- 14.7 This Agreement is made in two originals with each Party holding one and both originals are equally authentic.

(No text below)

(Signature Page of Exclusive Technology Consulting and Service Agreement)

IN WITNESS THEREOF, each Party hereto has caused this Agreement duly executed by their respective legal representative or duly authorized representative on its behalf as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.
(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B: Beijing Jiasheng Investment Management Co., Ltd.

/s/ Beijing Jiasheng Investment Management Co., Ltd.
(Seal of Beijing Jiasheng Investment Management Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Exhibit 1: List of Technology Consulting and Services

Party A will provide the following technology consulting and services to Party B:

- (1) technology research and development required in connection Party B's business operations, including development, design and production of database software for information storage and other related technologies as well as granting license of such technology to Party B;
- (2) technology application and implementation for Party B's business operations, including without limitation master design, installation, commissioning and trial operation of technical systems;

- (3) routine maintenance, supervision, commissioning and trouble shooting for Party B's computer network equipment, including prompt customer information input to database, or promptly update database and customer interface, as well as other related technical services;
- (4) consulting services for procurement of equipment, software and hardware systems necessary for web-based business operations by Party B, including without limitation consulting and advising on selection, installation and commissioning of tool software, application software and technical platform, as well as the selection, type and function of complementary hardware facilities and equipment;
- (5) appropriate training and technical support for Party B's employees, including without limitation providing raining on customer services or technologies, sharing knowledge and experience on installation and operation of systems and equipment, assisting to resolve any problem in connection with system and equipment installation and operation, consulting and advising on operation of any other web edition platform and software, and assisting to collect and compile information and contents;
- (6) technology consulting and response to enquiries raised by Party B relating to network equipment, technical products and software; and
- (7) any other technical services and consulting required by Party B for business operations.

8

Exhibit II: Calculation and Payment of Technology Consulting and Services Fee

The amount of the service fee will be determined on the basis of:

- (1) difficulty of the technology and complexity of the consulting and management services;
- (2) time required by Party A to provide technology consulting and management services; and
- (3) contents and commercial value of the technology consulting and management services.

Party A will issue a fee statement based on the workload and commercial value of the technical services provided by Party B as well as the prices agreed by the Parties to Party B on quarterly basis. Party B will pay the consulting and services fee according to the time and amount set forth in the statement, provided that Party B will pay no less than RMB 10,000 as consulting and services fee (the "Quarterly Minimum Service Fee") to Party A on quarterly basis. Party A may revise at any time the standards of consulting and services fee based on the amount and composition of the consulting and services fee payable by Party B.

The Quarterly Minimum Service Fee is subject to approval from Party A's board of directors, and will be reviewed and revised no less than once yearly. Any revision and change of Quarterly Minimum Service Fee is subject to approval from Party A's board of directors.

9

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Calculation and Payment of Technology Consulting and Services Fee	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Beijing Yuanyi Freight Forwarding Co., Ltd.	Party A will issue a fee statement based on the workload and commercial value of the technical services provided by Party B as well as the prices agreed by the Parties to Party B on quarterly basis. Party B will pay the consulting and services fee according to the time and amount set forth in the statement to Party A on quarterly basis. Party A may revise at any time the standards of consulting and services fee based on the amount and composition of the consulting and services fee payable by Party B.	December 8, 2014
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A will issue a fee statement based on the workload and commercial value of the technical services provided by Party B as well as the prices agreed by the Parties to Party B on quarterly basis. Party B will pay the consulting and services fee according to the time and amount set forth in the statement to Party A on quarterly basis. Party A may revise at any time the standards of consulting and	August 7, 2015

services fee based on the amount
and composition of the
consulting and services fee
payable by Party B.

Jiangsu Jingdong Saide E-commerce Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Jiangsu Jingdong Saide E-commerce Co., Ltd.	Same as this exhibit.	January 7, 2016
Suqian Limao Donghong Investment Management Co., Ltd.	Party A: Suqian Yitong Information Technology Co., Ltd. Party B: Suqian Limao Donghong Investment Management Co., Ltd.	Same as this exhibit.	December 28, 2016

Business Operations Agreement

This Business Operations Agreement (this “**Agreement**”) is made as of August 25, 2016, in Beijing, the People’s Republic of China (the “**PRC**”) by and among:

Beijing Jingdong Century Trade Co., Ltd., with registered address at Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing (“**Party A**”)

Beijing Jiasheng Investment Management Co., Ltd., with registered address at Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing Economic and Technological Development Zone, Beijing (“**Party B**”)

And

Richard Qiangdong Liu, with PRC identification number of ***;

Yayun Li, with PRC identification number of ***; and

Pang Zhang, with PRC identification number of ***

(Richard Qiangdong Liu, Yayun Li and Pang Zhang collectively, “**Party C**”)

(Party A, Party B and Party C Individually a “**Party**”, and collectively the “**Parties**”)

WHEREAS:

- A Party A is a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC laws;
- B Party B is a limited liability company duly incorporated and validly existing under the PRC laws;
- C A business relationship has been established between Party A and Party B by entering into an Exclusive Consulting and Services Agreement, whereby Party B is required to make all payments to Party A thereunder. Therefore, the daily operations of Party B will have a material impact on its ability to pay the payables to Party A; and
- D Party C is shareholders of Party B whose 45%, 30% and 25% equity interests are respectively owned by Richard Qiangdong Liu, Yayun Li and Pang Zhang.

NOW, THEREFORE, the Parties hereby agree and intend to be legally bound as follows through friendly negotiations and in the principles of equity and mutual benefit:

1. Negative Undertakings

In order to ensure Party B’s performance of the agreements between Party A and Party B and all its obligations owed to Party A, Party B and Party C hereby confirm and agree that unless with prior written consent from Party A or a third party appointed by Party A, Party B shall not conduct any transaction which may materially affect any of its assets, businesses, employees, duties, rights or operations, including but not limited to the following:

- 1.1 to conduct any business that is beyond the normal business scope or in a manner inconsistent with past practices;
- 1.2 to borrow money or incur any debt from any third party;
- 1.3 to change or dismiss any director or to dismiss and replace any senior management member;
- 1.4 to sell to or acquire from any third party, or otherwise dispose any of its material assets or rights, including but not limited to any intellectual property rights;
- 1.5 to provide guarantee in favor of any third party or impose any encumbrance upon any of its assets (including intellectual property rights);
- 1.6 to amend its articles of association or change its scope of business;
- 1.7 to change its ordinary course of business or modify any material internal bylaws or systems;
- 1.8 to assign any of the rights or obligations under this Agreement to any third party;
- 1.9 to make significant adjustment to any of its business operations, marketing strategies, operation policies or client relations; and
- 1.10 to make any form of distribution of dividend or bonus.

2. Operational and Human Resource Management

- 2.1 Party B and Party C hereby agree to accept and strictly perform the comments and instructions from Party A from time to time regarding employment and dismissal of its employees, the daily business management and financial management.
- 2.2 Party B and Party C hereby jointly and severally agree that Party C shall appoint the person elected in accordance with the procedures required by applicable laws and regulations and the articles of association of Party B or designated by Party A as director (or managing director) or supervisor of Party B, and cause such director to elect the person recommended by Party A as the chairman of the board (if any), and appoint the persons designated by Party A as Party B’s General Manager, Chief Financial Officer, and other officers.

- 2.3 If any of the above directors or officers resigns or is dismissed by Party A, he or she will lose the qualification to hold any position in Party B and, under such circumstance, Party C shall remove such person from his or her position in Party B and immediately elect or appoint any other candidate designated by Party A to assume such position.
- 2.4 For the purpose of Section 2.3, Party C shall effect all internal or external procedures necessary to accomplish the dismissal and appointment in accordance with relevant laws and regulations, the articles of association of Party B and this Agreement.
- 2.5 Party C hereby agree to, upon execution of this Agreement, simultaneously sign a Power of Attorney whereby Party C shall authorize irrevocably any individual appointed by Party A to exercise shareholders' rights, including the full voting right of a shareholder at Party B's shareholders' meetings. Party C further agrees to replace the authorized person appointed according to the above mentioned power of attorney (the "Trustee") at any time pursuant to the requirements of Party A by revoking its authorization to the Trustee and granting the same authorization to such other person designated by Party A by execution of a power of attorney in the form and substance similar to that contemplated in the preceding sentence with immediate effect.

3. Right of Information

The Trustee may be provided with any information regarding operations, clients, financial conditions and employees of Party B and have access to relevant materials of Party B in connection with exercising any of the rights authorized to it. The right of information provided in this Section 3 shall be the same with the right to access Party B's information by any of its shareholders, and will be exercised with sufficient facility from Party B without any interference.

4. Waiver

It is agreed by the Parties that unless caused by the material neglect or willful misconduct of Party A, Party A will not be held liable for any indemnity by any other Party or any third Party due to the Trustee's exercise of any of its rights.

5. Representations and Warranties by Party C

- 5.1 Party C, in the capacity of natural person, is Chinese citizens having full civil capabilities to execute, deliver and perform this Agreement and perform its obligations hereunder or, in the capacity of legal person, is a limited liability company duly incorporated and validly existing under the PRC laws, has full and independent capabilities to execute, deliver and perform this Agreement.
- 5.2 Party C has the right to execute, deliver and perform this Agreement without any approval or authorization.

3

- 5.3 None of Party C's execution and performance of this Agreement is in violation of any of its articles of association, or any laws, regulations, governmental approvals, authorizations, notices or other documents binding upon or having effect upon Party C, or any contracts with or any covenants to any third party by Party C.
- 5.4 Once executed, this Agreement will constitute legal and valid obligations enforceable against Party C.
- 5.5 Unless otherwise provided under this Agreement or the Equity Pledge Agreement, there is no mortgage, pledge or any other security interest, or restrictive agreement with any third party, or offer to transfer to any third party, or covenant in response to any offer to buy from any third party, or any agreement with any third party to transfer, in each case regarding any of Party B's equity interests by Party C.
- 5.6 Party C will be in strict compliance with this Agreement and actively perform its obligations hereunder. Party C will also cause Party B to be in strict compliance with this Agreement and refrain from any action or omission which may affect validity or enforceability of this Agreement.

6. Representations and Warranties by Party B

- 6.1 Party B is a limited liability company duly incorporated and validly existing under the PRC laws.
- 6.2 Party B has received all consents and authorizations necessary and desirable to execute, deliver and perform this Agreement.
- 6.3 Party C will be in strict compliance with this Agreement, actively perform its obligations hereunder, and refrain from any action or omission which may affect validity or enforceability of this Agreement.

7. Breach Liability

- 7.1 Subject to provisions under Section 4 of this Agreement, Party B and Party C shall jointly and severally indemnify and hold harmless Party A and any of its shareholders, directors, employees, affiliates, agents, successors and trustees from any claim, harm, expenses, indemnities, liabilities, fines or any other loss or damages arising from:
- 7.1.1 any breach or failure to perform this Agreement by Party C and/or Party B; or
- 7.1.2 any material neglect or willful misconduct, or any breach of applicable laws or regulations by Party C and/or Party B.
- 7.2 Without prejudice to the indemnity liability provided under Section 7.1, Party A may require Party C and Party B to stop or prevent any breach of this Agreement, and/or require Party C and Party B to perform its obligations under this Agreement.

4

8. Confidentiality

Each of the Parties acknowledges and confirms that the existence and terms of this Agreement, as well as any oral or written information exchanged among the Parties in connection with preparation or performance of this Agreement, will be confidential information. Each of Party C and party B will keep all

confidential information in confidence and, without prior written consent from Party A, may not disclose any confidential information to any third party, unless such information (a) is in the public domain (not due to unauthorized disclosure by the receiving Party); (b) is required for disclosure by any applicable laws or regulations, rules of any exchange, or requirements or orders from any government authority or court having jurisdiction; or (c) is disclosed by Party C or Party B to any of its legal or financial advisors on as-needed basis, provided that such legal or financial advisor shall comply with the confidentiality obligations similar to this Section 8. Disclosure of any confidential information by any person or entity engaged by Party C or Party B shall be deemed as disclosure of such information by Party C and/or Party B, and consequently Party C and/or Party B shall be held liable for breach of this Agreement.

9. Other Agreements

- 9.1 This Agreement shall be binding on and inure to the benefit of each of the Parties and their respective successors, heirs and permitted assigns. Without prior written consent from Party A, Party C may not transfer any of its rights, interests or obligations under this Agreement.
- 9.2 Party C hereby agrees that Party A may transfer any of its rights and obligations under this Agreement to any third party at its discretion with notice to Party C in writing but without consent from Party C.
- 9.3 If any agreement between Party A and Party B terminates or expires, Party A will have the right to terminate all of the agreements between Party A and Party B including, among others, the Exclusive Consulting and Services Agreement.
- 9.4 Considering the business relationship between Party A and Party B has been established through execution of the Exclusive Consulting and Services Agreement, and daily business activities of Party B will have a material impact on Party B's ability to pay the payables to Party A, Party C agrees that subject to Section 1 of this Agreement, any dividend, distribution or other gain or interest received by it as shareholder of Party B will be immediately, unconditionally and freely paid or transferred to Party A, and provide any document or take any action necessary to accomplish such payment or transfer at the request of Party A.
- 9.5 Party C will provide assistance sufficient for the Trustee to exercise any right authorized to it, including without limitation prompt signing any resolution of the shareholders or any other relevant legal document when it is necessary to do so (including required in connection with any approval, registration and filing from or with any government authority). Party C hereby confirms that its covenants under Section 9.5 of this Agreement will not restrict its authorization of any right to the Trustee.

5

10. Entire Agreements and Amendments

- 10.1 This Agreement and all agreements and/or documents referred to or expressly included herein represent all agreements among the Parties regarding the subject matter hereof, and supersede all previous agreements, contracts, understandings and communications among all the Parties, oral or written, with respect to the subject matters of this Agreement.
- 10.2 Any amendment of this Agreement will not be effective without agreement of the Parties in writing. Any amendment and supplement duly executed by the Parties shall be an integral part of and have the same effect with this Agreement.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the PRC laws.

12. Dispute Resolution

- 12.1 Any dispute arising from or in connection with this Agreement will be settled through negotiations and, if the negotiations fail, be submitted to Beijing Arbitration Commission ("BAC") for arbitration in accordance with its rules then effect. The arbitration shall take place in Beijing. The language of arbitration shall be in Chinese. The arbitrary award shall be final and binding upon each of the Parties. This Section 12.1 will survive termination or expiration of this Agreement.
- 12.2 each of the Parties shall continue to perform its obligations under this Agreement in good faith other than the matter under dispute.

13. Notice

Any and all notices given by any of the Parties regarding any of its rights or obligations under this Agreement shall be made in writing and delivered in person, by registered mail, postage prepaid mail, recognized courier service or facsimile to the following addresses.

If to Party A: **Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

6

Attention: Richard Qiangdong Liu

If to Party B: **Beijing Jiasheng Investment Management Co., Ltd.** with registered address at

Address: Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to Party C:

Richard Qiangdong Liu

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, 99 Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

14. Effect, Term and Others

- 14.1 Any written consent, proposal, appointment relating to Party A under this Agreement and any other decision having material effect upon daily business operations of Party B will be made by the board of directors/managing director of Party A.
- 14.2 The term of this Agreement will commence as of the date hereof and, unless early terminated by Party A, expire upon dissolution of Party B under the PRC laws. At the request of Party A, the Parties may extend the term of this Agreement prior to its expiration, and enter into separate business operation agreement or continue to perform this Agreement, in each case at the request of Party A.
- 14.3 Neither Party B nor Party C may terminate this Agreement during the term hereof. Party A shall have the right to terminate this Agreement at any time with written notice to Party B and Party C no less than thirty (30) days in advance.

7

-
- 14.4 It is confirmed by the Parties that this Agreement represent their fair and reasonable agreements made on the basis of equity and mutual benefits. If any clause hereof is held invalid or unenforceable under applicable laws, such clause shall be deemed to have been deleted from this Agreement and invalid, and the remainder of this Agreement will continue to have effect and be deemed to have excluded such clause. The Parties will negotiate to replace the deleted clause with legal, valid one acceptable to each of the Parties.
 - 14.5 Any failure or delay on the part of any Party to exercise any rights, powers or privileges hereunder shall not operate as a waiver thereof. Any single or partial exercise of such rights, powers or privileges shall not preclude any further exercise of such rights, powers or privileges.
 - 14.6 This Agreement is in four originals with each Party holding one thereof. Each of the originals has the same effect.

[Remaining intentionally left blank]

8

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on their behalf by a duly authorized representative as of the date first written above.

PARTY A: BEIJING JINGDONG CENTURY TRADE CO., LTD.

/s/ Beijing Jingdong Century Trade Co., Ltd.
(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

PARTY B: BEIJING JIASHENG INVESTMENT MANAGEMENT CO., LTD.

/s/ Beijing Jiasheng Investment Management Co., Ltd.
(Seal of Beijing Jiasheng Investment Management Co., Ltd.)

By: /s/ Pang Zhang

PARTY C:

By: /s/ Richard Qiangdong Liu

By: /s/ Yayun Li

By: /s/ Pang Zhang

9

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Party A: Beijing Jingbangda Trade Co., Ltd. Party B: Beijing Yuanyi Freight Forwarding Co., Ltd. Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang	January 5, 2017
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd. Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang	September 8, 2016
Jiangsu Jingdong Saide E-commerce Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Jiangsu Jingdong Saide E-commerce Co., Ltd. Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang	September 5, 2016
Suqian Limao Donghong Investment Management Co., Ltd.	Party A: Suqian Yitong Information Technology Co., Ltd. Party B: Suqian Limao Donghong Investment Management Co., Ltd. Party C: Richard Qiangdong Liu and Yayun Li	December 28, 2016
Beijing Andist Technology Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Beijing Andist Technology Co., Ltd. Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang	December 1, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Shanghai Jingdong Cai'ao E-commercial Co., Ltd. Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang	December 20, 2016

EXCLUSIVE PURCHASE OPTION AGREEMENT

This EXCLUSIVE PURCHASE OPTION AGREEMENT (this “**Agreement**”), dated August 25, 2016, is made in Beijing, People’s Republic of China (the “**PRC**”) by and among:

Party A: Beijing Jingdong Century Trade Co., Ltd., a wholly foreign owned company incorporated in the PRC with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

Party B: Richard Qiangdong Liu, with PRC identification number of ***;

Yayun Li, with PRC identification number of ***; and

Pang Zhang, with PRC identification number of ***

And

Party C: Beijing Jiasheng Investment Management Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with registered address at Floor 20, Block A, Building 1, 19 Ronghua Middle Street, Beijing Economic and Technological Development Zone, Beijing.

(Party A, Party B and Party C individually being referred to as a “**Party**” and collectively the “**Parties**”)

Whereas,

1. Party C is a limited liability company duly incorporated and validly existing under the PRC laws. Party B has an aggregate holding of 100% equity interests in Party C, with Richard Qiangdong Liu, Yayun Li and Pang Zhang holding 45%, 30% and 25% thereof, respectively;
2. Party B and Party C have made a Loan Agreement (the “**Loan Agreement**”) and an Equity Pledge Agreement (the “**Equity Pledge Agreement**”) dated June 15, 2016; and

NOW, THEREFORE, the Parties hereby agree as follows through negotiations:

1. Purchase and Sale of Equity Interests

1.1 Grant of Right

Party B hereby exclusively and irrevocably grants Party A an exclusive option to purchase or designate one or several person(s) (the “**Designated Person**”) to purchase all or any part of the equity interests held by Party B in Party C (the “**Purchase Option**”) at any time from Party B at the price specified in Article 1.3 of this Agreement in accordance with the procedures determined by Party A at its own discretion and to the extent permitted by the PRC laws. No party other than Party A and the Designated Person may have the Purchase Option. Party C hereby agrees Party B to grant the Purchase Option to Party A. For purpose of this Section 1.1 and this Agreement, “person” means any individual, corporation, joint venture, partnership, enterprise, trust or non-corporation organization.

1.2 Procedures

Party A may exercise the Purchase Option subject to its compliance with the PRC laws and regulations. Upon exercising the Purchase Option, Party A will issue a written notice (the “**Equity Interest Purchase Notice**”) to Party B which notice will specify: (i) Party A’s decision to exercise the Purchase Option; (ii) the percentage of equity interest to be purchased from Party B (the “**Purchased Equity Interest**”); (iii) the date of purchase/equity interest transfer, and (iv) and the purchase price.

1.3 Purchase Price

- 1.3.1 When Party A exercises the Purchase Option, the purchase price of the Purchased Equity Interest (“**Purchase Price**”) shall be equal to the registered capital paid by Party B for the Purchased Equity Interest, unless applicable PRC laws and regulations require appraisal of the Purchased Equity Interest or any other restriction on the Purchase Price.
- 1.3.2 If applicable PRC laws require appraisal of the Purchased Equity Interest or any other restrictions on the Purchase Price in connection with exercise of the Purchase Option by Parties A, Party A and Party B agree that the Purchase Price of the Purchased Equity Interest shall be the lowest price permissible under applicable laws. If the lowest price permissible under applicable laws is higher than the registered capital corresponding to the Purchased Equity Interest, the amount of the exceeding balance shall be repaid to Party A by Party B according to the Loan Agreement.

1.4 Transfer of the Purchased Equity Interest

When Party A exercises the Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, during which a resolution shall be adopted to approve transfer of the equity interest to Party A and/or the Designated Person and waiver of its right of first refusal regarding the Purchased Equity Interest by Party B;
- 1.4.2 Party B shall enter into an equity interest transfer agreement with Party A and/ or the Designated Person pursuant to the terms and conditions of this Agreement and the Purchase Notice;
- 1.4.3 The Parties shall execute all other contracts, agreements or documents, obtain all governmental approvals and consents, and conduct all actions that are necessary to transfer the ownership of the Purchased Equity Interest to Party A and or the Designated Person free from any security interest and cause Party A and/or the Designated Person to be registered as the owner of the Purchased Equity Interest. For the purpose of this Section 1.4.3 and this Agreement, “**Security Interest**” includes guarantees, mortgages, pledges, third-party rights or interests,

- 1.4.4 Party B and Party C shall unconditionally use its best efforts to assist Party A in obtaining the governmental approvals, permits, registrations, filings and complete all formalities necessary for the transfer of the Purchased Equity Interest.

2. Covenants regarding the Equity Interest

2.1 Party C hereby covenants that:

- 2.1.1 Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;
- 2.1.2 It will maintain due existence of Party C, prudently and effectively operate and handle its business in accordance with fair financial and business standards and customs;
- 2.1.3 Without prior written consent of Party A and as of the date of this Agreement, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any assets, businesses or income of Party C, or permit existence of such security interest;
- 2.1.4 Without prior written consent by Party A, it will not incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from Party A;
- 2.1.5 It will continue all business operations normally to maintain its asset value, and refrain from any action/omission that may adversely affect its business operations and asset value;
- 2.1.6 Without prior written consent by Party A, not to enter into any material agreement, other than those executed in the ordinary course of business;
- 2.1.7 Without prior written consent by Party A, it will not provide any loan or guaranty to any person;

- 2.1.8 Upon Party A's request, it will provide Party A with information regarding its operations and financial conditions;
- 2.1.9 It will buy and maintain requisite insurance policies from an insurer acceptable to Party A, the amount and type of which will be the same with such insurance policies maintained by the companies having similar operations, properties or assets in the same region;
- 2.1.10 Without prior written consent by Party A, it will not combine, merge with, acquire or make investment to any person;
- 2.1.11 It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
- 2.1.12 In order to keep its ownership of the equity interest of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims; and
- 2.1.13 Without prior written consent by Party A, it will not distribute any dividend or bonus to any of its shareholders.

2.2 Party B hereby covenants that:

- 2.2.1 Without prior written consent by Party A, it will not supplement, change or amend the Articles of Association, increase or decrease the registered capital, or otherwise change the registered capital structure of Party C;
- 2.2.2 Without the prior written consent by Party A, it will not sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;
- 2.2.3 It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve Party C to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests of Party C held by it, or allow other security interests to be created on it, except for the pledge set upon Party C's equity interests held by Party B pursuant to the Equity Pledge Agreement;
- 2.2.4 It will procure that without prior written consent by Party A, no resolution be made at any meeting of Party C's shareholders to approve merger, consolidation, purchase or investment with or any person by Party C;

- 2.2.5 It will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
- 2.2.6 It will cause Party C's shareholders' meeting to vote for the transfer of the Purchased Equity Interest provided hereunder;

- 2.2.7 In order to keep its ownership of the equity interests of Party C, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;
- 2.2.8 At the request of Party A, it will appoint any person nominated by Party A to the board of Party C;
- 2.2.9 At the request of Party A at any time, it will transfer unconditionally and immediately the Purchased Equity Interest to Party A or any Designated Person and waive the right of first refusal regarding the Purchased Equity Interest. If the equity interest of Party C could be sold or transferred to any party other than Party A or the Designated Person, Party B may not waive its right of first refusal without Party A's consent;
- 2.2.10 It will strictly comply with the provisions of this Agreement and other agreements jointly or severally executed by any of the Parties, duly perform all obligations under such agreements, and will not make any act or omission which may affect the validity and enforceability of these agreements; and
- 2.2.11 It irrevocably undertakes to be severally and jointly liable for the obligations provided hereunder.

3. Representations and Warranties

Each of Party B and Party C represents and warrants, jointly and severally, to Party A that as of the date of this Agreement:

- 3.1 It has the rights and powers to execute and deliver this Agreement and any equity interest transfer agreement (the "**Transfer Agreement**") executed for each transfer of the Purchased Equity Interest contemplated hereunder to which it is a party, and perform its obligations under this Agreement and any Transfer Agreement. Once executed, this Agreement and the Transfer Agreement to which it is a party will be its legal, valid and binding obligations and enforceable against it according to the terms of this Agreement and the Transfer Agreement.
- 3.2 None of its execution, delivery and performance of this Agreement or any Transfer Agreement will: (i) breach any applicable PRC laws; (ii) conflict with its articles of association or any other organizational documents; (iii) breach any agreement or document to which it is a party or binding upon it, or constitute breach of any such agreement or document; (iv) breach any condition on which basis any of its permits or approvals is granted and/or will continue to be effective; or (v) cause any of its permits or approvals to be suspended, cancelled or imposed with additional conditions.

5

- 3.3 Party B has good and entire ownership of and creates no security interest or encumbrance upon any of its assets,
- 3.4 Party C has no outstanding debt, except for those (i) incurred during its ordinary course of business, and (ii) disclosed to and approved in writing by Party A.
- 3.5 Party C is in compliance with all applicable laws and regulations.

4. Effectiveness and Term

- 4.1 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospectively apply to August 25, 2016. Once effective, this Agreement will replace the Original Exclusive Purchase Option Agreement.
- 4.2 The term of this Agreement is ten (10) years. This Agreement may be extended for another ten (10) years upon Party A's written confirmation prior to the expiration of this Agreement, and so forth thereafter.
- 4.3 During the term provided in Section 4.2, if Party A or Party C is terminated at expiration of their respective operation term (including any extension of such term) or by any other reason, this Agreement shall be terminated upon such termination.

5. Termination

- 5.1 At any time during the term of this Agreement and any extended term hereof, if Party A can not exercise the Purchase Option pursuant to Section 1 due to then applicable laws, Party A can, at its own discretion, unconditionally terminate this Agreement by issuing a written notice to Party B without any liability.
- 5.2 If Party C is terminated due to bankruptcy, dissolution or being ordered to close down by the laws during the term of this Agreement and its extension period, the obligations of Party B hereunder shall be terminated upon the termination of Party C; notwithstanding anything to the contrary, Party B shall immediately repay the principal and any interest accrued thereupon under the Loan Agreement.
- 5.3 Except under circumstances indicated in Section 5.2, Party B may not unilaterally terminate this Agreement at any time during the term and extension periods of this Agreement without Party A's written consent.

6

6. Taxes and Expenses

Each Party shall bear any and all taxes, costs and expenses related to transfer and registration as required by the PRC laws incurred by or imposed on such Party arising from the preparation and execution of this Agreement and the consummation of the transaction contemplated hereunder.

7. Breach of Contract

- 7.1 If either Party ("**Defaulting Party**") breaches any provision of this Agreement, which causes damage to other Parties ("**Non-defaulting Party**"), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may take the actions pursuant to this Agreement or take other remedies in accordance with the laws.

- 7.2 The following events shall constitute a default by Party B:
- (1) Party B breaches any provision of this Agreement, or any representation or warranty made Party B under this Agreement is untrue or proves inaccurate in any material aspect;
 - (2) Party B assigns or otherwise transfers or disposes of any of its rights under this Agreement without the prior written consent by Party A; or
 - (3) Any breaches by Party B which renders this Agreement, the Loan Agreement, and the Equity Pledge Agreement unenforceable.
- 7.3 Should a breach of contract by Party B or violation by Party B of the Loan Agreement and the Equity Pledge Agreement occur, Party A may:
- (1) request Party B to immediately transfer all or any part of the Purchased Equity Interests to Party A or the Designated Person pursuant to this Agreement; and
 - (2) recover the principal and the interest accrued thereupon under the Loan Agreement.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

7

If to **Party A: Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to **Party B:**

Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street,
Beijing Economic and Technological Development
Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

If to **Party C: Beijing Jiasheng Investment Management Co., Ltd.**

Address: Floor 20, Block A, Building 1, 19 Ronghua Middle
Street, Beijing Economic and Technological Zone,
Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

8

9. Applicable Law and Dispute Resolution

- 9.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.

9.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to Beijing Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

10. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 11.3 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.4 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement

9

-
- 11.5 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.6 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.7 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 11.8 Unless with prior written consent from Party A, none of Party B or Party C may assign any of its rights and obligations under this Agreement to any third party.
- 11.9 This Agreement is made in five (5) originals with each Party holding one (1) original. Each original has the same effect.

[No text below]

10

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B: Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

By: /s/ Yayun Li

Party C: Beijing Jiasheng Investment Management Co., Ltd.

By: /s/ Pang Zhang

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Effective Date	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Party A: Beijing Jingbangda Trade Co., Ltd.	January 5, 2017	January 5, 2017
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang		
	Party C: Beijing Yuanyi Freight Forwarding Co., Ltd.		
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	September 8, 2016	September 8, 2016
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang		
	Party C: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.		
Jiangsu Jingdong Saide E-commerce Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	September 5, 2016	September 5, 2016
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang		
	Party C: Jiangsu Jingdong Saide E-commerce Co., Ltd.		
Suqian Limao Donghong Investment Management Co., Ltd.	Party A: Suqian Yitong Information Technology Co., Ltd.	December 8, 2015	December 28, 2016
	Party B: Richard Qiangdong Liu and Yayun Li		
	Party C: Suqian Limao Donghong Investment Management Co., Ltd.		
Beijing Andist Technology Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	December 1, 2016	December 1, 2016
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang		
	Party C: Beijing Andist Technology Co., Ltd.		
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd.	December 20, 2016	December 20, 2016
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang		
	Party C: Shanghai Jingdong Cai'ao E-commercial Co., Ltd.		

LOAN AGREEMENT

This LOAN AGREEMENT (this “**Agreement**”), dated August 25, 2016, is made in Beijing, the People’s Republic of China (“**PRC**”) by and among:

Lender: Beijing Jingdong Century Trade Co., Ltd., with registered address at Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

And

Borrowers:

Richard Qiangdong Liu;

Pang Zhang;

Yayun Li

(In this Agreement, the Lender and the Borrowers are individually referred to as a “**Party**”, collectively the “**Parties**”)

NOW, THEREFORE, the Parties hereby agree as follows through friendly negotiations:

1. Loan

- 1.1 Subject to the terms and conditions of this Agreement, the Lender agrees to provide a loan at an aggregate amount of one million (¥1,000,000.00) (the “**Loan**”) to the Borrowers, which Loan will be provided by Richard Qiangdong Liu, Pang Zhang and Yayun Li at the amount of RMB four hundred and fifty thousand (¥450,000.00), RMB two hundred and fifty thousand (¥250,000.00) and RMB three hundred thousand (¥300,000.00), respectively.
- 1.2 It is confirmed that the Lender has provided, and the Borrowers have received, the full amount of the Loan upon execution of this Agreement.
- 1.3 The Borrowers agree to use the Loan to pay for their investment in the registered capital of Beijing Jiasheng Investment Management Co., Ltd. or the Borrower Company and, unless with prior written consent of the Lender, will not use the Loan for any other purpose, or transfer or pledge its shares or other interests in the Borrower Company to any third party.
- 1.4 The Borrowers confirm that they have received the Loan upon execution of this Agreement and used the Loan to pay for their investment in the Registered Capital of the Borrower Company.

- 1.5 It is confirmed that the Lender will not charge any interest upon the Loan, unless otherwise provided herein.

2. Term of Loan

- 2.1 The term of the Loan hereunder shall be ten (10) years from the date when the Borrowers actually receive all or any part of the Loan. Unless otherwise indicated by the Lender prior to its expiration, the term of the Loan will be automatically extended for another ten (10) years, and so forth thereafter.
- 2.2 During the term or any extended term of the Loan, the Loan will become immediately due and payable by the Borrowers pursuant to the terms of this Agreement if:
 - (1) The Borrowers die or become a person incapacitated or with limited capacity for civil acts;
 - (2) The Borrowers resign or are dismissed by the Lender, the Borrower Company or any affiliate of the Lender;
 - (3) The Borrowers commit a crime or are involved in a crime;
 - (4) Any third party pursue any claim of more than RMB 100,000 against any of the Borrowers and the Lender has reasonable ground to believe that the Borrowers will not be capable to pay for such claim;
 - (5) The Lender decides to perform the Exclusive Purchase Option Agreement (as defined below) when foreign enterprises are allowed to control or wholly own the Borrower Company under applicable PRC laws;
 - (6) The Borrowers fail to comply with or perform any of their commitments or obligations under this Agreement (or any other agreement between them and the Lender), and further fails to remedy such breach within 30 business days upon its occurrence; and
 - (7) This Agreement, the Equity Pledge Agreement, or the Exclusive Purchase Option Agreement is terminated or held invalid by any court for any reason other than the Lender’s.

3. Repayment of Loan

- 3.1 The Lender and the Borrowers agree and confirm that the Loan will be repaid in the following manner only: the Borrowers will transfer all of their equity interests in the Borrower Company to the Lender or any legal or natural person designated by the Lender pursuant to requirements from the Lender.
- 3.2 The Lender and the Borrowers agree and confirm that to the extent permitted by the laws, the Lender has the right but no obligation to purchase or designate any legal or natural person designated by it to purchase all or any part of the equity interests in the Borrower Company from the Borrowers at the price set forth under the Exclusive Purchase Option Agreement.

- 3.3 It is agreed and confirmed by the Parties that the Borrowers shall be deemed to have fulfilled their repayment obligations hereunder only after both of the following conditions have been satisfied.
- (1) The Borrowers have transferred all of their equity interests in the Borrower Company to the Lender and/or their designated person; and
 - (2) The Borrowers have repaid to the Lender all of the transfer proceeds or an amount equivalent to the maximum amount permitted by the laws.
- 3.4 The Loan will be deemed as a zero interest loan if the price to transfer the equity interests in the Borrower Company to the Lender from the Borrowers concluded by the Parties under this Agreement any other related agreements is equal or less than the amount of the Loan. Under such circumstance, the Borrowers are not required to repay any remaining amount of and/or any interest upon the Loan; provided, however, that if the equity interest transfer price exceeds the amount of the Loan, the exceeding amount will be deemed as the interest upon the Loan (calculated by the highest interest permitted by the PRC laws) and financing cost thereof.
- 3.5 Notwithstanding anything to the contrary, if the Borrower Company goes bankruptcy, dissolution or is ordered for closure during the term or extended term of this Agreement, and Borrowers will liquidate the Borrower Company according to laws and all of the proceeds from such liquidation will be used to repay the principal, interest (calculated by the highest interest permitted by the PRC laws) and financing cost of the Loan.

4. Obligations of the Borrowers

- 4.1 The Borrowers will repay the Loan according to the provisions of this Agreement and requirements from the Lender.
- 4.2 The Borrowers will enter into an Equity Pledge Agreement (the “**Equity Pledge Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers agree to pledge all of their equity interests in the Borrower Company to the Lender.
- 4.3 The Borrowers will enter into an Exclusive Purchase Option Agreement (the “**Exclusive Purchase Option Agreement**”) with the Lender and the Borrower Company, whereby the Borrowers will to the extent permitted by the PRC laws grant an irrevocable and exclusive purchase option for the Lender to purchase all or any part of the equity interest in the Borrower Company from the Borrowers.

3

- 4.4 The Borrowers will perform their obligations under this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, and provide support for the Lender to complete all filings, approvals, authorizations, registration and other government procedures necessary to perform such agreements.
- 4.5 The Borrowers will sign an irrevocable power of attorney authorizing a person designated by the Lender to exercise on its behalf all of its rights as the shareholder of the Borrower Company.

5. Representations and Warranties

- 5.1 The Lender represents and warrants to the Borrowers that from the date of this Agreement until termination hereof:
- (1) It is a wholly foreign-owned company duly incorporated and validly existing under the laws of the PRC;
 - (2) It has the power and receives all approvals and authorities necessary and appropriate to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its articles of association or other organizational documents;
 - (3) None of its execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between it and any third party or any covenant issued to any third party; and
 - (4) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 5.2 The Borrowers represent and warrant that from the date of this Agreement until termination hereof:
- (1) They are fully capable to conduct civil acts;
 - (2) The Borrower Company is a limited liability company incorporated and validly existing under the PRC laws, and the Borrowers are the legal owners of the Borrower Equity;
 - (3) None of their execution or performance of this Agreement is in breach of any law, regulation, government approval, authorization, notice or any other government document, or any agreement between them and any third party or any covenant issued to any third party;
 - (4) This Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrowers;

4

- (5) They have paid the full investment relating to the Borrower Equity according to law, and received a verification report for such payment from a qualified accounting firm;
- (6) Except for those provided under the Equity Pledge Agreement, they create no mortgage, pledge or any other security upon the Borrower Equity, provides no offer to any third party to transfer the Borrower Equity, make no covenant regarding any offer to purchase the Borrower Equity from any third party, or enter into any agreement with any third party to transfer the Borrower Equity;
- (7) There is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrowers and/or the Borrower Equity is involved; and

- (8) The Borrower Company has completed all government approvals, authorizations, licenses, registrations and filings necessary to conduct its businesses and own its assets.

6. Covenants from the Borrowers

- 6.1 The Borrowers covenant in their capacity of the shareholders of the Borrower Company that during the term of this Agreement they will procure the Borrower Company:
- (1) without prior written consent from the Lender, not to supplement, amend or modify its articles of association, or increase or decrease its registered capital, or change its capital structures of the Company;
 - (2) to maintain its existence, prudently and effectively operate its businesses and deal with its affairs in line with fair financial and business standards and customs;
 - (3) without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of any of its assets, businesses or income, or allow creation of any other security interests thereupon;
 - (4) without prior written consent from the Lender, not to incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from The Lender;
 - (5) to always conduct its business operations in ordinary course to maintain the value of its assets;

5

- (6) without prior written consent from the Lender, not to enter into any material agreement other than those executed in its ordinary course of business;
- (7) not to provide any loan or credit to any party without prior written consent from the Lender;
- (8) to provide any and all information regarding its operations and financial conditions at the request from the Lender;
- (9) to buy and maintain requisite insurance policies from an insurer acceptable to the Lender, the amount and type of which will be the same with those maintained by the companies having similar operations, properties or assets in the same region;
- (10) without prior written consent from the Lender, not to combine, merge with, acquire or make investment to any person;
- (11) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
- (12) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of all of its assets;
- (13) without prior written consent from the Lender, not to distribute any dividend or bonus to any of its shareholders;
- (14) to appoint any person nominated by the Lender or the parent of the Lender to its board at the request of the Lender; and
- (15) to strictly comply with the provisions of the Exclusive Purchase Option Agreement, and not to make any act or omission which may affect its validity and enforceability.

- 6.2 The Borrowers covenant during the term of this Agreement:

- (1) except those provided under the Equity Pledge Agreement and without prior written consent from the Lender, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower Equity, or allow creation of any other security interests thereupon;
- (2) to procure the shareholders of the Borrower Company not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower Equity, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;

6

- (3) to procure the shareholders of the Borrower Company not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- (4) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower Equity;
- (5) to execute any document, conduct any action, and make any claim or defense necessary or appropriate to maintain its ownership of the Borrower Equity;
- (6) not to make any act and/or omission which may affect any asset, business or liability of the Borrower Company without prior written consent from the Lender;
- (7) to appoint any person nominated by the Lender or the parent of the Lender to the board of the Borrower Company at the request of the Lender;
- (8) to the extent permitted under the PRC laws and at the request of the Lender at any time, to transfer unconditionally and immediately all of the equity interests owned by the Borrowers to the Lender or any person designated by it, and procure any other shareholder of the Borrower

Company to waive the right of first refusal regarding such equity interests;

- (9) to the extent permitted under the PRC laws and at the request of the Lender at any time, to procure any other shareholder of the Borrower Company to transfer unconditionally and immediately all of the equity interests owned by such shareholder to the Lender or any person designated by it, and the Borrowers hereby waive their right of first refusal regarding such equity interests;
- (10) if the Lender purchases the Borrower Equity from the Borrowers pursuant to the Exclusive Purchase Option Agreement, to use the price of such purchase to repay the Loan to the Lender on priority; and
- (11) to strictly comply with the provisions of this Agreement, the Equity Pledge Agreement and the Exclusive Purchase Option Agreement, perform its obligations under each of such agreements, and not to make any act or omission which may affect the validity and enforceability of each of such agreements.

7. Liabilities for Breach of Contract

- 7.1 If any party (“**Defaulting Party**”) breaches any provision of this Agreement, which causes damage to the other party (“**Non-defaulting Party**”), the Non-defaulting Party could notify the Defaulting Party in writing and request it to rectify and correct such breach of contract; if the Defaulting Party fails to take any action satisfactory to the Non-defaulting Party to rectify and correct such breach within fifteen (15) working days upon the issuance of the written notice by the Non-defaulting Party, the Non-defaulting Party may immediately take the actions pursuant to this Agreement or take other remedies in accordance with laws.

7

- 7.2 If the Borrowers fail to repay the Loan pursuant to the terms under this Agreement, they will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 0.02% until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrowers.

8. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be made in writing and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

If to the **Lender: Beijing Jingdong Century Trade Co., Ltd.**

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990
Attention: Richard Qiangdong Liu

If to the **Borrowers:**

Richard Qiangdong Liu

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

Pang Zhang

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

8

Yayun Li

Address: Room B168, Building 2, No. 99, Kechuang 14 Street, Beijing
Economic and Technological Development Zone, Beijing
Phone: 010-58955008
Fax: 010-58955990

9. Confidentiality

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or rules or regulations; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, such legal or financial advisor shall also comply with the confidentiality obligation

similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive expiration or termination of this Agreement.

10. Applicable Law and Dispute Resolution

- 10.1 The formation, validity, performance and interpretation of this Agreement and the disputes resolution under this Agreement shall be governed by the PRC laws.
- 10.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party, any Party can submit such matter to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

11. Miscellaneous

- 11.1 The headings contained in this Agreement are for the convenience of reference only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.
- 11.2 This Agreement shall be effective as of the date of its execution. The Parties agree and confirm that the effect of this Agreement shall retrospect to August 25, 2016. Once effective, this Agreement will replace the Original Loan Agreement and expire until the Parties have performed their respective obligations under this Agreement.

9

- 11.3 The Parties agree to promptly execute any document and take any other action reasonably necessary or advisable to perform provisions and purpose of this Agreement.
- 11.4 The Parties confirm that this Agreement shall, upon its effectiveness, constitute the entire agreement and common understanding of the Parties with respect to the subject matters herein and fully supersede all prior verbal and/or written agreements and understandings with respect to the subject matters herein.
- 11.5 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 11.6 This Agreement shall be binding upon and for the benefit of all the Parties hereto and their respective inheritors, successors and the permitted assigns.
- 11.7 Any Party's failure to exercise the rights under this Agreement in time shall not be deemed as its waiver of such rights and would not affect its future exercise of such rights.
- 11.8 If any provision of this Agreement is held void, invalid or unenforceable by a court of competent jurisdiction, governmental agency or arbitration authority, the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and revise such void, invalid or unenforceable provisions only to the extent closest to the original intention thereof to recover its validity or enforceability for such specific facts and circumstances.
- 11.9 Unless with prior written consent from the Lender, the Borrowers may not assign any of their rights and obligations under this Agreement to any third party.
- 11.10 This Agreement is made in three (3) originals with each Party holding one (1) original. Each original has the same effect.

(No text below)

10

(Signature Page)

IN WITNESS THEREOF, each Party has signed or caused its legal representative to sign this Agreement as of the date first written above.

Party A: Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/ Richard Qiangdong Liu

Party B:

Richard Qiangdong Liu

By: /s/ Richard Qiangdong Liu

Pang Zhang

By: /s/ Pang Zhang

Yayun Li

By: /s/ Pang Zhang

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese variable interest entity. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

VIE	Executing Parties	Loan Amount	Effective Date	Execution Date
Beijing Yuanyi Freight Forwarding Co., Ltd.	Lender: Beijing Jingdong Century Trade Co., Ltd. Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate of RMB3,000,000.00 lent to the Borrowers, of which RMB 1,350,000.00 will be provided to Richard Qiangdong Liu, RMB 900,000.00 will be provided to Yayun Li and RMB 750,000 will be provided to Pang Zhang	January 5, 2017	January 5, 2017
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Lender: Beijing Jingdong Century Trade Co., Ltd. Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate of RMB80,000,000.00 lent to the Borrowers, of which RMB 36,000,000.00 will be provided to Richard Qiangdong Liu, RMB 20,000,000.00 will be provided to Pang Zhang and RMB 24,000,000 will be provided to Yayun Li.	September 8, 2016	September 8, 2016
Jiangsu Jingdong Saide E-commerce Co., Ltd.	Lender: Beijing Jingdong Century Trade Co., Ltd. Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate of RMB50,000,000.00 lent to the Borrowers, of which RMB 22,500,000.00 will be provided to Richard Qiangdong Liu, RMB 12,500,000.00 will be provided to Pang Zhang and RMB 15,000,000 will be provided to Yayun Li.	September 5, 2016	September 5, 2016
Suqian Limao Donghong Investment Management Co., Ltd.	Lender: Suqian Yitong Information Technology Co., Ltd. Borrowers: Richard Qiangdong Liu and Yayun Li	Amount: an aggregate of RMB1,000,000.00 lent to the Borrowers, of which RMB 620,000.00 will be provided to Richard Qiangdong Liu and RMB 380,000.00 will be provided to Yayun Li.	December 28, 2016	December 28, 2016
Beijing Andist Technology Co., Ltd.	Lender: Beijing Jingdong Century Trade Co., Ltd. Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate of RMB2,000,000.00 lent to the Borrowers, of which RMB 900,000.00 will be provided to Richard Qiangdong Liu, RMB 500,000.00 will be provided to Pang Zhang and RMB 600,000 will be provided to Yayun Li.	December 1, 2016	December 1, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Lender: Beijing Jingdong Century Trade Co., Ltd. Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate of RMB1,000,000.00 lent to the Borrowers, of which RMB 4,500,000.00 will be provided to Richard Qiangdong Liu, RMB 2,500,000.00 will be provided to Pang Zhang and RMB 3,000,000 will be provided to Yayun Li.	December 20, 2016	December 20, 2016

Termination Agreement

This Termination Agreement (this “**Agreement**”) is entered into as of June 15, 2016 in Beijing by and among:

Party A: Beijing Jingdong Century Trade Co., Ltd., a wholly foreign owned enterprise incorporated and duly existing under the laws of the PRC, with registered address at Room B168, Building 2, 99 Kechuang 14 Street, Beijing Economic and Technological Development Zone, Beijing;

Party B: Jiangsu Yuanzhou E-Commerce Co., Ltd., a limited liability company incorporated and duly existing under the laws of the PRC, with registered address at Intersection of Hengshan Road and Jiangshan Avenue, Suyu District, Suqian;

And

Party C:

Richard Qiangdong Liu

Jiaming Sun

(Party A, Party B and Party C Individually a “**Party**”, and collectively the “**Parties**”)

WHEREAS:

- (1) Party A and Party B have entered into a certain loan agreement dated November 6, 2012 (the “**Loan Agreement**”);
- (2) Party A, Party B and Party C have entered into a certain exclusive call option agreement dated November 6, 2012 (the “**Exclusive Call Option Agreement**”);
- (3) Party A, Party B and Party C have entered into a certain equity pledge agreement dated November 6, 2012 (the “**Equity Pledge Agreement**”);
- (4) Party A, Party B and Party C have entered into a certain business operation agreement dated November 6, 2012 (the “**Business Operation Agreement**”);
- (5) Party C has issued a certain power of attorney dated November 6, 2012 to Party A (the “**Power of Attorney**”); and

(Collectively, the “**Existing Controlling Documents**”)

- (6) Party B agrees that Jiaming Sun, an individual shareholder of Party B, may transfer (i) 30% equity interests in Party B equivalent to registered capital of RMB6.6 million to Yayun Li; (ii) 25% equity interests in Party B equivalent to registered capital of RMB5.5 million to Pang Zhang. Party A agrees to such equity transfer, and to terminate and replace the Existing Controlling Documents with new controlling documents to be made by and among Party A, Party B, Richard Qiangdong Liu, Yayun Li and Pang Zhang.

The Parties agree as follows through negotiations:

1. Termination of Existing Controlling Documents

- 1.1 Party A and Party B hereby irrevocably agree and acknowledge that the Loan Agreement shall terminate and cease to have any effect as of the date hereof.
- 1.2 Each of the Parties hereby irrevocably agree and acknowledge that each of the Exclusive Call Option Agreement, the Equity Pledge Agreement, the Business Operation Agreement and the Power of Attorney shall terminate and cease to have any effect as of the date hereof.
- 1.3 On and from the date hereof, each Party will cease to have any right or obligation under any of the Existing Controlling Documents.
- 1.4 Each Party hereby irrevocably and unconditionally waives any dispute, claim, demand, right, obligation, liability, action, contract or cause of action of any kind or nature it had, has or may have against any Other Party hereto, arising directly or indirectly from or in connection with any of the Existing Controlling Documents.

2. Execution of New Controlling Documents

Each Party agrees that on the date hereof, Party A, Party B, Richard Qiangdong Liu, Yayun Li and Pang Zhang will execute new controlling documents, each in the form and content substantially similar to each of the Exclusive Call Option Agreement, Loan Agreement, Equity Pledge Agreement, Business Operation Agreement and Power of Attorney.

3. Representations and Warranties

Each of the Parties represents and warrants to the Other Parties that:

- 3.1 it has the requisite authority and power to execute this Agreement; its execution and performance of this Agreement will not conflict with, limit or breach any law, regulation or agreement to which it is subject.
- 3.2 once executed, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement.

- 3.3 There is no lawsuit, arbitration, or legal, administrative or any other proceedings or government investigation involving the subject matter of this Agreement.

4. Covenants

4.1 To smoothly terminate the rights and obligations under the Existing Controlling Documents, each Party shall execute all documents and take all actions that are necessary or appropriate, actively assist the other Parties in obtaining relevant government approvals and/or registration documents and effect relevant termination procedures.

5. Liabilities for Breach

If this Agreement is not wholly or partially performed due to breach of this Agreement by any Party, the breaching Party shall be held liable and indemnify any loss incurred by the other Parties.

6. Confidentiality

The Parties agree that any oral or written information communicated among them in connection with this Agreement is confidential, shall be kept in confidence by each of the Parties and, without prior written consent from the other Parties, may not disclose such information to any third party, unless (a) it has been or will be known to the public (without unauthorized disclosure by any Party); (b) otherwise required under applicable laws or regulations; or (c) it is disclosed to by any Party to its potential investor, legal or financial advisor on as-need basis, provided that such potential investor, legal or financial advisor shall be subject to confidentiality obligations similar to this Section 6. Disclosure of any confidential information by any employee or entity engaged by any Party shall be deemed disclosure of such Party, for which such Party shall be held liable for breach of this Agreement. This Section 6 shall survive termination of this Agreement for any cause.

7. Governing Law and Dispute Resolution

7.1 The conclusion, validity, interpretation, performance and resolution of disputes hereunder shall be governed by and construed in accordance with the laws of the PRC.

7.2 Any dispute, claim, or controversy arising from interpretation or performance of this Agreement, or any breach, termination or invalidity hereof (the "Dispute") shall be resolved by the Parties through friendly negotiations. If the negotiations fail, unless otherwise agreed in writing, any Party may submit the Dispute to Beijing Arbitration Commission for arbitration in Beijing in accordance with its then effective arbitration rules and procedures. The arbitral award shall be final and binding upon the Parties.

7.3 During the arbitration, except the matters under dispute and pending arbitration, each Party shall continue to exercise its other rights and fulfill its other obligations hereunder.

8. Miscellaneous

8.1 This Agreement shall become effective upon execution by the Parties on the date first written above.

8.2 This Agreement is in four counterparts, one for each Party, and all counterparts shall be equally binding.

8.3 This Agreement may be amended and supplemented by agreement of the Parties in writing. Any amendment and/or supplement so made hereto is integral party of and have the same effect with this Agreement.

8.4 Invalidity of any provision hereof will not be prejudicial to the remainder of this Agreement.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, each party hereto has executed or caused this Termination Agreement to be duly executed by its authorized representative as of the date first written above.

Party A:

Beijing Jingdong Century Trade Co., Ltd.

/s/ Beijing Jingdong Century Trade Co., Ltd.

(Seal of Beijing Jingdong Century Trade Co., Ltd.)

By: /s/Richard Qiangdong Liu

Name: Richard Qiangdong Liu
Title: Legal Representative

Party B:

Jiangsu Yuanzhou E-Commerce Co., Ltd.

By: /s/Richard Qiangdong Liu

Name: Richard Qiangdong Liu
Title: Legal Representative

Party C:

Richard Qiangdong Liu

By: /s/Richard Qiangdong Liu

Jianming Sun

By: /s/Jianming Sun

Schedule A

The following schedule sets forth other similar agreement the registrant entered into with the relevant Chinese variable interest entity listed below. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

<u>VIE</u>	<u>Executing Parties</u>	<u>Execution of New Controlling Documents</u>	<u>Execution Date</u>
Suqian Limao Donghong Investment Management Co., Ltd.	Party A: Suqian Hanbang Investment Management Co., Ltd. Party B: Suqian Limao Donghong Investment Management Co., Ltd. Party C: Richard Qiangdong Liu and Yayun Li	Each Party agrees that on the date hereof, Suqian Yitong Information Technology Co., Ltd., Party B, Richard Qiangdong Liu and Yayun Li will execute new controlling documents, each in the form and content substantially similar to each of the Exclusive Call Option Agreement, Loan Agreement, Equity Pledge Agreement, Business Operation Agreement, Exclusive Technology Consulting and Service Agreement and Power of Attorney.	December 28, 2016

SUBSCRIPTION AGREEMENT

dated as of June 20, 2016

among

JD.COM, INC.

and

NEWHEIGHT HOLDINGS LTD.

TABLE OF CONTENTS

ARTICLE I DEFINITION AND INTERPRETATION	2
Section 1.1 Definition, Interpretation and Rules of Construction	2
ARTICLE II CERTAIN TRANSACTIONS; CLOSING	7
Section 2.1 Certain Transactions	7
Section 2.2 Closing Deliverables	8
ARTICLE III REPRESENTATIONS AND WARRANTIES	9
Section 3.1 Representations and Warranties of the Company	9
Section 3.2 Representations and Warranties of the Purchaser	16
ARTICLE IV COVENANTS	19
Section 4.1 Post-Closing Obligations	19
Section 4.2 Access to Information	19
Section 4.3 Securities Law Filings	19
Section 4.4 Distribution Compliance Period	19
Section 4.5 Compliance with Transaction Agreements	19
Section 4.6 Tax Matters	20
ARTICLE V INDEMNIFICATION	20
Section 5.1 Indemnification	20
ARTICLE VI MISCELLANEOUS	20
Section 6.1 Survival of the Representations and Warranties	20
Section 6.2 Governing Law; Arbitration	20
Section 6.3 Third Party Beneficiaries	21
Section 6.4 Amendment	21
Section 6.5 Binding Effect	21
Section 6.6 Assignment	21
Section 6.7 Notices	21
Section 6.8 Entire Agreement	22
Section 6.9 Severability	22
Section 6.10 Fees and Expenses	23
Section 6.11 Confidentiality	23
Section 6.12 Specific Performance	24
Section 6.13 Headings	24
Section 6.14 Execution in Counterparts	24
Section 6.15 Public Disclosure	24
Section 6.16 Waiver	25
Section 6.17 No Partnership	25

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made as of June 20, 2016, by and among:

1. JD.com, Inc., a company incorporated under the laws of the Cayman Islands (the "Company"); and
2. Newheight Holdings Ltd., a company incorporated under the laws of the Cayman Islands (the "Purchaser").

WITNESSETH:

WHEREAS, the Purchaser is the direct or indirect owner of, or directly or indirectly controls, the Relevant Newheight Group Companies (as defined below);

WHEREAS, the Company desires to purchase, or cause one or more of the Relevant JD Group Companies (as defined below) to purchase, and the Purchaser desires to sell, or cause one or more of the Relevant Newheight Group Companies to sell, the Transferred Assets (as defined below), pursuant to the terms and conditions set forth

in this Agreement and the other Transaction Agreements (as defined below);

WHEREAS, the Company and/or certain Relevant JD Group Companies on the one hand, and the Purchaser and/or certain Relevant Newheight Group Companies on the other hand, desire to enter into the Transition Cooperation Agreement and the BCA (each as defined below), pursuant to the terms and conditions set forth in this Agreement and the other Transaction Agreements;

WHEREAS, the Purchaser desires to purchase from the Company, and the Company desires to sell to the Purchaser, certain class A ordinary shares ("Class A Ordinary Shares") of the Company pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, in relation to this Agreement, the Company and the Purchaser desire to enter into an investor rights agreement (the "Investor Rights Agreement"), in substantially the same form attached hereto as Exhibit A, to memorialize their mutual agreements and understandings relating to the Purchaser's ownership of the Class A Ordinary Shares and certain rights granted to the Purchaser by the Company in relation thereto;

WHEREAS, the payment obligations contemplated hereunder are settled in USD with reference to RMB amounts calculated based on the Agreed Exchange Rate;

WHEREAS, the cash amount paid by the Purchaser to the Company in accordance with Section 2.1(a) of this Agreement is equal to the cash amounts that the Company's Affiliates will pay to the Purchaser's Affiliates to purchase the Transferred Assets; and

WHEREAS, the Company understands that Purchaser intends for the transfer of Transferred Assets in exchange for the Class A Ordinary Shares to qualify as a series of "reorganizations" as defined in Section 368(a)(1)(C) of the Code for US federal income tax purposes and that Purchaser intends to take all steps necessary for the transfer to so

1

qualify, provided that the Company is providing no representations, warranties or covenants regarding such qualification or the tax treatment of the transactions contemplated by this Agreement or the other Transaction Agreements.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties hereto, intending to be legally bound, agrees as follows:

ARTICLE I DEFINITION AND INTERPRETATION

Section 1.1 Definition, Interpretation and Rules of Construction.

(a) As used in this Agreement, the following terms have the following meanings:

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by the subject Person or together with the subject Person is jointly controlled by any third party. "control" (including, its correlative meanings "controlled by") means a Person directly or indirectly owns at least 50% of the equity interests or voting rights of such subject Person, or directly or indirectly has an actual discretion or controlling power over the operation of such subject Person by entry into contractual arrangements or by other means. With respect to any Person, its "Affiliates" includes the Subsidiaries, whether directly or indirectly owned, that are controlled by it (including the PRC domestic affiliate companies controlled by such Person through a variable interest entity structure). Notwithstanding any other provisions hereunder, for the purposes of this Agreement, (i) Walmart and the Relevant Newheight Group Companies shall be deemed as Affiliates of the Purchaser, and (ii) none of Dada and its controlled Affiliates shall be deemed as Affiliate of the Company.

"Agreed Exchange Rate" means RMB6.5795:USD1, the rate published by SAFE on June 17, 2016.

"BCA" means the business cooperation agreement entered into by and between the Company and Walmart (China) Investment Co., Ltd. on the date hereof.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in China, Hong Kong or New York are required or authorized by law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

"China" or "PRC" means the People's Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region for the purposes of this Agreement.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

2

"Company Securities" means ordinary shares or derivatives of the Company's equity securities.

"Contracts" means any contract, agreement, indenture, note, bond, loan, instrument, lease, conditional sale contract, mortgage, security agreement, license, franchise, commitment or other arrangement or agreement, whether written or oral.

"Dada" means Dada Nexus Limited, an exempted company registered under the laws of the Cayman Islands.

"Dada BCA" means the business cooperation agreement entered into by and between Walmart (China) Investment Co., Ltd. and Dada on the date hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"Fundamental Representations" means (i) the representations and warranties that are identified as "Fundamental Representations" in any Indemnified Transaction Agreement and (ii) the representations and warranties set forth under Section 3.1(a), Section 3.1(b), Section 3.1(c), Section 3.1(g), Section 3.2(a), Section 3.2(b) and Section 3.2(c) of this Agreement.

“Governmental Entity” means any federal, national, state, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental, regulatory, self-regulatory or enforcement authority or instrumentality, whether domestic, foreign or supranational.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Indemnified Transaction Agreements” means this Agreement, the Transition Cooperation Agreement, and each other document or agreement that is (i) confirmed in writing by the Company and Purchaser as an Indemnified Transaction Agreement, or (ii) entered into or delivered in connection with the transfer of any assets or properties to any Relevant JD Group Company from the Purchaser or any Relevant Newheight Group Companies.

“Material Adverse Effect” means any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, has had, has, or could reasonably be expected to have a material adverse change in or a material adverse effect on (i) the condition (financial or otherwise), affairs, assets, properties, employees, liabilities, results of operations, business or operations of such party or its Subsidiaries taken as a whole, or (ii) the ability of such party to consummate the transactions contemplated by the Transaction Agreements and to timely perform its material obligations hereunder and thereunder, in each case except to the extent that any such material adverse change or effect results or arises from (A) any action required to be taken pursuant to the terms and conditions of this Agreement, (B) changes in generally accepted accounting principles that are generally applicable to comparable companies (to the extent not materially disproportionately affecting such party or its Affiliates), (C) changes in general

3

economic and market conditions (to the extent not materially disproportionately affecting such party or its Subsidiaries), (D) the execution, announcement or disclosure of this Agreement or any other Transaction Agreement or the pendency or consummation of the transactions hereunder or thereunder, (E) actions or omissions of the other Party or its Affiliates, or actions or omissions of a Party or its Affiliates that have been consented to by the other Party in writing or otherwise contemplated by the Transaction Agreements, (F) changes in general legal, tax or regulatory conditions (to the extent not materially disproportionately affecting such party or its Affiliates), (G) changes in national or international political or social conditions, including any engagement in hostilities or the occurrence of any military or terrorist attack or civil unrest, or (H) earthquakes, hurricanes, floods or other natural disasters.

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, or unincorporated organization, or any Governmental Entity, officer, department, commission, board, bureau, or instrumentality thereof.

“Relevant JD Group Companies” has the meaning given to such term under the Transaction Agreements.

“Relevant Newheight Group Companies” means the Purchaser and each of its Affiliates that is a party to any Transaction Agreement.

“Representatives” means, with respect to any Person, such Person’s officers, directors, employees and agents.

“RMB” means the lawful currency of the PRC.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002, as amended.

“SEC” means the Securities and Exchange Commission of the United States of America or any other federal agency at the time administering the Securities Act.

“Subsidiary” with respect to any Person, means any other Person, whether or not existing on the date hereof, in which the specified Person directly or indirectly through subsidiaries or otherwise, beneficially owns at least fifty percent (50%) of either the equity interest or voting power of or in such other Person or otherwise controls such other Person, whether through Contract or otherwise (including, for the avoidance of doubt, any variable interest entities that are consolidated into the financial statements of such Person in accordance with the generally accepted accounting principles applicable to such Person).

“Tax” or “Taxes” means (i) all taxes, governmental levies, or other like governmental assessments including all federal, state, county, local, municipal, or foreign corporate franchise, income, sales, use, ad valorem, receipts, value added, profits, license, withholding, payroll, employment, property, customs, net worth, capital gains,

4

transfer, stamp, documentary, social security, environmental, alternative minimum, occupation, recapture, accumulated earnings, windfall profits, estimated and other taxes, charges, duties or levies imposed or collected by any Governmental Entity, including any amount owed in respect of any Law relating to unclaimed property or escheat, all interest, penalties and additions imposed with respect to such amounts, and (ii) any amount owing in respect of clause (i) as a result of being a member of a combined, consolidated, unitary, affiliated or similar group, as a transferee or successor, by Contract or pursuant to Law.

“Tax Return” means and includes all domestic or foreign (whether national, federal, state, provincial, local or otherwise) returns, statements, declarations, estimates, forms, reports, information returns and any other documents (including all consolidated, affiliated, combined or unitary versions of the same), including all related and supporting information, filed or required to be filed with any Governmental Entity in connection with the determination, assessment, reporting, payment, collection or administration of any Taxes.

“Transaction Agreements” means this Agreement, the Investor Rights Agreement, the Transition Cooperation Agreement, the BCA and each other document or agreement that is (i) confirmed in writing by the Company (or any of its Affiliates) and Purchaser (or any of its Affiliates) as a Transaction Agreement, or (ii) entered into or delivered in connection with the transactions contemplated hereby and thereby by and among the Company and its Subsidiaries and Affiliates on the one hand, and the Purchaser and the Relevant Newheight Group Companies on the other hand.

“Transferred Assets” means any assets of Relevant Newheight Group Companies that are or will be transferred to the Company or an Affiliate of the Company under any Transaction Agreement.

“Transition Cooperation Agreement” means the transition cooperation agreement entered into by and among the Company and an Affiliate of the Purchaser on the date hereof.

“U.S. GAAP” means the generally accepted accounting principles of the United States.

“USD” or “US\$” means United States Dollars, the lawful currency of the United States of America.

“Walmart” means Wal-Mart Stores, Inc., a Delaware corporation.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
“ADSSs”	3.1(f)
“Agreement”	Preamble
“Class A Ordinary Shares”	Preamble
“Closing”	2.2(a)

5

“Closing Date”	2.2(a)
“Company”	Preamble
“Company Financial Statements”	3.1(h)(ii)
“Confidential Information”	6.11(a)
“Dispute”	6.2
“FINRA”	3.2(g)(vi)
“Government Officials”	3.1(o)(ii)
“Investor Rights Agreement”	Preamble
“Lock-Up Period”	4.5
“Material Contracts”	3.1(m)
“Offshore Payment”	2.1(b)
“Ordinary Shares”	Preamble
“Purchaser”	Preamble
“SEC Documents”	3.1(h)(i)
“Securities Act”	2.2(d)
“Standstill Period”	4.6(a)
“Subscription Shares”	2.1(a)

(c) In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(i) The words “Party” and “Parties” shall be construed to mean a party or the parties to this Agreement, and any reference to a party to this Agreement or any other agreement or document contemplated hereby shall include such party’s successors and permitted assigns.

(ii) When a reference is made in this Agreement to an Article, Section, Exhibit or clause, such reference is to an Article, Section, Exhibit or clause of this Agreement.

(iii) The headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement.

(iv) Whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation.”

(v) The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

(vi) All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein.

(vii) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

6

(viii) The use of “or” is not intended to be exclusive unless expressly indicated otherwise.

(ix) The term “\$” means United States Dollars.

(x) The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(xi) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefor and all rules, regulations and statutory instruments issued or related to such legislation.

(xii) References herein to any gender include the other gender.

(xiii) The Parties hereto have each participated in the negotiation and drafting of this Agreement and if any ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts thereof.

ARTICLE II CERTAIN TRANSACTIONS; CLOSING

Upon the terms and subject to the conditions contained in this Agreement, the Purchaser hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to the Purchaser, 144,952,250 shares of Class A Ordinary Shares (the "Subscription Shares"), free and clear of all liens or encumbrances (except for restrictions created by virtue of this Agreement or any other Transaction Agreements).

In consideration for the Company's issuance of the Subscription Shares to the Purchaser, the Purchaser shall, and shall cause the Relevant Newheight Group Companies to:

- (a) pay US\$700,039,132 to the Company (the "Offshore Payment") by wire transfer of immediately available funds to the account designated by the Company in writing; the payment of US\$111,954,931 of the Offshore Payment in USD having been determined by reference to an RMB equivalent calculation based on the Agreed Exchange Rate is in settlement of a US Dollar obligation with reference to RMB equivalent calculated based on the Agreed Exchange Rate;
- (b) deliver to the Company the Transition Cooperation Agreement, the BCA, the Investor Rights Agreement and the other Transaction Agreements and the Dada BCA duly and validly executed by the Purchaser and/or the Relevant Newheight Group Companies; and
- (c) sell and transfer to the Company and/or the Relevant JD

7

Group Companies the Transferred Assets pursuant to the Transaction Agreements.

Additionally, the Company shall, or shall cause the Relevant JD Group Companies to:

- (a) deliver to the Purchaser (i) the Transition Cooperation Agreement, the BCA, the Investor Rights Agreement and the other Transaction Agreements duly and validly executed by the Company and/or the applicable Relevant JD Group Companies and (ii) the Dada BCA duly and validly executed by Dada; and
- (b) purchase, acquire and accept from the Relevant Newheight Group Companies the Transferred Assets pursuant to the Transaction Agreements.

Section 2.2

Closing Deliverables.

(a) Closing. The closing of the transactions contemplated hereunder (the "Closing") shall take place remotely via the electronic exchange of the closing documents and signatures (followed by prompt delivery of the originals therefor) concurrently with the satisfaction of all conditions and delivery obligations of the Parties set forth herein on the date hereof (the "Closing Date"). All transactions occurring at the Closing shall be deemed to occur simultaneously, and shall be effective as of the Closing and upon occurrence of all transactions contemplated by Section 2.1. For the avoidance of doubt, the consummation of the transactions contemplated by this Agreement and the Transaction Agreements shall occur together, and the Closing shall be deemed not to have occurred if any Party fails to deliver any agreement or other instrument or document required or contemplated under this Section 2.2.

- (b) At the Closing, the Purchaser shall:
 - (i) pay to the Company the Offshore Payment by wire transfer of funds to a bank account designated by the Company in writing;
 - (ii) deliver to the Company copies of the Transaction Agreements duly and validly executed by each party to such Transaction Agreements (other than the Company and/or the Relevant JD Group Companies);
 - (iii) deliver or cause the delivery of all the documents expressly required under the Transaction Agreements required to be delivered to the Company and/or the Relevant JD Group Companies at Closing, as applicable; and
 - (iv) deliver to the Company a certificate signed by an authorized signatory of the Purchaser, certifying that all corporate and other actions required to be taken by the Purchaser and the Relevant Newheight Group Companies in connection with the transactions contemplated under the Transaction Agreements have been completed and including copies of resolutions of the board of directors and/or shareholders (as applicable) of the Purchaser and the Relevant Newheight Group Companies approving the Transaction Agreements and the transactions contemplated thereby.

8

- (c) At the Closing, the Company shall:
 - (i) deliver to the Purchaser duly issued share certificates issued in favor of the Purchaser representing the Subscription Shares;
 - (ii) cause its register of members to be duly updated to reflect the issue and allotment of the Subscription Shares to the Purchaser, and deliver a copy of such updated register of members to the Purchaser;
 - (iii) deliver to the Purchaser copies of the Transaction Agreements duly and validly executed by the Company and/or the applicable Relevant JD Group Companies (to the extent they are a party thereto); and
 - (iv) deliver to the Purchaser a certificate signed by an authorized signatory of the Company, certifying that all corporate actions required to be taken by the Company and the Relevant JD Group Companies in connection with the transactions contemplated under the Transaction Agreements have been completed.
- (d) Restrictive Legend. Each certificate representing any of the Subscription Shares shall be endorsed with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED:

(A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS, AND (B) IF NOT OTHERWISE IN COMPLIANCE WITH THE SUBSCRIPTION AGREEMENT BETWEEN THE COMPANY AND NEWHEIGHT HOLDINGS LTD., DATED JUNE 20, 2016 (THE “SUBSCRIPTION AGREEMENT”) AND THE INVESTOR RIGHTS AGREEMENT BETWEEN THE COMPANY AND NEWHEIGHT HOLDINGS LTD., DATED JUNE 20, 2016 (THE “INVESTOR RIGHTS AGREEMENT”). ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS OR ANY OTHER RESTRICTIONS SET FORTH IN THE SUBSCRIPTION AGREEMENT OR THE INVESTOR RIGHTS AGREEMENT SHALL BE VOID.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company. Except as set forth in the disclosure schedule delivered to the Purchaser in connection herewith on or prior to the date hereof, the Company hereby represents and warrants to the Purchaser that, as of the date hereof and as of the Closing, the following representations and warranties are true and correct:

(a) Due Formation. The Company is an exempted company, duly incorporated, validly existing and in good standing under the laws of the Cayman Islands, has the requisite corporate power and authority to own, lease and operate its

9

business and assets and to conduct its business as currently conducted and as described in the SEC Documents, and is duly qualified to transact business in each jurisdiction in which the conduct of its business or its ownership, leasing or operation of property requires such qualification, in each case except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) Authority; Valid Agreement. The Company and the Relevant JD Group Companies each has all requisite legal power and authority to execute, deliver and perform its obligations under the Transaction Agreements to which each is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of each of the Transaction Agreements by the Company and the Relevant JD Group Companies have been duly authorized by all necessary corporate action on the part of the Company and the Relevant JD Group Companies. This Agreement has been, and each other Transaction Agreement will be duly executed and delivered by the Company or the Relevant JD Group Companies and, assuming due authorization, execution and delivery by the Purchaser and the other parties thereto, constitutes (or, when executed and delivered in accordance therewith will constitute) a legal, valid and binding obligation of the Company or the Relevant JD Group Companies, as the case may be, enforceable against the Company or the Relevant JD Group Companies in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies or general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law).

(c) Due Issuance of the Subscription Shares. The Subscription Shares will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or created by virtue of this Agreement or any other Transaction Agreements. Upon entry of the Purchaser into the register of members of the Company as the legal owner of the Subscription Shares, the Company will transfer to the Purchaser good and valid title to the Subscription Shares.

(d) Non-contravention. None of the execution and the delivery of this Agreement and the other Transaction Agreements nor the consummation of the transactions contemplated hereby or thereby, by the Company or the Relevant JD Group Companies will (i) violate any provision of the organizational documents of the Company or the Relevant JD Group Companies or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Company or the Relevant JD Group Companies are subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any Contract to which the Company or the Relevant JD Group Companies are a party or by which the Company or the Relevant JD Group Companies are bound or to which any of the Company’s or the Relevant JD Group Companies’ assets are subject. There is no action, suit or proceeding,

10

pending or threatened against the Company or the Relevant JD Group Companies that questions the validity of the Transaction Agreements or the right of the Company or the Relevant JD Group Companies to enter into this Agreement or any other Transaction Agreement to which it is a party or to consummate the transactions contemplated hereby or thereby.

(e) Consents and Approvals. Subject to the accuracy of the representations and warranties of the Purchaser and/or the Relevant Newheight Group Companies under this Agreement and other Transaction Documents, none of the execution and delivery by the Company or the Relevant JD Group Companies of this Agreement or any other Transaction Agreements to which it is a party, nor the consummation by the Company or the Relevant JD Group Companies of any of the transactions contemplated hereby or thereby, nor the performance by the Company or the Relevant JD Group Companies of this Agreement or such other Transaction Agreements in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing.

(f) Compliance with NASDAQ requirements. The Company is in compliance with the applicable listing and corporate governance rules and regulations of NASDAQ. The Company has not taken any action designed to, or reasonably likely to have the effect of, delisting the American Depositary Shares representing Class A Ordinary Shares of the Company (the “ADSs”) from NASDAQ. The Company has not received any notification that the SEC or NASDAQ is contemplating suspending or terminating such listing (or the applicable registration under the Exchange Act related thereto). The Company is in compliance with the Sarbanes-Oxley Act in all material respects.

(g) Capitalization.

(i) The authorized share capital of the Company is US\$2,000,000 divided into 99,000,000 class A ordinary shares of a nominal or par value of US\$0.00002 each and 1,000,000,000 class B ordinary shares of a nominal or par value of US\$0.00002 each, of which 2,317,929,638 class A ordinary shares and 475,827,011 class B ordinary shares are issued and outstanding as of May 31, 2016. Except as set forth in the SEC Documents, the Company has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter. The Subscription Shares will represent 5.22% of the outstanding share capital of the Company (prior to the issuance of such Subscription Shares) on a Fully-Diluted (by Treasury Method) (as defined in the Investor Rights Agreement) basis as of May 31, 2016.

(ii) Except as set forth above in this Section 3.1(g) and in the SEC Documents, there are no outstanding (A) shares of capital stock or voting securities of the Company, (B) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (C) preemptive or other outstanding rights, options, warrants, conversion rights, “phantom” stock rights, stock appreciation rights, redemption rights, repurchase rights,

11

agreements, arrangements, calls, commitments or rights of any kind that obligate the Company to issue or sell any shares of capital stock or other securities of the Company or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Company, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(iii) Except as disclosed in the SEC Documents, there are no registration rights, rights of first offer, rights of first refusal, tag-along rights, director appointment rights, governance rights or other similar rights with respect to the securities of the Company that have been granted to any Person.

(h) SEC Matters; Financial Statements.

(i) The Company has filed or furnished, as applicable, on a timely basis, all registration statements, proxy statements and other statements, reports, schedules, forms and other documents required to be filed or furnished by it with the SEC (all of the foregoing documents filed with or furnished to the SEC and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the “SEC Documents”). As of their respective effective dates (in the case of the SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment: (A) each of the SEC Documents complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act and any rules and regulations promulgated thereunder applicable to the SEC Documents (as the case may be) and (B) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) The financial statements (including any related notes) contained in the SEC Documents (collectively, the “Company Financial Statements”): (A) complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (B) were prepared in accordance with U.S. GAAP applied on a consistent basis throughout the periods covered thereby and (C) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the periods covered thereby, except as disclosed therein and as permitted under the Exchange Act.

(iii) Except as disclosed in the SEC Documents, the Company has established and maintains a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting, including policies and procedures that (A) mandate the maintenance of records that in reasonable detail accurately and fairly reflect the material transactions and dispositions of the assets of the Company, (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

12

U.S. GAAP, and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of material assets of the Company. There are no material weaknesses or significant deficiencies in the Company’s internal controls. The Company’s auditors and the audit committee of the board of directors of the Company have not been advised of any fraud that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting. Since December 31, 2015, there has been no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(iv) The “disclosure controls and procedures” (as defined in Rules 13a-15(e) or 15d-15(e), as applicable, under the Exchange Act) of the Company are designed to ensure that all material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the management of the Company as appropriate to allow timely decisions regarding required disclosure.

(v) The Company is not a party to and has no commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract, agreement, arrangement or undertaking, or any “off-balance sheet arrangements” (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the result, purpose or intended effect of such contract, agreement, arrangement or undertaking is to avoid disclosure of any material transaction involving, or material liabilities of, the Company in the Company’s published financial statements or other SEC Documents.

(i) No Undisclosed Liabilities. Except as set forth in the SEC Documents or has not had, or would not reasonably be expected to have, a Material Adverse Effect on the Company, neither the Company nor any of its significant Subsidiaries has incurred or undertaken any liabilities or obligations, whether direct or indirect, liquidated or contingent, matured or unmatured, or entered into any transactions, including any acquisition or disposition of any business or asset, that would be required to be disclosed in accordance with U.S. GAAP, other than (i) liabilities or obligations disclosed and provided for in the Company Financial Statements or in the notes thereto or otherwise disclosed in the SEC Documents, (ii) liabilities or obligations that have been incurred by the Company since December 31, 2015 in the ordinary course of business or (iii) liabilities or obligations arising under or in connection with the transactions contemplated by this Agreement or any other Transaction Agreements.

(j) Investment Company; Per Se Company Status. The Company is not and, after giving effect to the offering and sale of the Subscription Shares, will not be an “investment company,” as such term is defined in the U.S. Investment Company Act of 1940, as amended. Neither the Company nor any of the Relevant JD Group Companies, nor any of the Relevant JD Group Companies’ respective direct parent entities, is a per se corporation (*gufen youxian gongsi*) as a Hong Kong Public Company Limited Company as defined in Treasury Regulation Section 301.7701-2(b)(8)(i). Neither the Relevant JD Group Companies, nor any of the Relevant JD Group Companies’ respective direct parent entities, will take any action to revoke or invalidate entity classification elections made to treat such entities for the transactions

13

contemplated by the Transaction Agreements as disregarded for U.S. tax purposes pursuant to the Treasury regulations under the Code Section 7701.

(k) Brokers. The Company has not dealt with any broker, finder, commission agent, placement agent or arranger in connection with the sale of the Subscription Shares, and the Company is not under any obligation to pay any broker's fee or commission in connection with the sale of the Subscription Shares.

(l) Contracts. The Company has filed as exhibits to the SEC Documents all contracts, agreements and instruments (including all amendments thereto) that are required to be filed in the SEC Documents (the "Material Contracts"). Each Material Contract is in full force and effect, except where such failures to be in effect would not reasonably be expected to have a Material Adverse Effect. The Company is not in default under, or in breach or violation of, any Material Contract, except where such default, breach or violation would not reasonably be expected to have a Material Adverse Effect.

(m) Litigation. Except as disclosed in the SEC Documents, there are no pending or, to the knowledge of the Company, threatened actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings before or by any governmental authority or by any other person against the Company, its Subsidiaries or any officer or director of the Company in their capacities as such, as would have, if decided adversely, a Material Adverse Effect.

(n) Absence of Certain Changes. Except as set forth in the SEC Documents, since December 31, 2015, there has been no Material Adverse Effect has occurred.

(o) Compliance with Laws.

(i) The business of the Company and its significant Subsidiaries is not being conducted in material violation of any applicable law or government order applicable to the Company or its Subsidiaries.

(ii) None of the Company nor, to the knowledge of the Company, any Representative of the Company nor any independent sales representative, consultant, intermediary, distributor or any other Person acting on behalf of the Company, has, directly or indirectly, taken any action which would cause them or any other Person to be in violation of: (i) the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder; (ii) the UK Bribery Act 2010; or (iii) any other applicable anti-corruption and/or anti-bribery laws, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, and writs of any Governmental Entity of China or any jurisdiction applicable to the Company (whether by virtue of jurisdiction or organization or conduct of business).

(iii) None of the Company nor, to the knowledge of the Company, any Representative of the Company nor any independent sales representative, consultant, intermediary, distributor or any other Person acting on behalf of the Company, has, directly or indirectly, offered, paid, promised to pay, or authorized a

14

payment, of any money or other thing of value (including any fee, gift, sample, travel expense or entertainment) or any commission payment, or any payment related to political activity, to any of the following persons for the purpose of influencing any act or decision of such person in his official capacity, inducing such person to do or omit to do any act in violation of the lawful duty of such official, securing any improper advantage, or inducing such person to use his influence with a foreign government or instrumentality thereof to affect or to influence any act or decision of such government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing the business to, any Person: (i) any person who is an agent, representative, official, officer, director, or employee of any non-U.S. government or any department, agency, or instrumentality thereof (including officers, directors, and employees of state-owned, operated or controlled entities) or of a public international organization; (ii) any person acting in an official capacity for or on behalf of any such government, department, agency, instrumentality, or public international organization; (iii) any political party or official thereof; (iv) any candidate for political or political party office (such recipients in clauses (i), (ii), (iii) and (iv) of this subsection collectively, "Government Officials"); or (v) any other individual or entity while knowing or having reason to believe that all or any portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official.

(iv) The books, records and accounts of the Company have at all times, in all material respects, accurately and fairly reflected, in reasonable detail, the transactions and dispositions of their respective funds and assets. There have never been any false or fictitious entries made in the books, records or accounts of the Company relating to any illegal payment or secret or unrecorded fund, and the Company has not established or maintained a secret or unrecorded fund.

(v) None of the Company nor, to the knowledge of the Company, any Representative of the Company nor any independent sales representative, consultant, intermediary, distributor or any other Person acting on behalf of the Company, has, directly or indirectly, made any payments or transfers of value with the intent, or which have the purpose or effect, of engaging in commercial bribery, or acceptance of or acquiescence in kickbacks or other unlawful or improper means of obtaining business.

(vi) Except for those circumstances which would not result in violation of applicable anti-corruption and/or anti-bribery laws, neither the Company nor any of its directors, officers or employees is a Government Official.

(p) Controlled Foreign Corporation. Immediately after the Closing, the Company will not be a "Controlled Foreign Corporation" ("CFC") as defined in the U.S. Internal Revenue Code of 1986, as amended (or any successor thereto) (the "Code") with respect to the Subscription Shares. In the event that the Company is determined by its Tax advisors or the Tax advisors of the Purchaser to be a CFC with respect to the Subscription Shares, the Company agrees to use commercially reasonable efforts to avoid generating Subpart F Income (as defined in Section 952 of the Code) ("Subpart F Income"). The Company shall provide the Purchaser with access to such Company information as may be required by the Purchaser to determine the Company's status as a CFC and to determine whether the Purchaser or any of the

15

Purchaser's Partners is required to report its pro rata portion of the Company's Subpart F Income on its United States federal income tax return, or to allow the Purchaser or the Purchaser's Partners to otherwise comply with applicable United States federal income tax laws. For purposes of this Section 3.1(p) and Section 3.1(q) below, (i) the term "Purchaser's Partners" shall mean each of the Purchaser's shareholders, members or other equity holders and any direct or indirect equity owners of such entities and (ii) the "Company" shall mean the Company and any of its Subsidiaries.

(q) Passive Foreign Investment Company. To its knowledge after consultation with its Tax advisors, the Company was not a "passive foreign investment company" ("PFIC") within the meaning of Section 1297 of the Code for its taxable year ended December 31, 2015 and does not anticipate being a PFIC for its taxable year ending December 31, 2016. The Company shall make due inquiry with its Tax advisors on at least an annual basis regarding its status as a PFIC, and if the Company is informed by its tax advisors that it has become a PFIC, or that there is a likelihood of the Company being classified as a PFIC for any taxable year, the Company shall promptly notify the Purchaser in writing of such status or risk, as the case may be. In connection with a "Qualified Electing Fund"

election made by a Purchaser or any of a Purchaser's Partners pursuant to Section 1295 of the Code or a "Protective Statement" filed by such Purchaser or any of such Purchaser's Partners pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall provide annual financial information to the Purchaser in a form reasonably requested by Purchaser as soon as reasonably practicable following the end of each taxable year of the Company (but in no event later than 90 days following the end of each such taxable year), and shall provide the Purchaser with access to such other Company information as may be required for purposes of filing U.S. federal income tax returns in connection with such Qualified Electing Fund election or Protective Statement.

Section 3.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company that, as of the date hereof and as of the Closing, the following representations and warranties are true and correct:

(a) Due Formation. Each of the Purchaser and the Relevant Newheight Group Companies is duly formed, validly existing and in good standing in the jurisdiction of its organization. Each of the Purchaser and the Relevant Newheight Group Companies has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. Each of the Purchaser and the Relevant Newheight Group Companies has full power and authority to enter into, execute and deliver the Transaction Agreements to which it is or is to become a party and each other agreement, certificate, document and instrument to be executed and delivered by the Purchaser or such Relevant Newheight Group Company pursuant to each such Transaction Agreement and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby or thereby. The execution and delivery by the Purchaser or any Relevant Newheight Group Company of each Transaction Agreement to which it is or is to become a party and the performance by the Purchaser or such Relevant Newheight Group Company of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part.

16

(c) Valid Agreement. This Agreement has been, and each other Transaction Agreement to which the Purchaser or any Relevant Newheight Group Company is or is to become a party will be, duly executed and delivered by the Purchaser or such Relevant Newheight Group Company and constitutes (or, when executed and delivered in accordance therewith will constitute), the legal, valid and binding obligation of the Purchaser and such Relevant Newheight Group Company, enforceable against the Purchaser and such Relevant Newheight Group Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies or general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law).

(d) Non-contravention. None of the execution and the delivery of this Agreement or any other Transaction Agreement, nor the consummation of the transactions contemplated hereby or thereby, by the Purchaser or any Relevant Newheight Group Company will (i) violate any provision of the organizational documents of the Purchaser or such Relevant Newheight Group Company or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Purchaser or such Relevant Newheight Group Company is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any Contract to which the Purchaser or such Relevant Newheight Group Company is a party or by which the Purchaser or such Relevant Newheight Group Company is bound or to which the Purchaser's or such Relevant Newheight Group Company's assets are subject. There is no action, suit or proceeding, pending or, to the knowledge of the Purchaser, threatened against the Purchaser or any Relevant Newheight Group Company that questions the validity of any Transaction Agreement or the right of the Purchaser or any Relevant Newheight Group Company to enter into any Transaction Agreement to which the Purchaser or such Relevant Newheight Group Company is or is to become a party or to consummate the transactions contemplated hereby or thereby.

(e) Consents and Approvals. None of the execution and delivery by the Purchaser or any Relevant Newheight Group Company of this Agreement and the other Transaction Agreements to which the Purchaser or such Relevant Newheight Group Company is or is to become a Party, nor the consummation of any of the transactions contemplated hereby or thereby, nor the performance by the Purchaser or any Relevant Newheight Group Company of this Agreement or any such Transaction Agreements in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing.

(f) Litigation. There are no pending or, to the knowledge of the Purchaser, threatened actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings before or by any governmental authority or by any other person against the Purchaser, any Relevant Newheight Group Company, any Transferred Assets or any

17

officer, director or employee of the Purchaser or any Relevant Newheight Group Company in their capacities as such, as would have, if decided adversely, a Material Adverse Effect.

(g) Status and Investment Intent.

(i) Experience. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Subscription Shares. The Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. The Purchaser is acquiring the Subscription Shares that it is purchasing pursuant to this Agreement for its own account for investment purpose only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Subscription Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. The Purchaser was not identified or contacted through the marketing of the transactions contemplated by this Agreement. The Purchaser did not contact the Company as a result of any general solicitation or directed selling efforts. The purchase of the Subscription Shares by the Purchaser was not solicited by or through anyone other than the Company.

(iv) Restricted Securities. The Purchaser acknowledges that the Subscription Shares are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. The Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Subscription Shares may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (z) pursuant to an exemption from registration under the Securities Act.

effect, under the Securities Act.

(v) Status. The Purchaser is an “accredited investor” within the meaning of SEC Rule 501 of Regulation D, as presently in effect, under the Securities Act.

(vi) FINRA. The Purchaser does not, directly or indirectly, own more than five percent (5%) of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) or a holding company for a FINRA member, and is not otherwise a “restricted person” for the purposes of the Free-Riding and Withholding Interpretation of FINRA.

(h) Brokers. None of the Purchaser and the Relevant Newheight Group Companies has dealt with any broker, finder, commission agent, placement agent or arranger in connection with any transactions contemplated under any Transaction Agreements, and none of the Purchaser and the Relevant Newheight Group

18

Companies is under or would subject the Company or any of its Affiliates to any obligation to pay any broker’s fee or commission in connection with any transactions contemplated under any Transaction Agreements.

(i) None of the Transferred Assets is a “United States real property interest” within the meaning of Section 897(c) of the Code.

ARTICLE IV COVENANTS

Section 4.1 Post-Closing Obligations. Subject to the terms and conditions of this Agreement, the Company and the Purchaser will, and cause their respective Subsidiaries and controlled Affiliates to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate the transactions contemplated by this Agreement and the other Transaction Agreements. On and after the Closing Date, and subject to the provisions of this Agreement, the Company and the Purchaser agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary or desirable in order to implement the transactions contemplated by this Agreement and the other Transaction Agreements.

Section 4.2 Access to Information. From the date of this Agreement and through the completion of any and all transactions contemplated under any Transaction Agreements, upon reasonable notice, the Purchaser shall, subject to applicable law, afford the Company and its officers, employees, agents, accountants, counsel and representatives reasonable access, during normal business hours, to the offices, personnel, books and records of the Relevant Newheight Group Companies. All Confidential Information furnished to a party or its advisor by a party or its advisor in connection with the transactions contemplated by the Transaction Agreements shall be subject to, and the recipient of such information shall hold all such information in confidence in accordance with, the confidentiality provisions in Section 6.11.

Section 4.3 Securities Law Filings. The Purchaser and the Company shall timely file all forms, reports and documents required to be filed by each with the SEC (including filing any required statements of beneficial ownership on Schedule 13D or Schedule 13G and such filings as may be required under Section 16 of the Exchange Act) as a result of the issuance of the Subscription Shares, provided that each Party shall provide the other with reasonable chance to review the relevant documents prior to the filing.

Section 4.4 Distribution Compliance Period. The Purchaser agrees not to resell, pledge or transfer any Subscription Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Closing.

Section 4.5 Compliance with Transaction Agreements. The Purchaser hereby covenants and agrees with the Company to cause each covenant and agreement of any Relevant Newheight Group Companies party to each of the Transaction Agreements to be fully performed, satisfied and discharged, as if such covenants and agreements

19

were set forth herein and repeated by the Purchaser hereunder as a primary obligor. The Company hereby covenants and agrees with the Purchaser to cause each covenant and agreement of any Relevant JD Group Companies party to each of the Transaction Agreements to be fully performed, satisfied and discharged, as if such covenants and agreements were set forth herein and repeated by the Company hereunder as a primary obligor.

Section 4.6 Tax Matters. For a period of three (3) years following the Closing, both Parties shall reasonably cooperate with each other in furnishing information and documents in connection with any Tax Return filing obligations, actions, proceedings, arrangements or disputes of any nature (other than any disputes for which an indemnity claim has been made in accordance with Schedule 1) with respect to Tax imposed with respect to the Transferred Assets; and (ii) furnish or cause to be furnished to each other (each at its own expense), as promptly as reasonably practicable, such information (including access to books and records) relating to the Transferred Assets, as is reasonably necessary for the filing of any such Tax Returns, for the preparation of any audit, and for the prosecution or defense of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to Taxes (other than with respect to any claims or suits for which an indemnity claim has been made under ARTICLE V and Schedule 1).

ARTICLE V INDEMNIFICATION

Section 5.1 Indemnification. The Parties hereby agree to the provisions set forth in Schedule 1, which is incorporated hereby into this Agreement.

ARTICLE VI MISCELLANEOUS

Section 6.1 Survival of the Representations and Warranties. All representations and warranties made by any Party hereunder and in each other Indemnified Transaction Agreement shall expire on the date that is eighteen (18) months after the Closing, except as to any claims hereunder and thereunder which have been asserted in writing pursuant to Section 1 of Schedule 1 against the Party making such representations and warranties on or prior to such applicable expiration date and the relevant party’s Fundamental Representations, each of which shall survive until the expiration of the applicable statute of limitations.

Section 6.2 Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the laws of New York State, U.S. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, construction, interpretation, validity, termination or implementation (“Dispute”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. The Company shall have the right to appoint one

of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, either Party may seek immediate injunctive relief or other interim relief from any court of competent jurisdiction as necessary to enforce the provisions of this Agreement.

Section 6.3 Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, except as set forth in Schedule 1 with respect to Indemnified Parties (as defined therein) or as expressly provided otherwise in this Agreement.

Section 6.4 Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

Section 6.5 Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective heirs, successors and permitted assigns and legal representatives.

Section 6.6 Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by any Party without the express written consent of the other Parties. Any purported assignment in violation of the foregoing sentence shall be null and void.

Section 6.7 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given to the Party at the address set forth below (a) if in writing and served by personal delivery upon the Party for whom it is intended, on the date of such delivery; (b) if delivered by certified mail, registered mail or courier service, return-receipt received, on the date of such delivery; or (c) if delivered by email, upon confirmation of receipt by a non-automated response:

If to the Company, at:

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC
Attn.: Legal Department (Mergers and Acquisitions Group)
E-mail: legalnotice@jd.com

with a copy (which shall not constitute notice) to:

Address: 20/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC

Attn.: Corporate Development Department (Strategy and Investment Department)
E-mail: qyfb@jd.com

With a copy to (which shall not constitute notice):

Orrick, Herrington & Sutcliffe LLP
47/F PARK PLACE
1601 NANJING ROAD WEST
SHANGHAI 200040 CHINA
Email: Jeffrey.sun@orrick.com
Attn: Jie SUN (Jeffrey)

If to the Purchaser, at: c/o Walmart eCommerce
850 Cherry Avenue
San Bruno, CA 94066
Attn: CEO

With a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304
Email: ccomey@mof.com
Attn: Charles C. Comey

Any Party may change its address for purposes of this Section 6.7 by giving the other Parties hereto written notice of the new address in the manner set forth above.

Section 6.8 Entire Agreement. This Agreement and the other Transaction Agreements (together with the schedules and exhibits hereto and thereto) together constitute the entire understanding and agreement between the Parties with respect to the matters covered hereby and thereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby and thereby are superseded by this Agreement and the other Transaction Agreements.

Section 6.9 Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in

order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally

contemplated to the fullest extent possible.

Section 6.10 Fees and Expenses. Except as otherwise provided in this Agreement or any other Transaction Agreements, the Parties will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the other Transaction Agreements and the transactions contemplated hereby and thereby, including fees and expenses of attorneys, accountants, consultants and financial advisors.

Section 6.11 Confidentiality.

(a) Each Party shall, and shall cause its Affiliates to, keep confidential any non-public material or information with respect to the business, technology, financial conditions, and other aspects of the other Parties which it is aware of, or have access to, in signing or performing this Agreement (including written or non-written information, hereinafter the "Confidential Information"). Confidential Information shall not include any information that is (a) previously known on a non-confidential basis by the receiving Party, (b) in the public domain through no fault of such receiving Party, its Affiliates or its or its Affiliates' officers, directors or employees, (c) received from a party other than the Parties or their Affiliates, representatives or agents, so long as such party was not, to the knowledge of the receiving Party, subject to a duty of confidentiality to such Party or Affiliates or (d) developed independently by the receiving Party without reference to confidential information of the disclosing Party. No Party shall disclose such Confidential Information to any third Party. Either Party may use the Confidential Information only for the purpose of, and to the extent necessary for performing this Agreement; and shall not use such Confidential Information for any other purposes. The Parties hereby agree, for the purpose of this Section 6.11, that the existence and terms and conditions of this Agreement and schedule hereof shall be deemed as Confidential Information (subject to the exclusion described in subsection (b) of the second sentence of this Section 6.11 to the extent disclosed publicly in compliance with Section 6.15).

(b) Notwithstanding any other provisions in this Section 6.11, if any Party believes in good faith that any announcement or notice must be prepared or published pursuant to applicable laws (including any rules or regulations of any securities exchange or valid legal process) or information is otherwise required to be disclosed to any Governmental Entity, such Party may, in accordance with its understanding of the applicable laws, make the required disclosure in the manner it deems in compliance with the requirements of applicable laws; provided that, the Party who is required to make such disclosure shall, to the extent permitted by law and so far as it is reasonably practicable, provide the other Parties with prompt notice of such requirement and reasonably cooperate with the other Parties at such other Parties' request and at the requesting Party's cost, to enable such other Parties to seek an appropriate protection order or remedy. In addition, each Party may disclose, after giving prior notice to the other Parties to the extent reasonably practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, Confidential Information to the extent required under judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement or any other Transaction Agreement; provided that, the Party who is required to make such disclosure shall, to the extent

permitted by law and so far as it is reasonably practicable, at the other Parties' request and at the requesting Party's cost, reasonably cooperate with the other Parties to enable such other Parties to seek an appropriate protection order or remedy.

(c) Each Party may disclose the Confidential Information only to its Affiliates and its and its Affiliates' officers, directors, employees, agents and representatives on a need-to-know basis in the performance of the Transaction Agreements; provided that, such Party shall ensure such persons strictly abide by the confidentiality obligations hereunder.

(d) The confidentiality obligations of each Party hereunder shall survive the termination of this Agreement for a period of five (5) years. Each Party shall continue to abide by the confidentiality clause hereof and perform the obligation of confidentiality it undertakes until the other Party approves release of that obligation or until a breach of the confidentiality clause hereof will no longer result in any prejudice to the other Party.

Section 6.12 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement or any other Transaction Agreements were not performed in accordance with the terms hereof or thereof and that the Parties shall be entitled to specific performance of the terms hereof or thereof, in addition to any other remedy at law or equity.

Section 6.13 Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 6.14 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Signatures in the form of facsimile or electronically imaged "PDF" shall be deemed to be original signatures for all purposes hereunder.

Section 6.15 Public Disclosure. Without limiting any other provision of this Agreement, the Purchaser and the Company shall consult with each other and issue a joint press release with respect to the execution of this Agreement and any other Transaction Agreements and the transactions contemplated hereby and thereby. Thereafter, neither the Company nor the Purchaser, nor any of their respective Affiliates, shall issue any press release or other public announcement or communication (to the extent not previously publicly disclosed or made in accordance with this Agreement or any other Transaction Agreements) with respect to the transactions contemplated hereby or thereby without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed), except to the extent a Party's counsel deems such disclosure necessary or desirable in order to comply with any law or the regulations or policies of any securities exchange or other similar regulatory body (in which case the disclosing Party shall give the other Parties notice as promptly as is reasonably practicable of any required disclosure to the extent permitted by applicable law), shall limit such disclosure to the information such counsel advises is required to

comply with such law or regulations, and if reasonably practicable, shall consult with the other Parties regarding such disclosure and give good faith consideration to any suggested changes to such disclosure from the other Parties. Notwithstanding anything to the contrary in this Section 6.15, the Purchaser and the Company may make

public statements without the other Party's consent, so long as any such statements are not materially inconsistent with previous press releases, public disclosures or public statements made by the Company or the Purchaser and do not reveal material, non-public information regarding the other Parties or the transactions contemplated by this Agreement.

Section 6.16 Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

Section 6.17 No Partnership. The relationship between the Parties established by this Agreement and each of the other Transaction Agreements is that of independent contractors, and nothing contained in this Agreement or any of the other Transaction Agreements shall be construed to (i) give any Party the power to direct or control the day-to-day activities of any other Party, or (ii) allow any Party to create or assume any obligation on behalf of the other Party for any purpose whatsoever. The Parties acknowledge and agree the relationship between the Parties does not and will not constitute a partnership (including a limited partnership) or a joint venture by reason of this Agreement, any other Transaction Agreement or otherwise, that no Party is or will be, by reason of this Agreement, any other Transaction Agreement or otherwise, a partner or joint venturer of the other Party for any purpose, and that this Agreement and each of the other Transaction Agreements shall not be construed to suggest otherwise.

[SIGNATURE PAGE FOLLOWS]

25

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

JD.COM, INC.

By: /s/ Qiangdong Liu
Name: Qiangdong Liu
Title: Authorized Signatory

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

NEWHEIGHT HOLDINGS LTD.

By: /s/ Lu Wang
Name: Lu Wang
Title: Authorized Signatory

INVESTOR RIGHTS AGREEMENT

dated as of June 20, 2016

among

JD.COM, INC.

and

NEWHEIGHT HOLDINGS LTD.

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS	1
Section 1.1 . Definitions	1
Section 1.2 . Other Definitional and Interpretative Provisions	5
ARTICLE 2 OBSERVATION RIGHT	6
Section 2.1 . Observation Right	6
ARTICLE 3 REGISTRATION RIGHTS	6
Section 3.1 . Registration Rights	6
ARTICLE 4 PRE-EMPTIVE RIGHTS	6
Section 4.1 . Pre-Emptive Rights	6
ARTICLE 5 TRANSFER RESTRICTIONS; FURTHER INVESTMENT	8
Section 5.1 Lock-up	8
Section 5.2 Standstill	8
Section 5.3 No Transfer to Adverse Person	9
Section 5.4 Rights of First Refusal	9
Section 5.5 Additional Matters	11
Section 5.6 Avoidance of Restrictions	12
ARTICLE 6 MISCELLANEOUS	12
Section 6.1 . Binding Effect; Assignability; Benefit	12
Section 6.2 . Notices	12
Section 6.3 . Severability	13
Section 6.4 . Entire Agreement	14
Section 6.5 . Counterparts	14
Section 6.6 . Headings	14
Section 6.7 . Amendment; Termination	14
Section 6.8 . Governing Law	14
Section 6.9 . Arbitration	14
Section 6.10 . Further Assurances	15
Section 6.11 . Depositary Arrangement	15
SCHEDULE 1 REGISTRATION RIGHTS	1

INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this “Agreement”), dated as of June 20, 2016 (the “Effective Date”), by and among JD.com, Inc., a company incorporated under the laws of the Cayman Islands (the “Company”) and Newheight Holdings Ltd., a company incorporated under the laws of the Cayman Islands (the “Investor”).

WITNESSETH

WHEREAS, pursuant to a subscription agreement, dated as of the date hereof (collectively, the “Subscription Agreement”), between the Company and the Investor, the Investor has agreed to acquire certain Class A Ordinary Shares (as defined below); and

WHEREAS, in connection with and as a condition to the consummation of the transactions contemplated by the Subscription Agreement, the parties hereto desire to enter into this Agreement to govern certain of their rights, duties and obligations after consummation of the transactions contemplated by the Subscription Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

Section 1.1. Definitions

(a) As used in this Agreement, the following terms have the following meanings:

“ADSs” means the American depositary shares of the Company, each one of which represents two (2) Class A Ordinary Shares of the Company.

“Adverse Person” means such Persons to be mutually agreed in writing by the parties hereto from time to time, and including such Persons’ Affiliates.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by the subject Person or together with the subject Person is jointly controlled by any third party. “control” (including, its correlative meanings “controlled by”) means a Person directly or indirectly owns at least 50% of the equity interests or voting rights of such subject Person, or directly or indirectly has an actual discretion or controlling power over the operation of such subject Person by entry into contractual arrangements or by other means. With respect to any Person, its “Affiliates” includes the Subsidiaries, whether directly or indirectly owned, that are controlled by it (including the PRC domestic affiliate companies controlled by such Person through a variable interest entity structure). Notwithstanding any other provisions hereunder, for the purposes of this Agreement, none of Dada Nexus Limited, an exempted company registered under the laws of the Cayman Islands, and its controlled Affiliates shall be deemed as Affiliate of the Company.

1

“Applicable Law” means, with respect to any Person, any transnational, domestic or foreign federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

“Board” means the board of directors of the Company.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in China, Hong Kong or New York are required or authorized by Applicable Law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

“Class A Ordinary Shares” means class A ordinary shares of the Company, with par value being US\$0.00002 per share.

“Closing Date” has the meaning given to such term in the Subscription Agreement.

“Company Securities” means (i) Ordinary Shares, (ii) securities convertible into or exercisable or exchangeable for Ordinary Shares, (iii) any options, warrants or other rights to acquire Ordinary Shares and (iv) any ADSs, depository receipts or similar instruments issued in respect of Ordinary Shares.

“Encumbrance” means any mortgage, lien, pledge, charge, deed of trust, security interest, title defect, claim, lease, option, right of first refusal, easement, servitude, proxy, voting trust, preemptive or similar right, agreement and transfer restriction under any agreement or other encumbrance.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder.

“Excluded Securities” means the issuance by the Company of any of the following after the date hereof: (i) Company Securities issued or issuable pursuant to any present or future employee, director or consultant benefit plans or programs duly adopted by the Company and the issuance of any Ordinary Shares issuable upon exercise of such equity awards under any such plans, (ii) the issuance of Class A Ordinary Shares upon conversion of the Class B Ordinary Shares, (iii) Company Securities issued or issuable upon a stock split, stock dividend or any subdivision of the Ordinary Shares, (iv) the issuance of Ordinary Shares upon the conversion, exercise or exchange of any outstanding Company Securities as of the date hereof, (v) Company Securities issued or issuable pursuant to an acquisition, merger, business combination or similar transaction of or with another corporation by the Company approved by the Board, (vi) Company Securities issued or issuable pursuant to equipment lease and bank financing arrangements approved by the Board, (vii) Company Securities issued or issuable in joint venture or other strategic transactions that are not primarily for the purpose of fundraising, as determined by the Board, (viii) Company Securities issued or issuable to suppliers of goods or services pursuant to transactions approved by the Board, or (ix) Company Securities issued or issuable in any public offering of the Company.

2

“Fully-Diluted (by Treasury Method)” means calculated in accordance with the methodology set forth on Schedule 2 hereto.

“Governmental Entity” means any federal, national, state, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental, regulatory, self-regulatory or enforcement authority or instrumentality, whether domestic, foreign or supranational.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“New Securities” means Ordinary Shares, or securities convertible into or exchangeable for Ordinary Shares, issued by the Company after the date hereof, other than any Excluded Securities.

“Ordinary Shares” means class A and class B ordinary shares of the Company, with par value being US\$0.00002 per share, and any other security into which such Ordinary Shares may hereafter be converted or changed.

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, or unincorporated organization, or any Governmental Entity, officer, department, commission, board, bureau, or instrumentality thereof.

“PRC” means the People’s Republic of China, but, for the purposes of this Agreement, shall not include Hong Kong, the Macau Special Administrative Region or Taiwan for the purposes of this Agreement.

“Qualified Walmart Subsidiary” means any entity which (i) is and continues to be a 100% directly or indirectly owned Subsidiary of Walmart, (ii) holds net assets no less than the Value of the Company Securities of the Company Securities to be assigned to such entity, for which the Company has the right to

request reasonable evidence (including a relevant balance sheet), and (iii) has executed and delivered to the Company certain documents (including relevant deed of joinder) assuming the obligations (including any agreements and covenants) of the Investor hereunder with respect to the Company Securities transferred to it, to the reasonable satisfaction of the Company, and has taken such other actions as may be necessary for it to be jointly and severally liable for obligations (including any agreements and covenants) of the Investor hereunder and under any other Transaction Agreements upon and after such Transfer, and such Transfer shall not be effective and shall not be recognized until such documents are so executed and delivered.

“Reference Price” means (i) if any ADSs, an amount equal to the average of the volume weighted average sales prices per ADS on the Nasdaq Global Select Market during the twenty (20) consecutive trading days ending on the Business Day to be reasonably agreed on by the parties hereto prior to the date of the applicable Transfer, and (ii) if any Ordinary Shares, an amount equal to 50% (subject to adjustment according to any change in the Ordinary Share — ADS ratio) of the average of the volume weighted average sales prices per ADS on the Nasdaq Global Select Market during such period.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

3

“Subsidiary” with respect to any Person, means any other Person, whether or not existing on the date hereof, in which the specified Person directly or indirectly through subsidiaries or otherwise, beneficially owns at least fifty percent (50%) of either the equity interest or voting power of or in such other Person or otherwise controls such other Person, whether through contract or otherwise (including, for the avoidance of doubt, any variable interest entities that are consolidated into the financial statements of such Person in accordance with the generally accepted accounting principles applicable to such Person).

“Transaction Agreements” has the meaning given to such term in the Subscription Agreement.

“Transfer” means directly or indirectly, offer, sell, contract to sell, pledge, transfer, assign, give, hypothecate, encumber, grant a security interest in, convey in trust, gift, devise or descent, or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Company Securities or any right, title or interest therein or thereto, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any Company Securities, whether any such aforementioned transaction is to be settled by delivery of the Ordinary Shares, ADSs or such other securities, in cash or otherwise, or publicly disclose the intention to make any such disposition or to enter into any such transaction, swap, hedge or other arrangement, including transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of law, directly or indirectly, of any Company Securities. “Transfer” shall not include any transfers to a Qualified Walmart Subsidiary.

“United States Dollars” means the lawful currency of the U.S.

“U.S.” means the United States of America.

“Value of the Company Securities” means value of relevant Company Securities calculated using the Reference Price.

“Walmart” means Wal-Mart Stores, Inc., a Delaware corporation.

(b) Each of the following terms is defined in the Section set forth opposite such term:

<u>Term</u>	<u>Section</u>
“ <u>Agreement</u> ”	Preamble
“ <u>Beneficial Ownership</u> ”	5.2(b)
“ <u>Company</u> ”	Preamble
“ <u>Dispute</u> ”	6.9
“ <u>Effective Date</u> ”	Preamble
“ <u>Investor</u> ”	Preamble
“ <u>Issue Notice</u> ”	4.1(a)
“ <u>Lock-Up Period</u> ”	5.1
“ <u>New Securities</u> ”	4.1(a)
“ <u>Observer</u> ”	2.1
“ <u>Offered Shares</u> ”	5.4(a)
“ <u>Option Period</u> ”	5.4(b)

4

“ <u>Subscription Agreement</u> ”	Preamble
“ <u>Transfer Notice</u> ”	5.4(a)

Section 1.2. Other Definitional and Interpretative Provisions.

The words “**hereof**,” “**herein**” and “**hereunder**” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Clauses, Annexes, Exhibits and Schedules are to Articles, Sections, Clauses, Exhibits and Schedules of this Agreement unless otherwise specified. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “**include**,” “**includes**” or “**including**” are used in this Agreement, they shall be deemed to be followed by the words “**without limitation**,” whether or not they are in fact followed by those words or words of like import. “**Writing**,” “**written**” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to “**law**,” “**laws**” or to a particular statute or law shall be deemed also to include any and all Applicable Law. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder. References to “**dollars**” or “**\$**” shall refer to U.S. dollars. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

5

**ARTICLE 2
OBSERVATION RIGHT**

Section 2.1. Observation Right.

For as long as the Investor, together with any Qualified Walmart Subsidiary, holds no less than 289,053,746 shares of Class A Ordinary Shares (or ADSs representing such number of shares of Class A Ordinary Shares), as adjusted in connection with share splits or share consolidation, reclassification or other similar event, the Company shall permit the Investor to designate one (1) senior executive of Walmart as a representative to attend all meetings of the Board in a nonvoting observer capacity (the “Observer”) and, in this respect, shall give such Observer notice of such meetings and copies of all meeting materials when such materials are distributed to the members of the Board; provided, that (i) the Observer shall have no voting rights, (ii) the Observer shall agree to hold in confidence and trust with respect to all information provided at or with respect to any meetings of the Board, and (iii) the Company reserves the right to withhold any information and materials and to exclude the Observer from any meeting or portion thereof if, upon the advice of counsel (including any internal counsel), access to such information or materials or attendance at such meeting could adversely affect the attorney-client privilege between the Company (or its applicable Subsidiary) and its counsel or result in a conflict of interest or if the chairman of the Board, at his or her discretion, believes in good faith that excluding the Observer from such information or materials or such meetings is reasonably appropriate or necessary.

**ARTICLE 3
REGISTRATION RIGHTS**

Section 3.1. Registration Rights.

The Investor shall have the rights, and the Company shall have the obligations, set forth in Schedule 1 hereto.

**ARTICLE 4
PRE-EMPTIVE RIGHTS**

Section 4.1. Pre-Emptive Rights.

(a) Within the first twenty-four (24) months after the Closing Date and, thereafter, for so long as the Investor holds at least 10% of the Company’s then outstanding share capital on a Fully-Diluted (by Treasury Method) basis, if the Company proposes to issue any New Securities, the Company shall notify the Investor in writing of such proposal (an “Issue Notice”) not less than ten (10) days prior to any such issuance. The Issue Notice shall specify the number and type of New Securities to be offered by the Company and the material terms of the proposed offer (including the proposed price or range of prices per New Security and other material conditions).

(b) The Investor (or its designated Qualified Walmart Subsidiary) shall have the right to purchase such number of New Securities at its election, so as to enable the Investor to hold, after the issuance of the New Securities which are the subject to the Issue Notice, a pro rata portion of the New Securities equal to the percentage of the Company’s outstanding share capital (on a Fully-Diluted (by Treasury Method) basis) then held by the Investor prior to the issuance of the New Securities, upon the same terms and conditions set

6

forth in the Issue Notice, by giving written notice to the Company of the exercise of this right within ten (10) days of the Investor’s receipt of the Issue Notice. If such notice is not given by the Investor within such ten (10)-day period thereof, the Investor shall be deemed to have elected not to exercise its rights under this Article 4 with respect to the issuance described in that specific Issue Notice.

(c) If the Investor exercises its rights provided in this Article 4, the closing of the purchase of the New Securities with respect to which such right has been exercised shall take place concurrently with the closing of the relevant offering of the Company. The Company and the Investor will use commercially reasonable efforts to secure any regulatory or shareholder approvals or other consents, and to comply with any Applicable Law necessary in connection with the offer, sale and purchase of, such New Securities.

(d) In the event that the Investor fails to exercise its right provided in this Article 4 within such ten (10)-day period, or in the event that the Investor fails to consummate its transaction within the requisite period set forth in subsection (c) above, the Company shall thereafter be entitled to issue and sell within ninety (90) days the New Securities not elected to be purchased pursuant to this Article 4 by the Investor at a price no less than that offered to the Investor, and otherwise upon terms and conditions no more favorable to any third-party purchasers of such securities than were specified in the Issue Notice. Notwithstanding the foregoing, if such issuance or sale is subject to the receipt of any regulatory or shareholder approval or consent or the expiration of any waiting period, the time period during which such issuance or sale may be consummated by the Company shall be extended until the expiration of ten (10) Business Days after all such approvals or consents have been obtained or waiting periods expired. In the event the Company has not issued and sold the New Securities within such ninety (90)-day period (as such period may be extended in the manner described in the preceding sentence), the Company shall not thereafter offer, issue or sell such or any other New Securities without first offering such securities to the Investor in the manner provided in this Article 4.

(e) In the case of the offering of New Securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board.

7

**ARTICLE 5
TRANSFER RESTRICTIONS; FURTHER INVESTMENT**

Section 5.1 Lock-up. Unless the Company materially breaches its obligations in Section 2.1 and fails to cure such breach within thirty (30) Business Days after receiving written notice from the Investor specifying the nature of such breach, in which case this Section 5.1 shall not apply, the Investor shall not, during the Lock-Up Period (as defined below), Transfer any Company Securities or any interest therein without the prior written consent of the Company. As used herein, the “Lock-Up Period” with respect to any Company Securities will commence on the Closing Date and continue until and include the date that is sixty (60) months after the Closing Date. During the Lock-Up Period, each of the Investor and its assignees covenants that any assignee of the Investor will continue to be a Qualified Walmart Subsidiary.

Section 5.2 Standstill.

(a) The Investor covenants to and agrees with the Company that,

(x) as long as the Investor (together with any of its Affiliates) directly or indirectly holds or Beneficially Owns (as defined below) or

(y) to the extent any of the following actions would result in the Investor (together with any of its Affiliates) directly or indirectly holding or Beneficially Owning,

more than 10% of the Company's outstanding share capital on a Fully-Diluted (by Treasury Method) basis (the "Standstill Period"), without the Company's prior written consent, neither the Investor nor any of its Affiliates will, directly or indirectly:

(i) in any way acquire, offer or propose to acquire or agree to acquire legal title to or Beneficial Ownership of any Company Securities;

(ii) make any public announcement with respect to, or submit to the Company or any of its directors, officers, representatives, trustees, employees, attorneys, advisors, agents or Affiliates, any proposal for the acquisition of any Company Securities or with respect to any merger, consolidation, business combination, restructuring, recapitalization or purchase of any substantial portion of the assets of the Company or any of its Subsidiaries, in which the Investor and its Affiliates are involved, and whether or not such proposal might require the making of a public announcement by the Company, in each case unless the Company shall have made a prior written request to the Investor to submit such a proposal;

(iii) seek or propose to influence, advise, change or control the management, the board of directors of the Company, governing instruments or policies or affairs of the Company by way of any public communication or communication with any Person other than the Company, or make, or in any way participate in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) to vote any Company Securities or become a "participant" in any "election contest" (as such terms are defined and used in Rule 14a 11 under the Exchange Act) with respect to Company Securities; provided, however, that nothing in this clause (iii) shall prevent the Investor or its Affiliates from (x) voting in any manner any Company Securities over which the Investor or

8

such Affiliates has Beneficial Ownership or (y) communicating privately with shareholders of the Company to the extent such communication does not constitute a "solicitation" of "proxies," as such terms are defined or used in Regulation 14A under the Exchange Act, and the number of persons with whom the Investor communicates is fewer than ten (10); or

(iv) make a request to amend or waive any provision of this Section 5.2(a).

Notwithstanding the above provisions under this Section 5.2(a), with respect to each case under items (i) — (iii) above, if at any time the Company issues any Company Securities (subject to certain exceptions provided in Section 4.1), the Investor shall have the right to exercise its pre-emptive right pursuant to Article 4 to acquire such number of Company Securities in order to maintain the same percentage ownership it owns in the Company prior to such issuance or sale of such Company Securities (as applicable).

(b) For purposes of this Agreement, a Person shall be deemed to have "Beneficial Ownership" of any securities in respect of which such Person or any such Person's Affiliates is considered to be a "Beneficial Owner" under Rule 13d-3 under the Exchange Act as in effect on the date hereof.

Section 5.3 No Transfer to Adverse Person.

Notwithstanding any other provision of this Agreement or any other Transaction Agreement, without the prior written consent of the Company, the Investor shall not, directly or indirectly, (i) Transfer or permit any Transfer of, through one or a series of transactions, or (ii) grant any proxy on or permit any proxy to be granted on, any Company Securities or any interest therein to any Adverse Person. Any Transfer of any Company Securities made in violation of this Article 5 shall be null and void ab initio and shall not be recorded on the books and records of the Company. For the avoidance of doubt, the restrictions of this Section 5.3 shall not apply to any transfer or other disposition of shares by the Investor on the open market.

Section 5.4 Rights of First Refusal.

(a) Transfer Notice. Subject to provisions under above Section 5.1 to Section 5.3, if the Investor proposes to accept one or more bona fide offers from any Persons to Transfer any Company Securities or any interest therein, the Investor shall give the Company written notice of the Investor's intention to make the Transfer (the "Transfer Notice"), which shall include (i) a description of the Company Securities to be transferred (the "Offered Shares"), (ii) the identity and address of the prospective transferee and (iii) the consideration and the material terms and conditions of such offer(s) upon which the proposed Transfer is to be made. In the event that the proposed consideration for the proposed Transfer includes consideration other than cash, the Transfer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The Transfer Notice shall include a copy of the relevant offer(s) and any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(b) Right of First Refusal of the Company. The Company shall have an option of right of first refusal for a period of twenty (20) days following receipt of the Transfer Notice (the "Option Period") to elect to purchase all or any portion of the Offered Shares at the same price and subject to the same terms and conditions (or terms and

9

conditions as similar as reasonably possible) as described in the Transfer Notice, by notifying the Investor in writing before expiration of the Option Period as to the number of such Offered Shares that it wishes to purchase.

(c) Procedure. If the Company gives the Investor notice during such twenty (20) day period that it desires to purchase all or any portion of the Offered Shares, then payment for the Offered Shares to be purchased shall be made by the Company to the Investor by check or by wire transfer in immediately available funds of the appropriate currency, against delivery of such Offered Shares to be purchased by way of delivery of certificate(s) representing the Offered Shares to be purchased, accompanied by a duly signed instrument of transfer and the requisite taxes and fees (if any), at the principal executive offices of the Company or another place agreed to by the Company and the Investor and no earlier than the twenty-fifth (25th) Business Day after the Company's receipt of the Transfer Notice, unless such

notice contemplated a later closing date with the prospective third party transferee or unless the value of the purchase price has not yet been established pursuant to [Section 5.4\(d\)](#), in which case the closing shall be on such later date or as provided in [Section 5.4\(d\)\(iv\)](#). Such Offered Shares shall be free and clear of any Encumbrance (other than Encumbrances arising hereunder), and the Investor shall so represent and warrant and shall further represent and warrant that it is the beneficial and record owner of such Offered Shares. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Offered Shares to the Company. Any stamp duty or transfer taxes or fees payable on the transfer of any Offered Shares shall be borne and paid by the Investor. The Company will update its register of members upon the consummation of any such Transfer.

(d) Valuation of Property.

(i) Should the purchase price specified in the Transfer Notice be payable in property other than cash or evidences of indebtedness, the Company shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property.

(ii) If the Investor and the Company cannot agree on such cash value within the Option Period, the valuation shall be made by an appraiser of internationally recognized standing jointly selected by the Investor and the Company or, if they cannot agree on an appraiser within the Option Period, each of the Investor and the Company shall select an appraiser of internationally recognized standing and such appraisers shall designate another appraiser of internationally recognized standing, whose appraisal shall be determinative of such value.

(iii) The cost of such appraisal shall be shared equally by the Investor and the Company.

(iv) If the value of the purchase price offered by the prospective transferee is not determined before the twenty-fifth (25th) Business Day after the Company's receipt of the Transfer Notice, the closing of the purchase of Offered Shares by the Company shall be held on or prior to the fifth (5th) Business Day after such valuation shall have been made pursuant to this [Section 5.4\(d\)](#).

(e) Non-Exercise of Rights.

10

(i) If the Company does not elect to purchase all of the Offered Shares in accordance with this [Section 5.4](#), then, the Investor shall have a period of sixty (60) days from the expiration of the Option Period in which to sell the remaining Offered Shares to the third party transferee identified in the Transfer Notice upon terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice, so long as any such sale is effected in accordance with this Agreement and all Applicable Laws. The Investor agrees that each such transferee, prior to and as a condition to the consummation of any Transfer, shall execute and deliver to the Company certain documents assuming the obligations of the Investor hereunder with respect to the Offered Shares, to the reasonable satisfaction of the Company, and shall take such other actions as may be necessary for the transferee to be bound by the obligations of the Investor hereunder upon and after such transfer, and the transfer shall not be effective and shall not be recognized until such documents are so executed and delivered.

(ii) In the event the Investor does not consummate the sale of such Offered Shares to the third party transferee identified in the Transfer Notice within the sixty (60) days period, the rights of the Company under this [Section 5.4](#) shall be re-invoked and shall be applicable to each subsequent disposition of such Offered Shares by the Investor.

(iii) The exercise or non-exercise of the rights of the Company under this [Section 5.4](#) to purchase Company Securities from the Investor shall not adversely affect its rights to any subsequent exercise of its rights under this [Section 5.4](#).

(iv) The Investor agrees and acknowledges that any Transfer of Company Securities without going through the procedures provided under this [Section 5.4](#) or otherwise not made in compliance with this Agreement shall be null and void ab initio and shall not be recorded on the books and records of the Company.

[Section 5.5 Additional Matters](#). The parties hereto hereby agree as set forth in [Schedule 5.5](#).

11

[Section 5.6 Avoidance of Restrictions](#).

The parties hereto agree that the Transfer restrictions in this Agreement shall not be capable of being avoided by the holding of Company Securities indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Company Securities free of such restrictions, or any trust, derivative contract or other economic arrangement transferring the benefits of ownership of any Company Securities. The Investor undertakes that it shall not take any action intended to avoid such restrictions in any manner. Any Transfer or other disposal of any shares (or other interest) resulting in any change in the control of the Investor or of any company (or other entity) having control over the Investor shall be treated as being a Transfer of the Company Securities held by the Investor, and the provisions of this Agreement that apply in respect of the Transfer of Company Securities shall thereupon apply in respect of the Company Securities so held. Any Transfer in violation of this [Section 5.6](#) shall be null and void ab initio and have no force or effect whatsoever. The parties hereto agree that in the event that the Investor materially breaches its obligations in this [Article 5](#) or the non-compete agreement between the parties hereto as of the date hereof, then [Article 2](#), [Article 3](#) (including [Schedule 1](#) hereto), [Article 4](#) and [Section 5.5](#) (including [Schedule 5.5](#) hereto) of this Agreement shall immediately terminate and be of no further force and effect.

ARTICLE 6 MISCELLANEOUS

[Section 6.1. Binding Effect; Assignability; Benefit](#).

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, legal representatives and permitted assigns.

(b) Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party without the prior written consent of the other parties hereto.

(c) Except as otherwise provided herein, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 6.2. Notices.

All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given to a party at the address set forth below (a) if in writing and served by personal delivery upon the party for whom it is intended, on the date of such delivery; (b) if delivered by certified mail, registered mail or courier service, return-receipt received, on the date of such delivery; or (c) if delivered by email, upon confirmation of receipt by a non-automated response:

If to the Company, at:

12

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC
Attn.: Legal Department (Mergers and Acquisitions Group)
E-mail: legalnotice@jd.com

with a copy (which shall not constitute notice) to:

Address: 20/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC
Attn.: Corporate Development Department (Strategy and Investment Department)
E-mail: qygz@jd.com

With a copy (which shall not constitute notice) to:

Orrick, Herrington & Sutcliffe LLP
47/F PARK PLACE
1601 NANJING ROAD WEST
SHANGHAI 200040 CHINA
Email: Jeffrey.sun@orrick.com
Attn: Jie SUN (Jeffrey)

If to the Investor, at: c/o Walmart eCommerce
850 Cherry Avenue
San Bruno, CA 94066
Attn: CEO

With a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304
Email: ccomey@mof.com
Attn: Charles C. Comey

Any party may change its address for purposes of this Section 6.2 by giving the other parties hereto written notice of the new address in the manner set forth above.

Section 6.3. Severability.

If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as

13

possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 6.4. Entire Agreement.

This Agreement and the other Transaction Agreements (together with the schedules and exhibits hereto and thereto) together constitute the entire understanding and agreement between the parties hereto with respect to the matters covered hereby and thereby, and all prior agreements and understandings, oral or in writing, if any, between the parties hereto with respect to the matters covered hereby and thereby are superseded by this Agreement and the other Transaction Agreements.

Section 6.5. Counterparts.

For the convenience of the parties hereto and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Signatures in the form of facsimile or electronically imaged "PDF" shall be deemed to be original signatures for all purposes hereunder.

Section 6.6. Headings.

The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 6.7. Amendment; Termination.

(a) The provisions of this Agreement may be amended or modified only upon the prior written consent of all parties hereto. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(b) This Agreement shall terminate and be of no further force and effect upon the Investor ceasing to own any Company Securities; *provided that* the provisions of this Article 6 shall survive any termination of this Agreement.

Section 6.8. Governing Law.

This Agreement, the rights and obligations of the parties hereto, and all claims or disputes relating hereto, shall be governed by and construed in accordance with the laws of New York State, U.S., without regard to the conflicts of law rules thereunder.

Section 6.9. Arbitration.

Any dispute arising out of or relating to this Agreement, including any question regarding its existence, construction, interpretation, validity, termination or implementation (“Dispute”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. The Company shall have the right to appoint one arbitrator, the Purchaser shall

14

have the right to appoint one arbitrator, and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The law of this arbitration clause shall be New York law. The arbitration proceedings shall be conducted in English. Each of the parties hereto irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, either party hereto may seek immediate injunctive relief or other interim relief from any court of competent jurisdiction as necessary to enforce the provisions of this Agreement.

Section 6.10. Further Assurances.

From time to time following the date hereof, the parties hereto shall execute and deliver such other instruments of assignment, transfer and delivery and shall take such other actions as the other party hereto reasonably may request in order to consummate, complete and carry out the transactions contemplated by this Agreement.

Section 6.11. Depository Arrangement.

The Company shall use its commercially reasonable efforts to facilitate and consent to the prompt deposit of any or all of the Ordinary Shares acquired by the Investor pursuant to the Subscription Agreements (as may be reasonably requested by the Investor in writing) with the depository for the issuance of ADSs in accordance with the Deposit Agreement, dated May 21, 2014, among the Company, Deutsche Bank Trust Company Americas as depository, and all holders and beneficial owners of ADSs issued thereunder (as may be amended or replaced from time to time), when the relevant Ordinary Shares are no longer subject to any restrictions on Transfer under any Transaction Agreements; provided that any fees and expenses incurred in connection with such deposit (including any ADS issuance fees charged by the depository) shall be borne by the Investor.

[Signature Pages Follow]

15

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

JD.COM, INC.

By: /s/ Qiangdong Liu
Name: Qiangdong Liu
Title: Authorized Signatory

[Signature Page to Investor Rights Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

NEWHEIGHT HOLDINGS LTD.

By: /s/ Lu Wang
Name: Lu Wang
Title: Authorized Signatory

[Signature Page to Investor Rights Agreement]

**SCHEDULE 1
REGISTRATION RIGHTS**

Section 1. Applicability of Rights.

Notwithstanding any other provisions in this Agreement (including this Schedule 1), only after the expiration of a period of sixty (60) months after the Closing Date, the Holders (as defined below) will be entitled to the following rights in this Schedule 1 with respect to any proposed public offering of the Company's Ordinary Shares in the United States and will be entitled to reasonably equivalent or analogous rights with respect to any other offering of the Company's securities in Hong Kong or any other jurisdiction in which the Company undertakes to publicly offer or list such Company Securities or other securities for trading on a recognized securities exchange; provided that nothing herein shall result in any breach or violation by the Company of any provision under the Thirteenth Amended and Restated Shareholders Agreement between the Company and other parties thereto dated March 10, 2014. For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States, it being understood and agreed that in each case all references in this Agreement to the Securities Act, the Exchange Act and rules, forms of registration statements and registration of securities thereunder, U.S. law and the SEC (as defined below), shall be deemed to refer, to the equivalent statutes, rules, forms of registration statements, registration of securities and laws of and equivalent government authority in the applicable non-U.S. jurisdiction. In addition, "Form F-3" shall be deemed to refer to Form S-3 or any comparable form under the U.S. securities laws if the Company is not at that time eligible to use Form F-3.

Section 2. Definitions.

For purposes of this Schedule 1:

- (a) "Form F-3" means such respective form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.
- (b) "Holder" means any person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Schedule 1 have been duly assigned in accordance with this Agreement.
- (c) "Registrable Securities" means: (i) any Ordinary Shares of the Company issued under the Subscription Agreement, and (ii) any Ordinary Shares issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, or in exchange for or in replacement of, any shares of the Company described in the foregoing clause (i). Notwithstanding the foregoing, "Registrable Securities" shall exclude any Registrable Securities sold by a person in a transaction in which rights under this Schedule 1 are not validly assigned in accordance with this Agreement and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction.

1

- (d) The number of shares of "Registrable Securities then Outstanding" shall mean the number of Ordinary Shares of the Company that are Registrable Securities and are then issued and outstanding, or issuable upon conversion or exercise of any warrant, right or other security then outstanding.
- (e) Registration. The terms "register," "registered," and "registration" refer to a registration effected by filing a registration statement which is in a form which complies with, and is declared effective by the SEC in accordance with, the Securities Act.
- (f) "Registration Expenses" shall mean all expenses incurred by the Company in complying with Sections 3, 4 and 5 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for all the Holders (to be selected by all the Holders), "blue sky" fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).
- (g) "SEC" means the U.S. Securities and Exchange Commission.
- (h) "Selling Expenses" shall mean all underwriting discounts and selling commissions and ADS issuance fees charged by the depository bank of the Company applicable to the sale of Registrable Securities pursuant to Sections 3, 4 and 5 hereof.

Section 3. Demand Registration.

- (a) Request by Holders. If the Company shall, at any time after the Effective Date hereof, receive a written request from the Holders of at least fifty percent (50%) of the Registrable Securities then Outstanding that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 3; and provided that (i) the Registrable Securities to be registered would exceed fifty percent (50%) of the total Registrable Securities then Outstanding and (ii) the anticipated aggregate gross proceeds of such registration would exceed US\$20,000,000, then the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request ("Request Notice") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 3; provided that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 3 or Section 5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 4(b). The Company shall be obligated to effect no more than two (2) registrations pursuant to this Section 3.
- (b) Underwriting. If the Holders initiating the registration request under this Section 3 (the "Initiating Holders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 3 and the Company shall include such

2

interest of the Initiating Holders and such other Holders) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the voting power of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and second, to the Company and holders of other securities of the Company (as applicable); provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that all shares that are not Registrable Securities and are held by any person (other than any Holder), including, without limitation, any person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Deferral. Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 3:

(i) during the period starting with the date sixty (60) Business Days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) Business Days following the effective date of, a Company-initiated registration subject to Section 4 below, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(ii) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 or Form F-3 pursuant to Section 5 hereof; or

(iii) if the Company shall furnish to Holders requesting registration pursuant to this Section 3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders;

3

provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided, further, that the Company shall not register any other of its shares during such ninety (90) day period; and provided, further, that a demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

Section 4. Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least ten (10) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding (A) a registration relating solely to the sale of securities to employees of the Company pursuant to an employee benefit plan of the Company; (B) a registration relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under Applicable Laws of another jurisdiction, as applicable); (C) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (D) a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered), and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within five (5) days after receipt of the above described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of

4

shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that all shares that are not Registrable Securities and are held by any person (other than any Holder), including, without limitation, any person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 4 shall not be deemed to be a demand registration as described in Section 3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 4.

Section 5. Form F-3.

In case the Company shall receive from Holders of at least fifty percent (50%) of the Registrable Securities then Outstanding a written request or requests that the Company effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holders, then the Company will, so long as the Company is qualified to use Form F-3:

- (a) Notice. Promptly give written notice of the proposed registration and such Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and
- (b) Registration. As soon as practicable, effect such registration and any related qualification or compliance as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 5:
 - (i) if Form F-3 is not available for such offering by the Holders;
 - (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US\$5,000,000;
 - (iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form F-3 registration to be effected at such time, in which event the

5

Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Holders under this Section 5;

- (iv) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 3(b) and 4(b);
- (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance; or
- (vi) if the Company has already effected no less than two (2) registrations pursuant to this Section 5 in any 12-month period.

Subject to the foregoing, the Company shall file a Form F-3 registration statement covering the Registrable Securities so requested to be registered as soon as practicable after receipt of the request of the Holders.

- (c) Not Demand Registration. Subject to Section 6 below, Form F-3 registrations shall not be deemed to be demand registrations as described in Section 3 above.

Section 6. Expenses.

All Registration Expenses incurred in connection with any registration pursuant to Sections 3, 4 or 5 (but excluding Selling Expenses) shall be borne by the Company. Each Holder participating in a registration pursuant to Sections 3, 4 or 5 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 3; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 3.

Section 7. Obligations of the Company.

Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

6

-
- (a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its reasonable best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

- (b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

- (c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or “blue sky” laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service of process in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) when such registration statement, the prospectus or any amendment or supplement thereto has been filed with the SEC and when such registration statement or any post-effective amendment thereto has become effective; (ii) of any request by the SEC for amendments or supplements to such registration statement or the prospectus included therein or for additional information; (iii) the issuance of any stop order by the SEC in respect of such registration statement, or (iv) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be

7

stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to the Holders of a majority of the Registrable Securities registered thereunder, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to the Holders of a majority of the Registrable Securities registered thereunder, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

(h) Other Obligations.

(i) Use its commercially reasonable efforts to cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange or quotation system on which the Ordinary Shares issued by the Company are then listed or traded.

(ii) Use its commercially reasonable efforts to obtain the withdrawal of any stop order issued by the SEC suspending the effectiveness of the relevant registration statement at the earliest possible time.

Section 8. Furnish Information.

It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 3, 4 or 5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the registration of their Registrable Securities.

Section 9. Indemnification.

In the event any Registrable Securities are included in a registration statement under Sections 3, 4 or 5:

(a) By the Company. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act, or other United States federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in

8

respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “Violation”):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any United States federal or state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any United States federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling person for any legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon (A) a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, legal counsel, underwriter or controlling person of such Holder or (B) delivery of a prospectus by a Holder who has received notice from the Company that the registration statement relating thereto contains an untrue statement of a material fact or an omission of a material fact.

(b) By Selling Holders. To the extent permitted by law, each selling Holder will, if Registrable Securities held by Holder are included in the securities as to which such registration, qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its employees, advisors, agents and directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other holder selling securities under such registration statement or any of such other holder's partners, directors, officers, legal counsel or any person who controls such holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such employee, advisor, agent, director, officer, legal counsel, controlling person, underwriter or other such holder, partner or director, officer or controlling person of such other holder may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder

9

or its partners, officers, directors, employees, advisors, agents, underwriters or controlling persons expressly for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such employee, advisor, agent, director, officer, controlling person, underwriter or other holder, partner, officer, director or controlling person of such other holder in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further, that except for liability for willful fraud or misrepresentation, in no event shall any indemnity under this subsection 9(b) exceed the net proceeds received by such Holder in the registered offering out of which the applicable Violation arises.

(c) Notice. Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 9 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 9; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling holders are responsible for the remaining portion. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified

10

party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) except for liability for willful fraud or misrepresentation, no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

Section 10. Termination of the Company's Obligations.

The Company shall have no obligations pursuant to Sections 3, 4 and 5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Sections 3, 4 or 5 more than two (2) years after the expiration of a period of sixty (60) months after the Closing Date, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

Section 11. Rule 144 Reporting.

With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, the Company agrees to:

- (a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;
- (b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and
- (c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports

and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

FRAMEWORK AGREEMENT

by and among

JD.COM, INC.,

JD.COM INTERNATIONAL LIMITED,

□□□□□□□□□□

(SUQIAN YITONG INFORMATION TECHNOLOGY CO., LTD.),

□□□□□□□□□□

(SUQIAN LIMAO DONGHONG INVESTMENT MANAGEMENT CO., LTD.),

□□□□□□□□□□

(BEIJING JINGDONG FINANCIAL TECHNOLOGY HOLDING CO., LTD.),

□□□□□□□□□□

(SUQIAN DONGHUI ZHAOXU CONSULTING CO., LTD.),

□□□□□□□□□□

(SUQIAN LINGHANG FANGYUAN EQUITY INVESTMENT CENTER),

and

□□□□□□□□□□

(SUQIAN DONGTAI JINRONG INVESTMENT MANAGEMENT CENTER)

Dated as of March 1, 2017

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1	General	3
Section 1.2	Cross-Reference of Other Definitions	10
Section 1.3	Construction	12
Section 1.4	Schedules, Annexes and Exhibits	13

ARTICLE II

TRANSACTION

Section 2.1	Transactions	13
Section 2.2	Issuance of Equity Securities of JD Finance	13
Section 2.3	Liquidity Event Payment	15
Section 2.4	Timing and Method of Payments	18

ARTICLE III

CLOSING

Section 3.1	Closing	19
Section 3.2	Closing Deliverables	19
Section 3.3	Withholding Rights	20

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF JD GROUP

Section 4.1	Organization and Qualification; Subsidiaries	20
Section 4.2	Authority; Binding Effect	20
Section 4.3	No Conflicts; Required Filings and Consents	21
Section 4.4	Exclusivity of Representations	22

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF JD FINANCE

Section 5.1	Organization and Qualification	22
Section 5.2	Authority; Binding Effect	22
Section 5.3	No Conflicts; Required Filings and Consents	23

Section 5.5	Exclusivity of Representations	23
-------------	--------------------------------	----

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SUQIAN LIMAO

Section 6.1	Organization and Qualification	24
Section 6.2	Authority; Binding Effect	24
Section 6.3	No Conflicts; Required Filings and Consents	24
Section 6.4	Exclusivity of Representations	25

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF FOUNDER HOLDCOS

Section 7.1	Organization and Qualification	25
Section 7.2	Authority; Binding Effect	25
Section 7.3	No Conflicts; Required Filings and Consents	26
Section 7.4	Exclusivity of Representations	26

ARTICLE VIII

COVENANTS

Section 8.1	Confidentiality	26
Section 8.2	Appropriate Action; Consents; Filings	27
Section 8.3	Notification of Certain Matters	28
Section 8.4	Public Announcement and Filings	28
Section 8.5	Conduct of Business Pending the Closing	29
Section 8.6	Escrow Agreements	29
Section 8.7	Capital Injection into JD Finance Sub	29
Section 8.8	Suqian Yitong Equity Transfer and Payment into Escrow Accounts	29
Section 8.9	Regulatory Approvals	29

ARTICLE IX

CONDITIONS TO CLOSING

Section 9.1	General Conditions	30
Section 9.2	Conditions to Obligations of the JD Group Parties	30
Section 9.3	Conditions to Obligations of JD Finance	31

ARTICLE X

ADDITIONAL COVENANTS

Section 10.1	Board Representation of JD Group	32
Section 10.2	Information Rights	33

Section 10.3	Preemptive Rights	35
Section 10.4	Certain Transactions	37
Section 10.5	Transfer Restrictions	37
Section 10.6	IPO	39
Section 10.7	Business Scope	41
Section 10.8	JD Group Audit Committee	42
Section 10.9	Further Assurances	42
Section 10.10	Dividends	42
Section 10.11	Further Covenants	42

ARTICLE XI

TERMINATION

Section 11.1	Termination of Transactions	43
Section 11.2	Effect of Termination	44

ARTICLE XII

INDEMNIFICATION

Section 12.1	Indemnification by JD Group	44
--------------	-----------------------------	----

Section 12.2	Indemnification by JD Finance	44
Section 12.3	Indemnification by Suqian Limao	44
Section 12.4	Indemnification by Founder Holdcos	45
Section 12.5	Procedures	45

ARTICLE XIII

MISCELLANEOUS

Section 13.1	Certain IPs	46
Section 13.2	Notices	46
Section 13.3	Amendment; Waiver; Etc.	48
Section 13.4	Assignment	48
Section 13.5	Entire Agreement	49
Section 13.6	Parties in Interest	49
Section 13.7	Expenses	49
Section 13.8	Governing Laws	49
Section 13.9	Arbitration	49
Section 13.10	Severability	51
Section 13.11	Counterparts	52
Section 13.12	Rules of Construction	52

FRAMEWORK AGREEMENT

THIS FRAMEWORK AGREEMENT (this “Agreement”), dated as of March 1, 2017, is entered into by and among:

- (1) JD.com, Inc., an exempted company with limited liability organized under the Laws of the Cayman Islands (“JD Group”);
- (2) JD.com International Limited, a limited liability company organized under the Laws of Hong Kong (“JD HK Company”);
- (3) 北京京东世纪信息技术有限公司(Suqian Yitong Information Technology Co., Ltd.), a limited liability company organized under the Laws of the PRC and a wholly owned Subsidiary of JD HK Company (“Suqian Yitong” and collectively with JD Group and JD HK Company, the “JD Group Parties”);
- (4) 北京京东世纪投资管理咨询有限公司 (Suqian Limao Donghong Investment Management Co., Ltd.), a limited liability company organized under the Laws of the PRC (“Suqian Limao”);
- (5) 北京京东世纪金融控股有限公司 (Beijing Jingdong Financial Technology Holding Co., Ltd.), a limited liability company organized under the Laws of the PRC (“JD Finance”);
- (6) 北京京东世纪咨询服务有限公司 (Suqian Donghui Zhaoxu Consulting Co., Ltd.), a limited liability company organized under the laws of the PRC that is wholly owned by JD Finance (“JD Finance Sub”);
- (7) 北京京东世纪股权投资中心(有限合伙) (Suqian Linghang Fangyuan Equity Investment Center), a limited partnership organized under the laws of the PRC and controlled by Qiangdong Liu (the “Founder” and such partnership, “Founder Holding Entity”); and
- (8) 北京京东世纪投资管理中心(有限合伙) (Suqian Dongtai Jinrong Investment Management Center), a limited partnership organized under the Laws of the PRC and controlled by the Founder (“Founder ESOP Partnership” and, together with Founder Holding Entity, “Founder Holdcos” and each, a “Founder Holdco”).

The parties hereto are referred to collectively as the “Parties.”

RECITALS

WHEREAS, this Agreement contemplates the termination of the VIE Structure of Suqian Limao and the transfer of all Equity Securities of Suqian Yitong to JD Finance Sub at the Closing, as a result of which JD Group will deconsolidate Suqian Limao and JD Finance;

WHEREAS, this Agreement contemplates certain payments, as specified herein, to be made by JD Finance Sub and Suqian Limao, which payments serve as consideration in part for the restructuring of JD Finance resulting in the deconsolidation of JD Finance by JD Group;

WHEREAS, concurrently herewith and as a condition and inducement to the willingness of JD Group and JD Finance to enter into this Agreement, JD Group and JD Finance have entered into an Intellectual Property License and Software Technology Services Agreement (the “IPLA”), effective as of the Closing, pursuant to which JD Group will license certain Intellectual Property (as defined below) provide certain services to JD Finance and receive the right to certain payments from JD Finance as specified therein;

WHEREAS, concurrently herewith, JD Finance, Suqian Limao and other existing holders of JD Finance Equity have entered into a framework agreement entitled “北京京东世纪投资管理咨询有限公司” in Chinese (the “JD Finance Reorganization and Subscription Framework Agreement”) with Founder Holdcos and other investor parties thereto (collectively with Founder Holdcos, the “JD Finance New Investors”), pursuant to which, among others, (i) the parties thereto have reached agreement on the reorganization of JD Finance, including the funds flow and other aspects of the reorganization of JD Finance, (ii) JD Finance has agreed to issue and sell to certain JD Finance New Investors, and such JD Finance New Investors have agreed to subscribe for and purchase from JD Finance, certain Equity Securities of JD Finance on the terms set forth therein, (iii) Suqian Limao has agreed to transfer and sell to a JD Finance New Investor and Founder Holding Entity, and each of such JD Finance New Investor and Founder Holding Entity has agreed to purchase from Suqian Limao, certain Equity Securities of JD Finance on the terms set forth therein, and (iv) the parties thereto have agreed to certain amendments (the “Amendment to Series A Capital Increase Agreement”) to the Capital Increase Agreement relating to JD Finance, dated as of January 8, 2016 (the “Series A Capital Increase Agreement”), pursuant to which the Series A Capital Increase Agreement will be amended, and that certain Letter of Undertaking executed and delivered by JD Group on January 25, 2016 in connection with the closing under the Series A Capital Increase Agreement will be terminated on the terms set forth therein;

WHEREAS, concurrently herewith, Suqian Limao and other existing holders of JD Finance Equity have adopted unanimous written resolutions (the “JD Finance Shareholder Resolutions”), whereby the holders of JD Finance Equity approved that, among others, (i) the capital reserve fund of JD Finance shall be used to increase the registered capital of JD Finance held by all the existing holders of JD Finance Equity, while Suqian Limao has waived its right to receive such increased registered capital, such that immediately after such increase of the registered capital, Suqian Limao and the other existing holders of JD Finance Equity of JD Finance (other than Suqian Limao and Founder ESOP Partnership) hold 9.54% and 29.44% of JD Finance Equity on a fully diluted basis, and in the event that the closing contemplated under the JD Finance Reorganization and Subscription Framework Agreement does not occur, JD Finance shall use its capital reserve fund to increase the registered capital of JD Finance held by Suqian Limao such that Suqian Limao shall hold 68.6% of JD Finance on a fully diluted basis, and (ii) JD Finance will issue and sell to the JD Finance New Investors certain Equity Securities of JD Finance at the closing contemplated under and pursuant to the terms of the JD Finance Reorganization and Subscription Framework Agreement;

WHEREAS, the Parties desire to provide for the affairs of the Parties and the rights and obligations of the Parties on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1 General. As used herein, the following terms shall have the following meanings:

“Affiliate” means, with respect to any specified Person, any other Person who, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person. For the avoidance of doubt, the Affiliates of a Person shall include the Subsidiaries of such Person.

“Beneficial Owner” of any security means any Person who, directly or indirectly, through any Contract, arrangement, understanding, relationship or otherwise has or shares (i) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, such security. “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions located in Beijing, Hong Kong or New York are authorized or obligated by Laws to close.

“Business Scope Period” means the period commencing on the date of the Closing and terminating upon the first date upon which JD Group and JD Finance cease to be under common Control of the Founder.

“Confidential Information” means information delivered by or on behalf of a Party to another Party or its Representatives pursuant to, in connection with, or related to this Agreement or any of the transactions, rights or obligations contemplated by this Agreement; provided, that such term does not include information that (a) was publicly known prior to the time of such disclosure; (b) was otherwise known to such receiving Party and not subject to a duty to keep such information confidential prior to the time of such disclosure; (c) subsequently becomes publicly known through no act or omission by such receiving Party or any of its Representatives in breach of this Agreement; or (d) otherwise becomes known to such receiving Party other than through disclosure by the delivering Party or any Person that such receiving Party knows to have a duty to keep such information confidential.

“Contingent Consideration” means the aggregate value of any purchase price adjustment, earnout or other contingent consideration in respect of a Liquidity Event paid to JD Finance or any Beneficial Owner of Equity Securities of JD Finance, when paid.

“Contract” means any loan or credit agreement, bond, debenture, note, mortgage, indenture, lease, supply agreement, license agreement, development agreement or other contract, agreement, obligation, commitment or instrument, including all amendments thereto.

“Control” (including with correlative meanings, the terms “Controlled by” and “under common Control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

“Encumbrance” means any charge, claim, mortgage, lien, option, pledge, title defect, security interest or other restriction or limitation of any kind (other than those created under applicable securities Laws).

“Equity Securities” means, with respect to any entity, any equity interests of such entity, however described or whether voting or nonvoting, and any securities convertible or exchangeable into, and options, warrants or other rights to acquire, any equity interests or equity-linked interests of such entity, including, for the avoidance of doubt, JD Finance Equity where the subject entity is JD Finance.

“Escrow Accounts” means the one or more bank accounts of JD Finance Sub maintained by the Escrow Agents in accordance with the Escrow Agreements.

“Escrow Agents” means one or more banks mutually agreed to by JD Group and JD Finance.

“Family Member” means, with respect to any Person, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and shall include adoptive relationships of the same type.

“GAAP” means U.S. GAAP, IFRS or PRC GAAP, in each case, applied on a consistent basis.

“Governmental Approval” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, Order, registration, declaration, filing, report or notice of any Governmental Authority.

“Governmental Authority” means any instrumentality, subdivision, court, administrative agency, commission, official or other authority of any country, state, province, prefect, municipality, locality or other government or political subdivision thereof, or any stock or securities exchange, or any multi-national, quasi-

governmental or self-regulatory or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

“Highly Sensitive Information” means any competitively sensitive business, marketing, technical and other information that JD Finance does not otherwise intend to publicly disclose other than information as to which JD Group certifies, through a certificate duly executed by an authorized executive officer of JD Group that it requires such information in order to comply

4

with public reporting requirements under the applicable securities Laws and rules of the NASDAQ Global Select Market or any other stock exchange on which the Equity Securities of JD Group are admitted to trading or for the purpose of complying with applicable Law.

“IFRS” means International Financial Reporting Standards.

“Income Share Buyout Amount” means the Income Share Buyout Amount payable by JD Finance to JD Group or a Subsidiary of JD Group as may be designated by JD Group under Section 5.6 of the IPLA in the relevant circumstance, net of any Taxes arising therefrom.

“Intellectual Property” means:

- (a) patents, patent applications and patent disclosures, including all provisionals, reissuances, continuations, continuations-in-part, divisions, revisions, extensions, reexaminations and counterparts thereof, inventions (whether patentable or unpatentable and whether or not reduced to practice) and all improvements thereto;
- (b) trademarks, service marks, trade dress, logos, brand names, trade names, domain names and corporate names, and all goodwill associated therewith and all applications, registrations and renewals in connection therewith;
- (c) copyrights, works of authorship and copyrightable works, including software, data and databases, website and other content and documentation, and all applications, registrations and renewals in connection therewith; and
- (d) trade secrets, know-how, information and/or technology of any kind (including processes, procedures, research and development, ideas, concepts, formulas, algorithms, compositions, production processes and techniques, technical data, designs, drawings, specifications, research records and records of inventions).

“Interest Rate” means (i) if the payments to be made to JD Group pursuant to Section 2.3 are made in U.S. Dollars, two percent (2%) plus the two (2)-year U.S. Treasury rate as published in The Wall Street Journal New York edition on the date in the United States that the Initial Liquidity Event Payment is made or if such rate ceases to be available or is not published, the most closely comparable rate, or (ii) if the payments to be made to JD Group pursuant to Section 2.3 are made in Renminbi, one percent (1%) plus the People’s Bank of China’s benchmark two (2)-year lending rate applicable on the date that the Initial Liquidity Event Payment is made or if such rate ceases to be available or is not published, the most closely comparable rate.

“IPO” means an initial public offering.

“Issuance” means each issuance of Ownership Interests in JD Finance pursuant to Section 2.2, each of which (i) shall be made to JD Group or a Subsidiary of JD Group designated by JD Group, (ii) shall be of an Ownership Interest in JD Finance representing, on a fully-diluted basis, as of immediately following such issuance together with all prior Issuances, a percentage of the aggregate Ownership Interests in JD Finance equal to the Maximum Issuance Interest (or such lesser percentage as is permitted by the Issuance Approvals), and (iii) shall be free and clear of any Encumbrances whatsoever.

5

“Issuance Percentage” means the ratio, expressed as a percentage, of the Ownership Interests in JD Finance issued with respect to all Issuances to the Maximum Issuance Interest; provided that the Issuance Percentage shall not exceed 100%.

“JD Finance Business” means financial, financial derivative and other finance-related businesses operated by JD Finance and its Subsidiaries from time to time, including consumer finance, supply chain finance, third-party payment, factoring, insurance brokerage and agency, crowd funding (including product and equity crowd funding), wealth management, securities brokerage, banking, financial leasing, asset management and credit reference businesses.

“JD Finance Equity” means (a) if JD Finance is in the form of a limited liability company, registered capital of JD Finance; or (b) if JD Finance is in a form of a company limited by shares, shares of JD Finance.

“JD Group Audit Committee” means the audit committee of the board of directors of JD Group.

“JD Group Business” means the e-commerce business operated by JD Group and its Subsidiaries from time to time (together with any and all logical extensions of the e-commerce business of JD Group and its Subsidiaries).

“Law” means (a) any federal, state, territorial, foreign or local law, common law, statute, ordinance, rule, regulation, code, measure, notice, circular, opinion or Order of any Governmental Authority, including any rules promulgated by a stock exchange or regulatory body or (b) any applicable widely adopted industry standard rules and regulations (such as the Payment Card Industry Data Security Standard or PCIDSS).

“Liabilities” means any and all liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable.

“Liens” means any mortgage, deed of trust, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement or rights of preemption of any kind of nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Liquidity Event” means the earliest to occur of:

- (a) a Qualified IPO;

(b) a merger, amalgamation, arrangement, consolidation or scheme of arrangement with or into another Person, or acquisition by any Person or related group of Persons of beneficial ownership of Equity Securities of JD Finance, or other reorganization or transaction, whether in a single transaction or in a series of transactions (whether related or unrelated), following which the Founder, JD Group and their controlled Affiliates do not continue to hold more than fifty percent (50%) of the

6

combined voting power or economic interest of the Equity Securities of JD Finance or the surviving entity, as applicable;

(c) an issuance or sale of the Securities of JD Finance to a Person or a group of Persons (other than the Founder (or his successor in the case of death or incapacity), JD Group and their controlled Affiliates, directly or indirectly), pursuant to one or more *bona fide* arms-length negotiated agreements, pursuant to which such Person or group of Persons acquires forty percent (40%) or more of the Securities of JD Finance, with such percentage determined on a fully-diluted basis, using the treasury stock method, with respect to either voting or economic rights, whether in a single transaction or in a series of transactions (whether related or unrelated);

(d) a *bona fide* sale and exit from the JD Finance Business through a sale of all or substantially all of the assets of JD Finance (including, for the avoidance of doubt, shares or assets of JD Finance's Subsidiaries), to a Person or a group of Persons (other than the Founder (or his successor in the case of death or incapacity), JD Group and their controlled Affiliates, directly or indirectly), whether in a single transaction or in a series of transactions (whether related or unrelated), pursuant to one or more *bona fide* arms-length negotiated agreements; and

(e) any liquidation, dissolution or winding up of JD Finance, whether voluntary or involuntary.

“Maximum Issuance Interest” means (x) prior to a Qualified IPO, forty percent (40%), (y) following a Qualified IPO, the product of forty percent (40%) multiplied by the ratio of outstanding Ownership Interests of JD Finance immediately prior to the Qualified IPO to the outstanding Ownership Interests of JD Finance immediately following the Qualified IPO, or (z) following any Third-Party Issuance or Non-Pro Rata Share Repurchase either prior to or subsequent to a Qualified IPO, the product of the percentage that would have been calculated as the Maximum Issuance Interest immediately prior to such Third-Party Issuance or Non-Pro Rata Share Repurchase, multiplied by the ratio of outstanding Ownership Interests of JD Finance immediately prior to the Third-Party Issuance or Non-Pro Rata Share Repurchase to the outstanding Ownership Interests of JD Finance immediately following the Third-Party Issuance or Non-Pro Rata Share Repurchase; provided, however, that at no time shall the Maximum Issuance Interest exceed forty percent (40%).

“MOFCOM” means the Ministry of Commerce of the PRC and any duly authorized provincial or local office of the Ministry of Commerce of the PRC.

“Non-Pro Rata Share Repurchase” means any acquisition or redemption by JD Finance of then outstanding Ownership Interests of JD Finance other than an acquisition or redemption by JD Finance of its Ownership Interests pro rata from all holders of such Ownership Interests.

“Order” means any judgment, order, writ, preliminary or permanent injunction, instruction or decree of any Governmental Authority or any arbitration award.

“Ownership Interest” of any Person in any entity organized under the laws of the PRC means, as of any time: (a) if such entity is in the form of a limited liability company, the quotient

7

of the amount of the registered capital of such entity directly or indirectly owned by such Person divided by the total amount of the registered capital of such entity at such time; (b) if such entity is in a form of a company limited by shares, the quotient of the amount of the total shares of such entity directly or indirectly owned by such Person divided by the total amount of the shares of such entity issued and outstanding at such time; or (c) if such entity is in any other form, the quotient of the amount of the capital investment of such entity directly or indirectly owned by such person divided by the total amount of the capital investment contributed by all the shareholders of such entity, or the quotient of the total capital investment amount of such entity otherwise agreed in writing by all the shareholders of such entity.

“PBOC” means the headquarters of the People's Bank of China located in Beijing and any duly authorized provincial or local office of the People's Bank of China.

“Person” means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, a group, a Governmental Authority or any other type of legal entity.

“PRC” means the People's Republic of China (for the purpose of this Agreement, not including Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan).

“PRC Person” means (a) an individual with PRC nationality pursuant to the Nationality Law of the PRC, (b) a company organized under the Laws of the PRC that (i) is not a WFOE, (ii) is not otherwise foreign owned or foreign invested under the Laws of the PRC, and (iii) is not controlled or (in whole or in part) Beneficially Owned by any WFOE, VIE Structure, foreign invested enterprise under the Laws of the PRC, individual without PRC nationality, or Person organized under the Laws of a territory other than the PRC, or (c) a PRC Governmental Authority.

“Proceeding” means any action, suit, claim, hearing, proceeding, arbitration, mediation, audit, inquiry or investigation (whether civil, criminal, administrative or otherwise) by any Person or Governmental Authority.

“Qualified IPO” means “□□□□” as defined under the JD Finance Reorganization and Subscription Framework Agreement.

“Recognized Stock Exchange” means any recognized stock exchange inside and outside China, including the New York Stock Exchange, NASDAQ, London Stock Exchange, Hong Kong Stock Exchange, Shenzhen Stock Exchange or Shanghai Stock Exchange, consented to by the board of directors of JD Finance.

“Related Party” means:

(a) any Person who, individually or as part of a group, Beneficially Owns more than five percent (5%) of the Securities of such Person, determined on a fully-diluted basis, using the treasury stock method;

8

- (b) any officer or director, or individual performing an equivalent function, of such Person or any Person named in clause (a);
- (c) any Family Member of any such Person or any Person named in clause (a) or (b); or
- (d) any other Person in which any Person named in clauses (a), (b) or (c) Beneficially Owns more than twenty percent (20%) of the Securities of such Person, determined on a fully-diluted basis, using the treasury stock method.

“Renminbi” or “RMB” means lawful money of the PRC.

“Representatives” means a Person’s Affiliates, directors, managers, officers, employees, agents, attorneys, consultants, advisors or other representatives.

“SAIC” means the State Administration for Industry and Commerce of the PRC and any duly authorized provincial or local office of the State Administration for Industry and Commerce of the PRC.

“Subsidiary” means, with respect to any Person, each other Person in which the first Person (a) Beneficially Owns, directly or indirectly, share capital or other equity interests representing more than fifty percent (50%) of the outstanding voting stock or other equity interests; (b) holds the rights to more than fifty percent (50%) of the economic interest of such other Person, including interests held through a VIE Structure or other contractual arrangements; or (c) has a relationship such that the financial statements of the other Person may be consolidated into the financial statements of the first Person under applicable accounting conventions. For the avoidance of doubt, following the Closing, none of JD Finance or its Subsidiaries shall be deemed to be Subsidiaries of JD Group or any of its Subsidiaries.

“Suqian Limao Control Agreements” means a series of agreements by and among Suqian Yitong, Suqian Limao and the shareholders of Suqian Limao, pursuant to which Suqian Yitong has effective control over Suqian Limao, including an equity pledge agreement, powers of attorney, spousal consents, an exclusive technology consulting and service agreement, a business operations agreement and an exclusive purchase option agreement.

“Tax” or “Taxes” means any federal, state, county, national, provincial, local or foreign tax (including transfer taxes), charge, fee, levy, impost, duty or other assessment, including income, gross receipts, excise, employment, sales, use, transfer, recording, license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, highway use, commercial rent, customs duty, capital stock, paid-up capital, profits, withholding, social security, single business, unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by any Governmental Authority, including any estimated payments relating thereto, any interest, penalties and additions imposed thereon or with respect thereto.

“Third-Party Issuance” means (i) any bona fide sale for cash by JD Finance of any of its Equity Securities to a third party (other than JD Group or any of its Subsidiaries or any

Subsidiary of JD Finance) in a new equity financing, or (ii) any issuance by JD Finance of any of its Equity Securities to Founder ESOP Partnership or other entity established by JD Finance to increase its pool of Equity Securities reserved for the purpose of its employee benefits plan.

“Transactions” means the transactions contemplated by the Transaction Documents.

“Transaction Documents” means this Agreement, the IPLA, the Escrow Agreements, the JD Finance Reorganization and Subscription Framework Agreement, the JD Finance Shareholders Resolutions, the Suqian Limao VIE Termination Agreement, and the Suqian Yitong Equity Transfer Agreement, and other agreements or documents required to be executed and/or delivered by any party in connection with the consummation of the transactions by the foregoing agreements and documents.

“Transfer” means and includes any direct or indirect sale, assignment, Encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, including transfers to receivers, levying creditors, trustees or receivers in bankruptcy Proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of Law, or by forward or reverse merger.

“United States” means the United States of America.

“U.S. Dollars” and “US\$” shall each mean lawful money of the United States.

“VIE Structure” means the investment structure in which a PRC-domiciled operating entity and its PRC shareholders enter into a number of Contracts with a non-PRC investor (or a foreign-invested enterprise incorporated in the PRC invested by the non-PRC investor) pursuant to which the non-PRC investor achieves control of the PRC-domiciled operating entity and also consolidates the financials of the PRC-domiciled entity with those of the non-PRC investor.

“WFOE” means a wholly foreign-owned enterprise formed under the Laws of the PRC.

Section 1.2 Cross-Reference of Other Definitions. Each capitalized term listed below is defined in the corresponding Section of this Agreement:

Term	Section
Additional Securities	Section 10.3(a)(i)
Additional Securities Purchase Price Agreement	Section 10.3(b)
Amount of Suqian Limao Debt	Preamble
Amendment to Series A Capital Increase Agreement	Section 2.1(c)
Claimant	Recitals
Closing	Section 13.9(b)
Closing Transferred Equity	Section 3.1
Disclosure Schedules	Section 8.8
Escrow Agreements	Article VII
Founder	Section 8.6
Founder ESOP Partnership	Preamble
Founder Holdco	Preamble

Founder Holdco Disclosure Schedules	Article VII
Founder Holdcos	Preamble
Founder Holding Entity	Preamble
HKIAC	Section 13.9(a)
Indemnified Party	Section 12.5(a)
Indemnifying Party	Section 12.5(a)
Initial Liquidity Event Payment	Section 2.3(c)(ii)
IPLA	Recitals
Issuance Approvals	Section 2.2(a)
Issuance Event	Section 2.2(b)
JD Finance	Preamble
JD Finance Disclosure Schedules	Article V
JD Finance Equity Transferor	Section 10.5(a)
JD Finance Equityholder	Section 10.5(a)
JD Finance New Investors	Recitals
JD Finance Reorganization and Subscription Framework Agreement	Recitals
JD Finance Shareholder Resolutions	Recitals
JD Finance Sub	Preamble
JD Finance Subject Equities	Section 10.5(b)(i)
JD Group	Preamble
JD Group Audit Committee	Section 10.8
JD Group Disclosure Schedules	Article IV
JD Group Parties	Preamble
JD HK Company	Preamble
JD HK Company Bank Accounts	Section 2.1(b)
Jointly Appointed Director	Section 10.1(a)(i)
Jointly Appointed Director Ownership Period	Section 10.1(a)(i)
Liquidity Event Payment	Section 2.3(a)
Liquidity Event Taxes	Section 2.3(e)
Losses	Section 12.1
Offer Notice	Section 10.5(b)(i)
Offer Price	Section 10.5(b)(i)
Offeree	Section 10.5(b)(i)
Parties	Preamble
Post-QIPO Issuance Event	Section 2.2(b)
PRC Closing Opinion	Section 9.1(c)
Preemptive Amount of Securities	Section 10.3(a)(iii)
Preemptive Rights	Section 10.3(a)(i)
Pre-QIPO Issuance Event	Section 2.2(a)
Proposed Transferee	Section 10.5(b)(i)
Regulatory Approvals	Section 4.3(a)
Request	Section 13.9(b)
Respondent	Section 13.9(b)
Series A Capital Increase Agreement	Recitals
Settlement of Suqian Limao Debt	Section 2.1(c)
Suqian Limao	Preamble

Suqian Limao Disclosure Schedules	Article VI
Suqian Limao VIE Termination Agreement	Section 2.1(a)
Suqian Yitong	Preamble
Suqian Yitong Equity Transfer	Section 2.1(b)
Suqian Yitong Equity Transfer Agreement	Section 8.8
Suqian Yitong Equity Transfer Consideration	Section 2.1(b)
Suqian Yitong Equity Transfer Tax	Section 2.1(b)
Termination of Suqian Limao VIE	Section 2.1(a)
Third-Party Claim	Section 12.5(a)
Transaction Expenses	Section 2.4(c)(i)

Section 1.3 Construction. In this Agreement, unless the context otherwise requires:

- (a) references in this Agreement to “writing” or comparable expressions includes a reference to facsimile transmission or comparable means of communication (but excluding email communications);
- (b) words expressed in the singular number shall include the plural and vice versa, and words expressed in the masculine shall include the feminine and neutral genders and vice versa;
- (c) references to Articles, Sections, Exhibits, Schedules and Recitals are references to articles, sections, exhibits, schedules and recitals of this Agreement;
- (d) references to “day” or “days” are to calendar days;
- (e) references to this Agreement or any other agreement or document shall be construed as references to this Agreement or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, varied, novated or supplemented from time to time;

(f) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions;

(g) the table of contents to this Agreement and all section titles or captions contained in this Agreement or in any Schedule or Exhibit annexed hereto or referred to herein are for convenience only and shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement;

(h) “include,” “includes” and “including” are deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of similar import;

(i) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular provision; and

12

(j) references to a Person are also to its permitted successors and assigns and, in the case of an individual, to his or her heirs and estate, as applicable.

Section 1.4 Schedules, Annexes and Exhibits. The Schedules, Annexes and Exhibits to this Agreement are incorporated into and form an integral part of this Agreement. If an Annex or Exhibit is a form of agreement, such agreement, when executed and delivered by the parties thereto, shall constitute a document independent of this Agreement.

ARTICLE II

TRANSACTION

Section 2.1 Transactions.

(a) Termination of Suqian Limao VIE. At the Closing, subject to the Closing conditions and other terms and conditions set forth in this Agreement, Suqian Yitong and Suqian Limao shall cause all parties to the Suqian Limao Control Agreements to execute and deliver a termination agreement (the “Suqian Limao VIE Termination Agreement”), pursuant to which the Suqian Limao Control Agreements will be terminated in their entirety (the “Termination of Suqian Limao VIE”).

(b) Payment of Consideration for Suqian Yitong Equity Transfer. At the Closing, subject to the Closing conditions and other terms and conditions set forth in this Agreement, JD Finance Sub shall instruct each of the Escrow Agents in accordance with the relevant Escrow Agreement to release to JD HK Company (or another Person designated by JD HK Company) an aggregate amount equal to RMB12,134,941,558 (the “Suqian Yitong Equity Transfer Consideration”) minus the amount of Tax that is applicable to the Suqian Yitong Equity Transfer and that is payable by JD HK Company and required to be withheld by JD Finance Sub (the “Suqian Yitong Equity Transfer Tax”), by wire transfer of immediately available funds to one or more bank accounts of JD HK Company (or another Person designated by JD HK Company) designated by JD Group, information of which bank accounts shall have been provided to JD Finance Sub by JD Group at least five (5) Business Days prior to the Closing (the “JD HK Company Bank Accounts”).

(c) Settlement of Suqian Limao Debt. At the Closing, subject to the Closing conditions and other terms and conditions set forth in this Agreement, Suqian Limao shall, and Founder Holding Entity shall cause Suqian Limao to, immediately pay to JD Group (or another Person designated by JD Group) RMB2,163,022,000 (the “Amount of Suqian Limao Debt”) by wire transfer of immediately available funds in Renminbi to a bank account designated by JD Group, to satisfy certain debt obligations that Suqian Limao previously owed to JD Group or the applicable Subsidiary of JD Group (such payment, the “Settlement of Suqian Limao Debt”).

Section 2.2 Issuance of Equity Securities of JD Finance.

(a) Pre-QIPO Issuance. At any time and from time to time following the Closing and before the consummation of any Qualified IPO, if JD Finance, in its sole discretion, and not pursuant to any obligation hereunder, has elected to apply for and has received the Governmental Approvals that are required for such Issuance under applicable Law (the “Issuance”

13

Approvals”) and necessary internal approvals, and no Liquidity Event Payment shall be payable or have been paid pursuant to Section 2.3 (a “Pre-QIPO Issuance Event”), then JD Finance shall promptly (and, in any event, within two (2) Business Days) notify JD Group of its receipt of the Issuance Approvals and, within five (5) Business Days following such notice, JD Finance shall effect an Issuance in consideration of an amount in cash to be equal to the Income Share Buyout Amount.

(b) Post-QIPO Issuance. If at any time and from time to time following the consummation of any Qualified IPO, the Liquidity Event Payment is not payable and has not been paid pursuant to Section 2.3, and all of the Issuance Approvals are obtained under applicable Law (a “Post-QIPO Issuance Event” and either of a Pre-QIPO Issuance Event and Post-QIPO Issuance Event, an “Issuance Event”), then JD Finance shall promptly (and, in any event, within two (2) Business Days) notify JD Group of its receipt of the Issuance Approvals and, as soon as possible but in no event later than the deadline stipulated by the applicable Issuance Approval, JD Finance shall effect an Issuance in consideration of an amount in cash to be equal to the Income Share Buyout Amount.

(c) Subsequent Issuances. For the avoidance of doubt, Sections 2.2(a) and (b) contemplate and shall apply to additional Issuances in the event that the Issuance Percentage is less than 100%.

(d) Valid Issuance. None of the JD Finance Equity to be issued in any Issuance will be subject to any outstanding option, warrant, call or similar right of any other Person to acquire the same, to any equityholders, voting or similar agreement other than this Agreement and the other Transaction Documents, or to any restriction on transfer thereof except for restrictions imposed by applicable Laws or by the express terms of this Agreement or the other Transaction Documents. All of the JD Finance Equity to be issued in any Issuance will be fully paid in compliance with the requirements of applicable Laws.

(e) Issuance Closing Deliveries of JD Finance. Upon the completion of any Issuance Event pursuant to this Section 2.2, JD Finance shall deliver to JD Group:

(i) an investment certificate or share certificate, as applicable, given the corporate form of JD Finance, issued by JD Finance, certifying that JD Group is the holder of the Ownership Interest issued to JD Group in the Issuance Event;

(ii) a copy of the shareholder registry of JD Finance certifying that JD Group is a shareholder of JD Finance holding the Ownership Interest transferred to JD Group in the Issuance;

(iii) certified copies of the Issuance Approvals;

(iv) if the Person that acquires Ownership Interests in JD Finance is not a PRC-domiciled entity, a counterpart to a shareholder's agreement or a joint venture contract (as the case may be) of JD Finance incorporating the matters set forth in Article X hereof, duly executed by JD Finance;

14

(v) if JD Finance is a limited liability company at the time of the Issuance Event, consents of the shareholders of JD Finance waiving their preemptive rights with respect to the Issuance;

(vi) a certified copy of the amended articles of association of JD Finance, incorporating the matters set forth in Sections 10.1 through 10.4 and 10.10;

(vii) a PRC legal opinion to the effect that all approvals by Governmental Authorities of the PRC that are required in connection with, and for the consummation of, the Issuance have been obtained, which opinion shall be in form and substance to the satisfaction of JD Group; and

(viii) counterparts to such other agreements as may be required or appropriate under applicable Laws of the PRC in order to effect the Issuance, in each case duly executed by JD Finance.

(f) Issuance Closing Deliveries of JD Group. Upon the completion of any Issuance Event pursuant to this Section 2.2, JD Group shall deliver to JD Finance:

(i) if the Person that acquires Ownership Interests in JD Finance is not a PRC-domiciled entity, a counterpart to a shareholder's agreement or a joint venture contract (as the case may be) of JD Finance incorporating the matters set forth in Article X hereof, duly executed by such Person; and

(ii) counterparts to such other agreements as may be required or appropriate under applicable Laws of the PRC in order to effect the Issuance, in each case duly executed by JD Group or the appropriate Subsidiary of JD Group.

(g) Certain Efforts. If, following the date of this Agreement but prior to the initial Issuance, applicable Law permits foreign equity investment in the JD Finance Business, then JD Finance shall exercise reasonable best efforts to obtain the Issuance Approvals as promptly as reasonably practicable, and shall keep JD Group reasonably apprised of such efforts.

(h) Payment by Transfer of IP. JD Group and JD Finance agree that JD Group has the right to elect to transfer certain Intellectual Property to JD Finance as a portion or all of the consideration for any Issuance upon an Issuance Event in lieu of cash payment contemplated under Section 2.2(a) or Section 2.2(b), and upon such election by JD Group, JD Group and JD Finance will discuss in good faith the Intellectual Property to be transferred to JD Finance and make necessary adjustment to the Income Share Buyout Amount and other related mechanism contemplated by this Agreement and under the IPLA.

Section 2.3 Liquidity Event Payment

(a)

(i) In connection with a Qualified IPO (a Liquidity Event described by clause (a) of the definition thereof), at the election of JD Group, JD Finance will use its reasonable best efforts (with JD Group's reasonable cooperation) to obtain any required

15

consents or approvals of Governmental Authorities, make any required filings or notifications, and cause any waiting periods to expire, in each case, as may be required under applicable Laws in connection with the payment of the Income Share (as defined in the IPLA) pursuant to the IPLA following the Qualified IPO. If JD Group does not so elect, or if despite such efforts, the payment of the Income Share is not permitted following the Qualified IPO under applicable Laws, then upon the occurrence of a Qualified IPO, if Issuances have not then occurred such that the Issuance Percentage is 100%, JD Finance shall immediately become obligated, at the times and in the manner provided for herein, to pay to JD Group an amount (as adjusted herein, the "Liquidity Event Payment") equal to the product of (x) the Maximum Issuance Interest applicable immediately prior to the Qualified IPO multiplied by the equity value of JD Finance as determined immediately prior to the Qualified IPO, and (y) 100% minus the Issuance Percentage.

(ii) Upon the occurrence of a Liquidity Event other than that described by clause (a) or (e) of the definition thereof, if Issuances have not then occurred such that the Issuance Percentage is 100%, at the election of JD Group, JD Group shall continue to receive the payment of the Income Share (as defined in the IPLA) pursuant to the IPLA following such Liquidity Event. If JD Group does not so elect, then upon the occurrence of such Liquidity Event, if Issuances have not then occurred such that the Issuance Percentage is 100%, JD Finance shall immediately become obligated, at the times and in the manner provided for herein, to pay to JD Group the Liquidity Event Payment equal to the product of (x) the Maximum Issuance Interest applicable immediately prior to the Liquidity Event multiplied by the equity value of JD Finance as determined immediately prior to the Liquidity Event, and (y) 100% minus the Issuance Percentage. Notwithstanding the foregoing sentences under this paragraph, upon the occurrence of a Liquidity Event described by clause (b) of the definition thereof and triggered pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement, and if Issuances have not then occurred such that the Issuance Percentage is 100%, JD Finance shall immediately become obligated, at the times and in the manner provided for herein, to pay to JD Group the Liquidity Event Payment in the amount referenced in the immediately preceding sentence, and JD Group agrees that only upon such occurrence, (a) JD Group shall participate in the distribution of the proceeds from such Liquidity Event with respect to the Liquidity Event Payment payable to it and the JD Finance Equity held by it at the time, only after the other shareholders of JD Finance (other than the Founder ESOP Partnership) have received their distribution in full pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement, and (b) if there are any remaining assets after the other shareholders of JD Finance (other than the Founder ESOP Partnership) have received their distribution in full pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement, such remaining assets shall be distributed to JD Group before the Founder ESOP Partnership until JD Group receives the full amount of Liquidity Event Payment, and (c) if there are any remaining assets after JD Group has received the full

(iii) Upon the occurrence of a Liquidity Event described by clause (e) of the definition thereof, if Issuances have not then occurred such that the Issuance Percentage is 100%, JD Finance shall immediately become obligated, at the times and in the manner provided for herein and consistent with applicable Law, to pay to JD Group the Liquidity Event Payment equal to the product of (x) the Maximum Issuance Interest applicable immediately prior to the Liquidity Event multiplied by the equity value of JD Finance as determined immediately prior to the Liquidity Event, and (y) 100% minus the Issuance Percentage, provided, however, upon the occurrence of a Liquidity Event triggered pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement and only upon such occurrence, (a) JD Group agrees that JD Group shall participate in the distribution of JD Finance's assets with respect to the Liquidity Event Payment payable to it and the JD Finance Equity held by it at the time, only after the other shareholders of JD Finance (other than the Founder ESOP Partnership) have received their distribution in full pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement, and (b) if there are any remaining assets after the other shareholders of JD Finance (other than the Founder ESOP Partnership) have received their distribution in full pursuant to Section 10.2 of the JD Finance Reorganization and Subscription Framework Agreement, such remaining assets shall be distributed to JD Group before the Founder ESOP Partnership until JD Group receives the full amount of Liquidity Event Payment, and (c) if there are any remaining assets after JD Group has received the full amount of Liquidity Event pursuant to the preceding sub-clause (b), such remaining assets shall be distributed to JD Group and the Founder ESOP Partnership based on the relative proportion of the JD Finance Equity held by JD Group (if any) and the Founder ESOP partnership.

(iv) For the avoidance of doubt, JD Finance shall not be required to pay the Liquidity Event Payment more than once.

(b)

(i) In the event of a Liquidity Event the proceeds of which (net of all expenses incurred in connection with the Liquidity Event, including underwriting fees as applicable, provided that such expenses are customary and within a reasonable range ("Transaction Expenses") and applicable taxes payable by JD Finance) are in excess of or equal to the Liquidity Event Payment amount, JD Finance will pay the Liquidity Event Payment to JD Group as soon as reasonably practicable and in any event within ninety (90) days following the consummation of such Liquidity Event; provided, that any portion of the Liquidity Event Payment arising due to any Contingent Consideration shall be paid by JD Finance to JD Group as soon as reasonably practicable following the payment of such Contingent Consideration and in any event within ninety (90) days of the payment of such Contingent Consideration.

(ii) In the event of a Liquidity Event the proceeds of which (net of Transaction Expenses and applicable taxes payable by JD Finance) are less than the Liquidity Event Payment amount, JD Finance will pay all of the proceeds of the Liquidity Event (net of Transaction Expenses and applicable taxes payable by JD Finance) to JD Group (the "Initial Liquidity Event Payment") as soon as reasonably practicable and in

any event within ninety (90) days following the consummation of such Liquidity Event, with the remainder of the Liquidity Event Payment, after giving effect to the Initial Liquidity Event Payment to be paid in three (3) equal installments due twelve (12), eighteen (18) and twenty-four (24) months after the date of such Liquidity Event; provided, that any portion of the Initial Liquidity Event Payment and the remainder of the Liquidity Event Payment arising in each case due to any Contingent Consideration shall be paid by JD Finance to JD Group as soon as reasonably practicable following the payment of such Contingent Consideration and in any event within ninety (90) days of the payment of such Contingent Consideration.

(iii) Following a Liquidity Event, interest shall (A) accrue daily at an annual rate equal to the Interest Rate on the aggregate unpaid amount of the Liquidity Event Payment, (B) compound monthly (provided, that the monthly rate will be calculated so that the effective annual rate remains the rate set forth in clause (A)), (C) be paid by JD Finance in arrears on each date on which payment is made, and (D) be computed on the basis of a three hundred sixty (360)-day year comprised of twelve (12) thirty (30)-day months.

(c) All payments to be made to JD Group pursuant to this Section 2.3, shall be made (x) to JD Group or, if permitted by Law, one or more of JD Group's designated Subsidiaries, at JD Group's direction, in U.S. Dollars, or (y) as otherwise mutually agreed upon in writing by JD Group and JD Finance.

(d) If the total Taxes required by any Laws to be deducted, withheld, paid, or incurred by any Person, in connection with any payment to be made to JD Group or any of its Subsidiaries pursuant to this Section 2.3 ("Liquidity Event Taxes") exceed the Taxes under PRC Law that would have been imposed if such payment had been paid by JD Finance directly to JD Group and subject to Tax at the then-applicable withholding, income or similar Tax rate on capital gains with respect to sales of equity in PRC companies by foreign investors, then the payment shall be increased so that JD Group receives (and is entitled to retain), after deduction, withholding or payment for or on account of such Liquidity Event Taxes as the case may be (including deduction, withholding or payment applicable to additional sums payable under this sentence), the full amount of the payment that would have been received if such payment had been paid by JD Finance directly to JD Group and subject to Tax under PRC Law at the then-applicable withholding, income, or similar Tax rate on capital gains with respect to sales of equity in PRC companies by foreign investors.

Section 2.4 Timing and Method of Payments.

(a) All payments to be made by a payor Party to a payee Party pursuant to Article II, Section 10.3 or the IPLA may be made by wire transfer of immediately available funds to the account specified by the payee at least three (3) Business Days prior to such payment (which account, once specified, will be used for all future payments to such payee Party unless notice of a new account is given by the payee at least three (3) Business Days prior to any payment to be made to such new account), and/or may be set off against any other payment then due and payable by such payee Party to such payor Party pursuant to Article II, Section 10.3 or the IPLA, to the extent permitted by applicable Laws.

Section 3.1 Closing. The closing of the Transactions (the “Closing”) shall take place at 10:00 a.m. (New York time) on the fifth (5th) Business Day following satisfaction or waiver of the conditions set forth in Article IX (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time). The Closing shall be held at the offices of Skadden, Arps, Slate, Meagher & Flom located at 42/F Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong. Notwithstanding the foregoing, the Closing may take place at such other date, time or place as the Parties may agree to in writing.

Section 3.2 Closing Deliverables.

(a) JD Group Deliverables. At the Closing, JD Group shall deliver, or cause to be delivered, to JD Finance:

(i) counterparts to the Suqian Limao VIE Termination Agreement with respect to the Termination of Suqian Limao VIE, duly executed by Suqian Yitong; and

(ii) counterparts to such other agreements as may be required or appropriate under applicable Laws of the PRC in order to effect the Transactions, in each case duly executed by JD Group or the applicable Subsidiary of JD Group.

(b) Suqian Limao Deliverables. At the Closing, Suqian Limao shall deliver, or cause to be delivered, to JD Group:

(i) the Amount of Suqian Limao Debt by wire transfer of immediately available funds pursuant to Section 2.1(c);

(ii) counterparts to the Suqian Limao VIE Termination Agreement with respect to the Termination of Suqian Limao VIE, duly executed by Suqian Limao, and each of the shareholders of Suqian Limao immediately prior to the Closing; and

(iii) counterparts to and such other agreements as may be required or appropriate under applicable Laws of the PRC in order to effect the Transactions, in each case duly executed by Suqian Limao.

(c) JD Finance Deliverables. At the Closing, JD Finance shall deliver, or cause to be delivered, to JD Group:

(i) the PRC Closing Opinion;

(ii) counterparts to such other agreements as may be required or appropriate under applicable Laws of the PRC in order to effect the Transactions, in each case duly executed by JD Finance or the applicable Subsidiary of JD Finance; and

19

(iii) any and all company chop(s) and other things of JD Finance Sub, the specimen of which have been filed with each of the Escrow Agents on record and which are required to instruct such Escrow Agent to release any fund from the relevant Escrow Account in accordance with relevant Escrow Agreement and/or other requirements of such Escrow Agent.

Section 3.3 Withholding Rights. Except as may be otherwise expressly provided in the Transaction Documents, each Party shall be entitled to deduct and withhold from any payments to be made pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under applicable Laws relating to taxes, customs, tariffs, imposts, levies, duties, fees or other like assessments or charges of any kind imposed by a Governmental Authority (or interest, penalties and additions imposed with respect thereto). Amounts so withheld and paid over to the appropriate taxing Governmental Authority shall be treated for all purposes of this Agreement as having been paid to the applicable recipient of the payment in respect of which such deduction or withholding was made.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF JD GROUP

Except as set forth in the disclosure schedules of JD Group attached hereto (the “JD Group Disclosure Schedules”), JD Group hereby, on behalf of JD Group Parties, makes the representations and warranties set forth in this Article IV to JD Finance.

Section 4.1 Organization and Qualification; Subsidiaries. Each of the JD Group Parties (a) is a corporation or legal entity duly organized or formed and validly existing under the Laws of its jurisdiction of organization or formation, (b) has the requisite corporate or similar entity power and authority to conduct and carry on its business as it is now being conducted and to own, lease and operate its properties and assets, and (c) is duly qualified to do business in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes such qualification necessary.

Section 4.2 Authority; Binding Effect. Each of the JD Group Parties has all requisite corporate or entity power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is party and to perform its obligations hereunder and thereunder. The execution and delivery by each of the JD Group Parties of this Agreement and the other Transaction Documents to which it is party, and the performance of its obligations hereunder and thereunder, have been duly authorized by all requisite corporate, entity or other action. This Agreement has been duly and validly executed and delivered by each of the JD Group Parties and, assuming the due authorization, execution and delivery by each of the other Parties hereto, this Agreement constitutes a legal, valid and binding obligation of each of the JD Group Parties, enforceable against each of the JD Group Parties in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general applicability relating to or affecting creditor’s rights, and to general equitable principles). The Transaction Documents, when executed and delivered by each of the JD Group Parties that is party to the Transaction

20

Documents, assuming due execution and delivery hereof by each of the other parties hereto and thereto, shall constitute valid and binding obligations of each of the JD Group Parties party to the Transaction Documents and are enforceable against each of the JD Group Parties party to the Transaction Documents in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency or reorganization Laws.

Section 4.3 No Conflicts; Required Filings and Consents.

(a) The execution and delivery by each of the JD Group Parties of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered at the Closing will not, and the performance by any of the JD Group Parties of its obligations under

this Agreement and the other Transaction Documents will not, require any consent, approval, Order, license, authorization, registration, declaration or permit of, or filing with or notification to, any Governmental Authority, except (i) for compliance with applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (including the furnishing of a Form 6-K), (ii) for compliance with the rules and regulations of the NASDAQ Global Select Market or any other relevant securities exchange; (iii) such approvals, filings and notifications as may be required under applicable Law with respect to Suqian Yitong Equity Transfer, including such approvals, filings and notifications as may be required under applicable regulations of MOFCOM and the SAIC; (iv) the Tax filings and procedures as may be required to be made with the appropriate PRC taxing Governmental Authority in connection with the Suqian Yitong Equity Transfer Tax and any transfer of Equity Securities of JD Finance; (v) such approvals, filings and notifications as may be required under applicable regulations of the SAIC with respect to any change in shareholders, registered capital or equity pledge of PRC domestic companies; (vi) such filings and notifications as may be required under applicable regulations by the State Administration on Foreign Exchange with respect to foreign currency payment obligations or obligations to pay Renminbi offshore; and (vii) such filings and notifications as may be required under applicable Intellectual Property-related Laws and regulations and the requirements thereunder with respect to registration, filing and approval by the PRC State Intellectual Property Office, the China Trademark Office and the National Copyright Administration and any other Laws (collectively, to the extent required, the “Regulatory Approvals”).

(b) The execution and delivery by each of the JD Group Parties of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered by each of the JD Group Parties at the Closing will not, and the performance by each of the JD Group Parties of its obligations under this Agreement and the other Transaction Documents will not, (i) conflict with or result in any breach of any provision of its articles of incorporation or by-laws (or any similar organizational documents), (ii) violate, conflict with, require consent pursuant to, result in a breach of, constitute a default (with or without due notice or lapse of time or both) under, or give rise to a right of, or result in, the termination, cancellation, modification, acceleration or the loss of a benefit under, or result in the creation of any Encumbrance upon the Closing Transferred Equity or any of the terms, conditions or provisions of any Contract to which any of the Parties is a party or by which any of the Parties is bound or to which the Closing Transferred Equity is

21

subject, or (iii) violate any Order or Law applicable to any of the JD Group Parties or any of their properties or assets.

Section 4.4 Exclusivity of Representations. The representations and warranties made by JD Group in this Article IV are the exclusive representations and warranties made by JD Group with respect to this Agreement and the transactions contemplated hereby. Notwithstanding anything to the contrary in this Agreement, JD Group is not, directly or indirectly, making any representations or warranties regarding any financial information, financial projections or other forward-looking statements with respect to JD Group or the Closing Transferred Equity.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF JD FINANCE

Except as set forth in the disclosure schedules of JD Finance attached hereto (the “JD Finance Disclosure Schedules”), JD Finance hereby makes the representations and warranties set forth in this Article V to JD Group.

Section 5.1 Organization and Qualification. JD Finance (a) is a limited liability company duly organized and is validly existing under the Laws of the PRC, (b) has all necessary entity power and authority to own, lease and operate its properties and assets and to conduct and carry on its business as currently conducted and (c) is duly qualified to do business in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes such qualification necessary.

Section 5.2 Authority; Binding Effect. JD Finance has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder. The execution and delivery by JD Finance of this Agreement and the other Transaction Documents, and the performance by JD Finance of its respective obligations hereunder and thereunder, have been duly authorized by all requisite action on the part of JD Finance. JD Finance has duly executed this Agreement and each of the other Transaction Documents to which it is a party. This Agreement has been duly and validly executed and delivered by JD Finance and, assuming the due authorization, execution and delivery by each of the other Parties hereto, this Agreement constitutes a legal, valid and binding obligation of JD Finance, enforceable against JD Finance in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general applicability relating to or affecting creditor’s rights, and to general equitable principles). The Transaction Documents, when executed and delivered by JD Finance, assuming due execution and delivery hereof by each of the other parties hereto and thereto, shall constitute valid and binding obligations of JD Finance enforceable against JD Finance in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency or reorganization Laws.

22

Section 5.3 No Conflicts; Required Filings and Consents.

(a) The execution and delivery by JD Finance of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered at the Closing will not, and the performance by JD Finance of its obligations under this Agreement and the other Transaction Documents will not, require any consent, approval, Order, license, authorization, registration, declaration or permit of, or filing with or notification to, any Governmental Authority, except the Regulatory Approvals.

(b) The execution and delivery by JD Finance of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered by JD Finance at the Closing will not, and the performance by JD Finance of its obligations under this Agreement and the other Transaction Documents will not, (i) conflict with or result in any breach of any provision of the organizational or charter documents of JD Finance, (ii) violate, conflict with, require consent pursuant to, result in a breach of, constitute a default (with or without due notice or lapse of time or both) under, or give rise to a right of, or result in, the termination, cancellation, modification, acceleration or the loss of a benefit under, or result in the creation of any Encumbrance upon JD Finance’s Equity Securities or any of the terms, conditions or provisions of any Contract to which JD Finance is a party or by which JD Finance is bound or to which any of JD Finance’s Equity Securities are subject or (iii) violate any Order or Law applicable to JD Finance or any of its properties or assets.

Section 5.4 Capitalization. Schedule 5.4 of the JD Finance Disclosure Schedules sets forth a true and complete schedule of the outstanding Equity Securities of JD Finance as of the date hereof, including the total amount of registered capital or the number of shares or other Equity Securities, as applicable, and the names of the owners of record of such Equity Securities. JD Finance has no issued and outstanding Equity Securities other than as shown on such Schedule, and there are no Contracts, commitments, understandings or arrangements by which JD Finance is bound to issue additional JD Finance Equity or other Equity Securities, and the JD Finance Equity is not subject to any outstanding option, warrant, call or similar right of any other Person to acquire the same. No direct or indirect Ownership Interest in JD Finance is currently owned by any Person other than a PRC Person.

Section 5.5 Exclusivity of Representations. The representations and warranties made by JD Finance in this Article V are the exclusive representations and warranties made by JD Finance with respect to this Agreement and the transactions contemplated hereby. Notwithstanding anything to the contrary in this Agreement, JD Finance is not, directly or indirectly, making any representations or warranties regarding any financial information, financial projections or other forward-looking statements with respect to JD Finance.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SUQIAN LIMAO

Except as set forth in the disclosure schedules of Suqian Limao attached hereto (the "Suqian Limao Disclosure Schedules"), Suqian Limao hereby makes the representations and warranties set forth in this Article VI to JD Group:

23

Section 6.1 Organization and Qualification. Suqian Limao (a) is a limited liability company duly organized and is validly existing under the Laws of the PRC, (b) has all necessary entity power and authority to own, lease and operate its properties and assets and to conduct and carry on its business as currently conducted and (c) is duly qualified to do business in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes such qualification necessary.

Section 6.2 Authority; Binding Effect. Suqian Limao has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder. The execution and delivery by Suqian Limao of this Agreement and the other Transaction Documents, and the performance by Suqian Limao of its respective obligations hereunder and thereunder, have been duly authorized by all requisite action on the part of Suqian Limao. Suqian Limao has duly executed this Agreement and each of the other Transaction Documents to which it is a party. This Agreement has been duly and validly executed and delivered by Suqian Limao and, assuming the due authorization, execution and delivery by each of the other Parties hereto, this Agreement constitutes a legal, valid and binding obligation of Suqian Limao, enforceable against Suqian Limao in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general applicability relating to or affecting creditor's rights, and to general equitable principles). The Transaction Documents, when executed and delivered by Suqian Limao, assuming due execution and delivery hereof by each of the other parties hereto and thereto, shall constitute valid and binding obligations of Suqian Limao enforceable against Suqian Limao in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency or reorganization Laws.

Section 6.3 No Conflicts; Required Filings and Consents.

(a) The execution and delivery by Suqian Limao of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered at the Closing will not, and the performance by Suqian Limao of its obligations under this Agreement and the other Transaction Documents will not, require any consent, approval, Order, license, authorization, registration, declaration or permit of, or filing with or notification to, any Governmental Authority, except the Regulatory Approvals.

(b) The execution and delivery by Suqian Limao of this Agreement does not, and the other Transaction Documents and any other instrument required hereby or thereby to be executed and delivered by Suqian Limao at the Closing will not, and the performance by Suqian Limao of its obligations under this Agreement and the other Transaction Documents will not, (i) conflict with or result in any breach of any provision of the organizational or charter documents of Suqian Limao, (ii) violate, conflict with, require consent pursuant to, result in a breach of, constitute a default (with or without due notice or lapse of time or both) under, or give rise to a right of, or result in, the termination, cancellation, modification, acceleration or the loss of a benefit under, or result in the creation of any Encumbrance upon Suqian Limao's Equity Securities or any of the terms, conditions or provisions of any Contract to which JD Finance is a party or by which Suqian Limao is bound or to which any of Suqian Limao's Equity Securities

24

are subject or (iii) violate any Order or Law applicable to Suqian Limao or any of its properties or assets.

Section 6.4 Exclusivity of Representations. The representations and warranties made by Suqian Limao in this Article VI are the exclusive representations and warranties made by Suqian Limao with respect to this Agreement and the transactions contemplated hereby. Notwithstanding anything to the contrary in this Agreement, Suqian Limao is not, directly or indirectly, making any representations or warranties regarding any financial information, financial projections or other forward-looking statements with respect to Suqian Limao.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF FOUNDER HOLDCOS

Except as set forth in the disclosure schedules of Founder Holdcos attached hereto (the "Founder Holdco Disclosure Schedules," and together with the JD Group Disclosure Schedules, the JD Finance Disclosure Schedules and the Suqian Limao Disclosure Schedules, the "Disclosure Schedules"), each Founder Holdco, severally and not jointly, hereby makes the representations and warranties set forth in this Article VII to JD Group.

Section 7.1 Organization and Qualification. Such Founder Holdco (a) is a limited partnership duly organized and is validly existing under the Laws of the PRC, (b) has all necessary power and authority to own, lease and operate its properties and assets and to conduct and carry on its business as currently conducted and (c) is duly qualified to do business in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes such qualification necessary.

Section 7.2 Authority; Binding Effect. Such Founder Holdco has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery by such Founder Holdco of this Agreement and the other Transaction Documents to which it is a party, and the performance by such Founder Holdco of its obligations hereunder and thereunder, have been duly authorized by all requisite action on the part of such Founder Holdco. Such Founder Holdco has duly executed this Agreement and each of the other Transaction Documents to which it is a party. This Agreement has been duly and validly executed and delivered by such Founder Holdco and, assuming the due authorization, execution and delivery by each of the other Parties hereto, this Agreement constitutes a legal, valid and binding obligation of such Founder Holdco, enforceable against such Founder Holdco in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general applicability relating to or affecting creditor's rights, and to general equitable principles). The Transaction Documents to which such Founder Holdco is a party, when executed and delivered by such Founder Holdco, assuming due execution and delivery hereof by each of the

Section 7.3 No Conflicts; Required Filings and Consents.

(a) The execution and delivery by such Founder Holdco of this Agreement does not, and the other Transaction Documents to which it is a party and any other instrument required hereby or thereby to be executed and delivered at the Closing will not, and the performance by such Founder Holdco of its obligations under this Agreement and the other Transaction Documents to which it is a party will not, require any consent, approval, Order, license, authorization, registration, declaration or permit of, or filing with or notification to, any Governmental Authority, except the Regulatory Approvals.

(b) The execution and delivery by such Founder Holdco of this Agreement does not, and the other Transaction Documents to which it is a party and any other instrument required hereby or thereby to be executed and delivered by such Founder Holdco at the Closing will not, and the performance by such Founder Holdco of its obligations under this Agreement and the other Transaction Documents to which it is a party will not, (i) conflict with or result in any breach of any provision of the organizational or charter documents of such Founder Holdco, (ii) violate, conflict with, require consent pursuant to, result in a breach of, constitute a default (with or without due notice or lapse of time or both) under, or give rise to a right of, or result in, the termination, cancellation, modification, acceleration or the loss of a benefit under, any of the terms, conditions or provisions of any Contract to which such Founder Holdco is a party or by which Founder Holdco is bound or (iii) violate any Order or Law applicable to such Founder Holdco or any of its properties or assets.

Section 7.4 Exclusivity of Representations. The representations and warranties made by each Founder Holdco in this Article VII are the exclusive representations and warranties made by such Founder Holdco with respect to this Agreement and the transactions contemplated hereby.

ARTICLE VIII

COVENANTS

Section 8.1 Confidentiality. Each Party, and each Party's Representatives who receive Confidential Information as permitted hereunder, shall maintain the confidentiality of Confidential Information in accordance with the procedures adopted by such Party in good faith to protect confidential information of third parties generally delivered to such Party; provided, that such Party may deliver or disclose Confidential Information to:

(a) such Party's Representatives, and Persons related thereto who are informed of the confidentiality obligations of this Section 8.1; provided, that such Party shall be responsible for any violation of such Party's applicable procedures made by any such Person;

(b) any Governmental Authority having jurisdiction over such Party to the extent required by applicable Laws;

(c) any other Person to which such delivery or disclosure may be required (i) to effect compliance with any Law applicable to such Party, or (ii) in response to any subpoena or other legal process; or

(d) as permitted under Section 8.4;

provided, that, in the cases of clauses (b) and (c) of this Section 8.1, the disclosing Party shall provide each other Party with prompt written notice thereof so that the appropriate Party may seek (with the cooperation and reasonable efforts of the disclosing party) a protective Order, confidential treatment or other appropriate remedy, and in any event shall furnish only that portion of the information which is reasonably necessary for the purpose at hand and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information to the extent reasonably requested by any other Party.

Section 8.2 Appropriate Action; Consents; Filings.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties hereto shall use its reasonable best efforts to take, or cause to be taken, all actions, and use its reasonable best efforts to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things consistent with applicable Laws and reasonably necessary, proper or advisable to consummate, as promptly as practicable, the Transactions, and none of the Parties shall take any action or omit to take any action that would or would reasonably be expected to prevent, impair, make illegal or materially delay the Closing unless such action or omission is required by applicable Laws. Without limiting the foregoing, each of the Parties agrees to use its respective reasonable best efforts to:

(i) cause the Closing conditions set forth in Article IX to be satisfied as promptly as practicable,

(ii) obtain all necessary Regulatory Approvals,

(iii) obtain all necessary licenses, consents, approvals, registrations, qualifications, Orders, waivers, finding of suitability and authorizations of, actions or nonactions by, any Governmental Authority or any third party necessary in connection with the consummation of the transactions contemplated by this Agreement,

(iv) make all necessary applications, registrations, declarations and filings with, and notices to, any Governmental Authorities and take all reasonable steps as may be necessary to obtain all approvals from, or to avoid any suit, action, Proceeding or investigation by, any Governmental Authority or other Persons necessary in connection with the consummation of the transactions contemplated by this Agreement,

(v) to the extent named as a defendant, defend any lawsuits or other legal Proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated by this Agreement,

(vi) in the case of JD Group, JD Finance, Suqian Limao and their respective Subsidiaries only, have vacated, lifted, reversed or overturned any Order, decree, ruling, judgment, injunction or other action (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, conditions, makes illegal or otherwise restricts or prohibits the consummation of the transactions contemplated by this Agreement; provided, that in no event shall JD Group, JD Finance, Suqian Limao or any

of their Subsidiaries be required to pay or to commit to, prior to the Closing, any fee, penalty or other consideration to obtain any consent, approval, Order, waiver or authorization in connection with the transactions contemplated by this Agreement under any Contract other than filing fees required and *de minimis* amounts and customary filing fees payable to Governmental Authorities; and

(vii) execute and deliver any additional instruments and/or separate agreements necessary to consummate the Transactions to be performed or consummated by such Party in accordance with the terms of this Agreement and to carry out fully the purposes of this Agreement.

(b) Subject to applicable Laws, each of the Parties hereto shall furnish to each other such necessary information and reasonable assistance as the other may request in connection with the preparation of any required filings or submissions with any Governmental Authority and will reasonably cooperate in responding to any inquiry from a Governmental Authority, including promptly informing the other party of such inquiry, consulting in advance before making any presentations or submissions to a Governmental Authority, and supplying each other with copies of all material correspondence, filings or communications with any Governmental Authority with respect to this Agreement (other than private or personal information pertaining to any individual applicants which may remain confidential). No Party shall have any material communication or meeting (telephonic or in-person) regarding the Transactions with a Governmental Authority without giving JD Finance and JD Group a reasonable opportunity to attend in person or by phone (unless the Governmental Authority prohibits such participation or attendance in the communication or meeting).

Section 8.3 Notification of Certain Matters. JD Group shall give prompt notice to JD Finance and Suqian Limao, and each of JD Finance and Suqian Limao shall give prompt notice to JD Group, upon receiving knowledge of (a) any notice, complaint, investigation or hearing (or communications indicating that the same may be contemplated) from (i) any Governmental Authority in connection with this Agreement or the Transactions or the other actions contemplated hereby, or (ii) any other Person, in each case alleging that the consent of such Person is or may be required in connection with the Transactions or the other actions contemplated hereby and (b) any actions, suits, claims, investigations or Proceedings commenced or, to such Party's knowledge, threatened in writing against, relating to or involving or otherwise affecting such Party or any of its Subsidiaries which relate to this Agreement, the Transactions or the other actions contemplated hereby.

Section 8.4 Public Announcement and Filings. The initial press release(s) announcing the execution of this Agreement shall be in a form mutually agreed upon by JD Group and JD Finance. JD Group shall require consent by JD Finance, and each of JD Finance and Suqian Limao shall require consent by JD Group, before issuing, and, to the extent practicable, give each other a reasonable opportunity to review and comment on, any other press release or other public announcement with respect to this Agreement, the Transactions or the other actions contemplated hereby. None of JD Group, JD Finance and Suqian Limao shall issue any such press release or make any such public announcement prior to obtaining such consent required under the immediately preceding sentence, except as may be required by applicable Laws, court

28

process or the rules and regulations of any national securities exchange or national securities quotation system.

Section 8.5 Conduct of Business Pending the Closing. Until the earlier of the Closing and the date, if any, on which this Agreement is terminated pursuant to Section 11.1, JD Group shall and shall cause its Subsidiaries to operate Suqian Yitong and Suqian Limao in the ordinary course of business consistent with past practice.

Section 8.6 Escrow Agreements. As soon as possible after the date of this Agreement and in any event prior to the Closing, JD Finance Sub shall, and JD Finance shall cause JD Finance Sub to, enter into an escrow agreement with JD HK Company (or another Person designated by JD HK Company) and each of the Escrow Agents, with terms and conditions mutually agreed to by the parties thereto (the "Escrow Agreements"). The Parties agree that JD Finance shall be entitled to receive any and all interest that shall have accrued on the amount deposited in each of the Escrow Accounts prior to the date of Closing, and JD Group shall be entitled to receive any and all interest that shall have accrued on the amount deposited in each of the Escrow Accounts on and from the date of Closing to the date on which the deposited amount is released to a JD HK Company Bank Account pursuant to Section 10.11(b).

Section 8.7 Capital Injection into JD Finance Sub. As soon as possible after JD Finance receives payments by the JD Finance New Investors in an aggregate amount of the Suqian Yitong Equity Transfer Consideration in immediately available funds pursuant to the closing under the JD Finance Reorganization and Subscription Framework Agreement, JD Finance shall inject such amount into JD Finance Sub as the registered capital.

Section 8.8 Suqian Yitong Equity Transfer and Payment into Escrow Accounts. (i) As soon as possible after the completion of actions set forth under Section 8.6 and Section 8.7 above, JD Finance Sub shall pay an aggregate amount equal to the difference between the Suqian Yitong Equity Transfer Consideration and the Suqian Yitong Equity Transfer Tax in immediately available funds to the Escrow Accounts, with the allocation between the Escrow Accounts and the specific amount to be deposited to each of the Escrow Accounts determined by JD Group in its sole direction, and (ii) concurrent with the completion of the action set forth in the foregoing sub-clause (i), (a) JD HK Company and JD Finance Sub shall enter into an equity transfer agreement, substantially in the form attached as Exhibit A hereto (the "Suqian Yitong Equity Transfer Agreement"), pursuant to which JD HK Company shall convey, assign and transfer registered capital of Suqian Yitong, constituting a one hundred percent (100%) Ownership Interest in Suqian Yitong (the "Closing Transferred Equity"), free and clear of any Encumbrances whatsoever, to JD Finance Sub, and JD Finance Sub shall acquire and accept such Closing Transferred Equity (such transfer, the "Suqian Yitong Equity Transfer"), (b) JD HK Company, Suqian Yitong and JD Finance Sub shall prepare and execute documents that are required to effect such approvals, filings and notifications as may be required under applicable Law with respect to the Suqian Yitong Equity Transfer.

Section 8.9 Regulatory Approvals. As soon as possible after the completion of actions set forth under Section 8.8, (i) each of the Parties shall cooperate and use their respective reasonable best efforts to (i) obtain all necessary Regulatory Approvals required for Suqian Yitong Equity Transfer, including such approvals, filings and notifications as may be required

29

under applicable regulations of MOFCOM and the SAIC, and (ii) JD Finance Sub shall complete all necessary Tax filings and procedures with the appropriate PRC taxing Governmental Authority in connection with the Suqian Yitong Equity Transfer Tax, and shall use funds in its accounts other than the Escrow Accounts to pay the Suqian Yitong Equity Transfer Tax to the appropriate PRC taxing Governmental Authority, and shall provide JD HK Company with a tax payment receipt issued by the appropriate PRC taxing Governmental Authority evidencing that any and all Suqian Yitong Equity Transfer Tax required to be paid has been paid in full.

ARTICLE IX

CONDITIONS TO CLOSING

Section 9.1 General Conditions. The respective obligations of the Parties to consummate the Transactions shall be subject to the fulfillment, at or prior to the Closing, of the following conditions, which may, to the extent permitted by applicable Laws, be waived in a writing signed by all Parties, in the sole discretion of each Party:

(a) No Injunction or Prohibition. No Governmental Authority shall have, after the date hereof, enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the Transactions.

(b) Regulatory Approvals. All such approvals, filings and notifications as may be required under applicable Law with respect to Suqian Yitong Equity Transfer, including such approvals, filings and notifications as may be required under applicable regulations of MOFCOM and the SAIC, shall have been completed or obtained.

(c) Legal Opinion. JD Finance and JD Group shall have received from Jingtian & Gongcheng an enforceability opinion substantially in the form attached as Exhibit B (the "PRC Closing Opinion"); provided that the PRC Closing Opinion may differ from the form attached as Exhibit B solely to the extent that such differences (x) result from changes in Law between the date of this Agreement and the Closing or (y) have been approved in writing by both JD Finance and JD Group.

Section 9.2 Conditions to Obligations of the JD Group Parties. The obligations of the JD Group Parties to consummate the Transactions shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which, to the extent permitted by applicable Laws, may be waived in writing by JD Group (with the prior written approval of the JD Group Audit Committee) in its sole discretion:

(a) Representations and Warranties. The representations and warranties of JD Finance, Suqian Limao and Founder Holdcos contained in this Agreement shall be true and correct as of the date hereof and as of the date of the Closing as if made on such date (unless made as of a specified date, in which case, as of such date);

(b) Pre-Closing Covenants. Each of the Parties other than the JD Group Parties shall have performed and complied with, in all material respects, all obligations and

30

agreements required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) Transaction Documents. Each Transaction Document shall have been validly executed and delivered by the applicable parties thereto (other than the JD Group Parties) and shall be in full force and effect;

(d) Receipt of Payments by JD Finance. JD Finance (i) shall have received prior to the Closing payments by the JD Finance New Investors in an aggregate amount equal to the Suqian Yitong Equity Transfer Consideration in immediately available funds pursuant to the closing under the JD Finance Reorganization and Subscription Framework Agreement, and (ii) JD Finance shall have prior to the Closing completed the capital injection of the Suqian Yitong Equity Transfer Consideration into JD Finance Sub as registered capital;

(e) Receipt of Payments by Suqian Limao. Suqian Limao shall have received at or prior to the Closing payments by Founder Holding Entity and one of the JD Finance New Investors in an aggregate amount of the Amount of Suqian Limao Debt in immediately available funds, in consideration for Founder Holding Entity's and such JD Finance New Investor's purchases of certain Equity Securities of JD Finance held by Suqian Limao;

(f) Payment into Escrow Accounts. JD Finance Sub shall have prior to the Closing deposit an aggregate amount equal to the difference between the Suqian Yitong Equity Transfer Consideration and the Suqian Yitong Equity Transfer Tax into the Escrow Accounts in accordance with Section 8.8; and

(g) Payment of Suqian Yitong Equity Transfer Tax. At or prior to the Closing, JD Finance Sub shall have paid the Suqian Yitong Equity Transfer Tax to the appropriate PRC taxing Governmental Authority using funds in its accounts other than the Escrow Accounts, and shall have provided JD HK Company with a tax payment receipt issued by the appropriate PRC taxing Governmental Authority evidencing that any and all Suqian Yitong Equity Transfer Tax required to be paid has been paid in full.

Section 9.3 Conditions to Obligations of JD Finance. The obligations of JD Finance to consummate the Transactions shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which, to the extent permitted by applicable Laws, may be waived in writing by JD Finance in its sole discretion:

(a) Representations and Warranties. The representations and warranties of JD Group contained in this Agreement shall be true and correct as of the date hereof and as of the date of the Closing as if made as of such date (unless made as of a specified date, in which case, as of such date);

(b) Pre-Closing Covenants. Each of the Parties other than JD Finance and JD Finance Sub shall have performed and complied with, in all material respects, all obligations and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing; and

31

(c) Transaction Documents. Each Transaction Document shall have been validly executed and delivered by the applicable parties thereto (other than JD Finance and JD Finance Sub) and shall be in full force and effect.

ARTICLE X

ADDITIONAL COVENANTS

Section 10.1 Board Representation of JD Group.

(a) Jointly Appointed Director.

(i) During the Jointly Appointed Director Ownership Period, JD Group and JD Finance shall mutually agree to recommend one person to JD Finance, who JD Finance shall nominate for election as a director of JD Finance board of directors (the "Jointly Appointed Director"); provided, that

neither any Person that is an officer or employee of JD Finance nor the Founder may be designated as the Jointly Appointed Director. The Parties shall agree on the initial Jointly Appointed Director as promptly as practicable, and in any event prior to the date of the Closing. The “Jointly Appointed Director Ownership Period” shall commence on the date of the Closing and shall terminate upon the first date following the first occurrence of any Issuance on which JD Group and its Subsidiaries do not collectively own at least fifty percent (50%) of the aggregate Ownership Interests in JD Finance issued, on or prior to such date, to JD Group and its Subsidiaries collectively pursuant to this Agreement; provided, that if JD Group and/or any of its Subsidiaries is required by Law to sell or otherwise transfer or dispose of JD Finance Equity or equivalent equity interests of JD Finance, such sale shall not terminate the Jointly Appointed Director Ownership Period unless JD Group and/or any of its Subsidiaries subsequently voluntarily sells any JD Finance Equity or equivalent equity interests of JD Finance and immediately following such sale JD Group and its Subsidiaries collectively own less than fifty percent (50%) of the aggregate Ownership Interests in JD Finance issued, on or prior to the date of such sale, to JD Finance and its Subsidiaries collectively pursuant to this Agreement.

(ii) During the Jointly Appointed Director Ownership Period, JD Finance shall use reasonable best efforts, and JD Group and other Parties shall cooperate with JD Finance, to elect or cause the election of such Jointly Appointed Director to the board of directors of JD Finance and otherwise effect the provisions of this Section 10.1 and any determination or resolution of the board of directors of JD Finance under this Section 10.1, including (prior to any initial public offering) amending the organizational documents to increase or decrease the numbers of directors on the board of directors of JD Finance and electing or removing directors and (following any initial public offering), nominating the Jointly Appointed Director for election to the board of directors of JD Finance and recommending and soliciting proxies for the Jointly Appointed Director to the same extent as JD Finance does for any of its other nominees to its board of directors. Without limiting the foregoing, at all times during the Jointly Appointed Director Ownership Period, JD Finance shall use its reasonable best efforts to cause the holders of JD Finance Equity entitled to elect the directors on the board of directors of JD Finance

32

to vote, and each Founder Holdco shall vote, their respective JD Finance Equity in favor of the election of the duly designated Jointly Appointed Director to JD Finance board of directors.

(b) Committee Representation. During the Jointly Appointed Director Ownership Period, the audit committee of the board of directors of JD Finance shall include the Jointly Appointed Director and JD Finance shall cause the Jointly Appointed Director to be elected or appointed to such committee, in each case subject to applicable Laws.

(c) Jointly Appointed Director Vacancy. Subject to Section 10.1(a), upon the death, disability, resignation, retirement, disqualification, removal or other expiration or termination of service of the Jointly Appointed Director during the Jointly Appointed Director Ownership Period, to the extent permitted by applicable Laws, upon the approval of the JD Group Audit Committee, JD Group shall have the right to designate any replacement for the Jointly Appointed Director, which replacement shall satisfy all requirements under Section 10.1(a) and Section 10.1(b). JD Finance shall use its reasonable best efforts to take all action required to fill the vacancy on its board of directors and its audit committee resulting therefrom with such person. For the avoidance of doubt, removal and replacement of the Jointly Appointed Director (and the failure to re-appoint such director at the end of any term) shall require the same approvals as appointment of the Jointly Appointed Director and the last sentence of Section 10.1(a)(ii) shall apply to any replacement Jointly Appointed Director designated pursuant to this Section 10.1(c).

Section 10.2 Information Rights.

(a) JD Finance shall, and shall cause each Subsidiary to, maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and shall set aside on its books all such proper accruals and reserves as shall be required under GAAP. During the period commencing on the date of the Closing and ending upon payment in full of the Liquidity Event Payment and for so long as the Maximum Issuance Interest is no less than 1.614%, JD Finance shall deliver to JD Group the following financial information:

(i) Not later than twenty (20) days after the end of each of the quarterly accounting periods or, after the Qualified IPO, not later than the date on which JD Finance publicly discloses them, the unaudited consolidated balance sheets of JD Finance and its Subsidiaries as of the end of each such period, the related unaudited consolidated statements of operations, equity and cash flows of JD Finance and its Subsidiaries for such quarterly period and for the period from the beginning of such fiscal year to the end of such quarterly period. All such financial statements shall be prepared in accordance with GAAP applied on a consistent basis and be certified by JD Finance’s Chief Financial Officer (and Chief Accounting Officer after such Chief Accounting Officer is appointed). For the avoidance of doubt, if such financial statements are prepared in accordance with IFRS or PRC GAAP, JD Finance shall provide a reconciliation of such financial statements to U.S. GAAP, and shall cause such

33

reconciliation to be reviewed by the firm serving as JD Finance’s independent public accountants at such time.

(ii) As soon as available but in any event not later than thirty (30) days after the end of each fiscal year of JD Finance, the unaudited consolidated balance sheets of JD Finance and its Subsidiaries as of the end of fiscal year and the related consolidated statements of operations, equity and cash flows of JD Finance and its Subsidiaries for the fourth quarterly period of such fiscal year. All such financial statements shall be prepared in accordance with GAAP applied on a consistent basis and be certified by JD Finance’s Chief Financial Officer (and Chief Accounting Officer after such Chief Accounting Officer is appointed). For the avoidance of doubt, if such financial statements are prepared in accordance with IFRS or PRC GAAP, JD Finance shall provide a reconciliation of such financial statements to U.S. GAAP, and shall cause such reconciliation to be reviewed by the firm serving as JD Finance’s independent public accountants at such time.

(iii) As soon as available, but in any event no later than ninety (90) days after the end of each fiscal year of JD Finance, a copy of the audited consolidated balance sheets of JD Finance and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of operations, equity and cash flows of JD Finance and its Subsidiaries stating in comparative form the figures as of the end of and for the previous fiscal year certified by one of the “big four” accounting firms selected by JD Finance and approved by the JD Finance’s equityholders. All such financial statements shall be prepared in accordance with GAAP applied on a consistent basis and be certified by JD Finance’s Chief Financial Officer (and Chief Accounting Officer after such Chief Accounting Officer is appointed). For the avoidance of doubt, if such financial statements are prepared in accordance with IFRS or PRC GAAP, JD Finance shall provide a reconciliation of such financial statements to U.S. GAAP, and shall cause such reconciliation to be reviewed by the firm serving as JD Finance’s independent public accountants at such time.

(iv) Upon JD Group’s request and as soon as available but in any event not later than sixty (60) days after the end of each quarterly accounting period, (A) explanations for any significant movements from the prior quarter in each of the unaudited consolidated balance sheets and statements of income, equity and cash flows in conjunction with this Section 10.2, and (B) operating metrics relevant to JD Finance’s businesses and used by JD Finance’s management for decision-making purposes (excluding any Highly Sensitive Information).

(b) All access to information provided for in this Section 10.2 shall be during normal business hours following reasonable advance notice to JD Finance, and in a manner that does not unreasonably interfere with JD Finance's business operations. Nothing in this Section 10.2 shall require JD Finance to disclose to JD Group or the JD Group Audit Committee, or to permit any auditor to disclose to JD Group or the JD Group Audit Committee, (i) any Highly Sensitive Information; (ii) any information to the extent such disclosure of such information would violate applicable Laws; (iii) any information to the extent that disclosure thereof would

constitute a breach of an agreement with a third party; or (iv) any information whose disclosure would result in a waiver of any attorney-client privilege.

Section 10.3 Preemptive Rights for JD Finance Securities.

(a) Preemptive Rights.

(i) Following any Issuance arising from a Pre-QIPO Issuance Event and until, but not including, the time of the Qualified IPO, if JD Finance proposes to sell any Equity Securities of JD Finance (the "Additional Securities"), JD Finance shall, no later than thirty (30) days prior to issuing such Additional Securities (or in the case of any marketed offering prior to the Qualified IPO, no later than the earlier of thirty (30) days prior to issuing such Additional Securities and ten (10) days prior to the printing of the preliminary prospectus in connection with such offering), notify JD Group in writing of such proposed issuance (which notice shall specify, to the extent practicable, the purchase price or a range for the purchase price, if any, for, and the terms and conditions of, such Additional Securities) and shall offer to sell such Additional Securities to JD Group in the amounts set forth in Section 10.3(a)(iii) or Section 10.3(a)(iv), as applicable, and subject to Section 10.3(c), upon the terms and conditions set forth in the notice and at the Additional Securities Purchase Price as provided in Section 10.3(b) (the "Preemptive Rights").

(ii) If JD Group wishes to subscribe for a number of Additional Securities equal to or less than the number to which they are entitled under this Section 10.3(a), JD Group may do so (by itself or by causing such Person(s) to which it would be permitted to Transfer Equity Securities pursuant to Section 10.5 to subscribe for all or a portion of such Additional Securities) and shall, in the written notice of exercise of the offer, specify the number of Additional Securities that it (or each of such Person(s)) wishes to purchase.

(iii) With respect to Additional Securities that are JD Finance Equity or equivalent equity interests of JD Finance, JD Finance shall offer to JD Group a number of such Additional Securities, such that, after giving effect to the proposed issuance (including the issuance to JD Group pursuant to the Preemptive Rights), JD Group's Ownership Interest in JD Finance after such issuance would equal JD Group's Ownership Interest in JD Finance immediately prior to such issuance, such number of Additional Securities set forth in this Section 10.3(a)(iii) to constitute the "Preemptive Amount of Securities" for JD Group for purposes of any exercise of its Preemptive Rights. If, at the time of the determination of any Preemptive Amount of Securities under this Section 10.3(a)(iii), any other Person has preemptive or other equity purchase rights similar to the Preemptive Rights, such Preemptive Amount of Securities shall be recalculated to take into account the amount in RMB or the number of equivalent equity interests reflecting the Ownership Interest in JD Finance of such Persons that such Persons have committed to purchase, rounding down such Preemptive Amount of Securities to the nearest whole such security of JD Finance that is proposed for sale.

(iv) With respect to Additional Securities that are Equity Securities and not JD Finance Equity nor equivalent equity interests of JD Finance, JD Finance shall offer to JD Group, all or any portion specified by JD Group, of a number of such securities equal to the total number of such Additional Securities proposed to be sold, multiplied by JD Group's Ownership Interest in JD Finance at such time (which number shall constitute the Preemptive Amount of Securities for purposes of any exercise of Preemptive Rights to which this Section 10.3(a)(iv) applies). If, at the time of the determination of any Preemptive Amount of Securities under this Section 10.3(a)(iv), any other Person has preemptive or other equity purchase rights similar to the Preemptive Rights, such Preemptive Amount of Securities shall be recalculated to take into account the number of such securities such Persons have committed to purchase, rounding down such Preemptive Amount of Securities to the nearest whole such security of JD Finance that is proposed for sale.

(b) Purchase Price. The "Additional Securities Purchase Price" for the Additional Securities to be issued pursuant to the exercise of the Preemptive Rights shall be payable only in cash (unless otherwise unanimously agreed by JD Group and JD Finance), and shall equal per Additional Security the per security issuance price for the Additional Securities giving rise to such Preemptive Right.

(c) Exercise Period. The Preemptive Rights set forth in this Section 10.3 must be exercised by acceptance in writing of any offer referred to in Section 10.3(a)(i), (i) within thirty (30) days following the receipt of the notice from JD Finance of its intention to sell Equity Securities, and (ii) in connection with any marketed offering (prior to the Qualified IPO), at least five (5) Business Days prior to the printing of the preliminary prospectus in connection with such offering; provided, that, in the case of clauses (i) and (ii), such acceptance shall indicate a willingness to purchase at the same per equity interest price at which such securities are sold to the public (less underwriting fees and discounts, which difference shall be shared equally by JD Group and JD Finance) and may specify a maximum and/or minimum per equity interest price that such offeree is willing to pay for such Equity Securities. The closing of any purchase of Additional Securities pursuant to the exercise by JD Group of its Preemptive Rights hereunder shall occur within sixty (60) days after delivery of the notice by JD Finance as provided in Section 10.3(a)(i), subject to the receipt of any necessary Governmental Approvals to which the issuance of the Additional Securities is subject; provided, that such sixty (60)-day period shall be extended automatically as necessary to apply for and obtain any Governmental Approvals that are required to consummate such purchase, so long as JD Group is making good faith efforts to obtain such Governmental Approvals as soon as practicable in accordance with applicable Laws. If there is any such extension, the relevant period will end on the fifth (5th) Business Day following the receipt of such Governmental Approvals.

(d) Termination of Rights. The Preemptive Rights shall not be exercisable with respect to the Qualified IPO, and shall terminate (if not already terminated pursuant to the following sentence) upon, and be of no force and effect from and after, the completion of the Qualified IPO.

Section 10.4 Certain Transactions.

(a) Prior to the occurrence of Issuances resulting, in the aggregate, in an Issuance Percentage of 100%, without the prior consent of the JD Group Audit Committee:

(i) JD Finance will not issue any Equity Securities other than in a Qualified IPO, unless the pre-money valuation of JD Finance on a consolidated basis implied by such issuance of Equity Securities is not less than the valuation of JD Finance on a consolidated basis implied by the issuance of Equity Securities contemplated by the JD Finance Reorganization and Subscription Framework Agreement;

(ii) JD Finance will not undertake or consummate, and each Founder Holdco will not otherwise permit, any IPO of JD Finance other than a Qualified IPO;

(iii) JD Finance will not undertake or consummate, and each Founder Holdco will not otherwise permit, any Liquidity Event involving a Related Party as a counter-party; and

(b) Following the earliest occurrence of any Issuance, without the prior consent of the JD Group Audit Committee, JD Group shall not, and shall not permit any of its Subsidiaries (which, for the avoidance of doubt, shall not include JD Finance or any of its Subsidiaries) to:

(i) elect not to exercise, or fail to exercise, wholly or in part, its Preemptive Rights pursuant to Section 10.3;

(ii) voluntarily Transfer any Equity Securities of JD Finance directly or indirectly held by JD Group.

Section 10.5 Transfer Restrictions. Following the Closing, neither of JD Group nor any Founder Holdco shall Transfer any Equity Securities of JD Finance Beneficially Owned by it except pursuant to one of the following provisions:

(a) **Transfers to Subsidiaries.** At any time, JD Group (or its Subsidiaries) and Founder Holdcos (or their Subsidiaries) (each, to the extent that it owns Equity Securities of JD Finance, a “JD Finance Equityholder” and “JD Finance Equity Transferor”) may transfer their Equity Securities of JD Finance to any wholly-owned Subsidiary of such JD Finance Equityholder; provided, however, that such transferee shall at all times continue to be a wholly-owned Subsidiary and that such transferee becomes a party to this Agreement pursuant to an instrument satisfactory to JD Group’s and each Founder Holdco’s Representative; and provided, further, that if, at any time, such transferee ceases to be a wholly-owned Subsidiary of such JD Finance Equityholder, it shall immediately return all of the Equity Securities of JD Finance received under this Section 10.5(a) to such JD Finance Equityholder. For the avoidance of doubt, no transfer of Equity Securities of JD Group shall be deemed to be a Transfer of Equity Securities of JD Finance.

(b) Right of First Refusal.

37

(i) If, from time to time, a JD Finance Equityholder proposes to Transfer any Equity Securities owned by that JD Finance Equityholder to a specific Person other than the other JD Finance Equityholder (a “Proposed Transferee”), then prior to consummating such Transfer, the JD Finance Equity Transferor shall deliver a written notice (the “Offer Notice”) to the other JD Finance Equityholder (the “Offeree”), setting forth the identity of the Proposed Transferee, its *bona fide* intention to Transfer Equity Securities of JD Finance to such Proposed Transferee, the number and type of Equity Securities of JD Finance to be Transferred (the “JD Finance Subject Equities”), the total consideration (including the amount and form thereof) for which such Proposed Transferee has offered to acquire, or such JD Finance Equityholder has offered to sell to such Proposed Transferee the JD Finance Subject Equities (the “Offer Price”), and any other terms of the proposed Transfer.

(ii) The Offer Notice shall constitute, for a period of fifteen (15) days from the date on which it shall have been deemed given, an irrevocable and exclusive offer to sell to the Offeree (or any direct or indirect wholly-owned Subsidiary designated by the Offeree), at the Offer Price, all or a portion of the JD Finance Subject Equities.

(iii) The Offeree (or a designated direct or indirect wholly-owned Subsidiary thereof) may accept the offer set forth in an Offer Notice by giving notice to the JD Finance Equity Transferor, prior to the expiration of such offer, specifying the number of the JD Finance Subject Equities that the Offeree wishes to purchase. The Offeree may exercise the right to purchase all or a portion of the JD Finance Subject Equities pursuant to this Section 10.5(b) by causing such Person(s) to which the Offeree would be permitted to Transfer Equity Securities of JD Finance pursuant to Section 10.5(a) to purchase all or portion of the JD Finance Subject Equities directly from the JD Finance Equity Transferor, if so specified in the notice given to the JD Finance Equity Transferor pursuant to this Section 10.5(b)(iii).

(iv) If the Offeree agrees to purchase any or all of the JD Finance Subject Equities pursuant to this Section 10.5(b), it shall pay in cash or immediately available funds for, and the JD Finance Equity Transferor shall deliver valid title, free and clear of any Encumbrance, to, such JD Finance Subject Equities, subject to receipt of any necessary or advisable third-party approvals or any Governmental Approvals, within fifteen (15) days following completion of the procedures set forth in Section 10.5(b)(ii) or such longer period as is required to obtain any necessary or advisable third-party approvals or Governmental Approvals.

(v) If the offers made by the JD Finance Equity Transferor to the Offeree pursuant to Section 10.5(b)(ii) expire without an agreement by the Offeree to purchase all of the JD Finance Subject Equities, the JD Finance Equity Transferor shall have thirty (30) days following such expiry to enter into a definitive agreement with the Proposed Transferee with respect to such Transfer and, if such agreement is timely entered into, sixty (60) days following the date of that agreement to effect the Transfer of the balance of the JD Finance Subject Equities to the Proposed Transferee, for cash, at a price not less than the Offer Price, and upon terms not otherwise more favorable to the transferee or transferees than those specified in the Offer Notice, subject to the execution

38

and delivery by such third party of an assignment and assumption agreement, in form and substance satisfactory to the other JD Finance Equityholders, pursuant to which such third party shall assume all of the obligations of a party pursuant to or under this Agreement. In the event that the JD Finance Equity Transferor has not entered into a definitive agreement with the Proposed Transferee within such thirty (30)-day period or such Transfer is not consummated within such sixty (60)-day period, the JD Finance Equity Transferor shall not be permitted to sell its JD Finance Equity Securities pursuant to this Section 10.5(b) without again complying with each of the requirements of this Section 10.5(b); provided, that such sixty (60)-day period should be extended automatically as necessary to apply for and obtain any Governmental Approvals that are required to consummate such Transfer, so long as the JD Finance Equity Transferor is making good faith efforts to obtain such Governmental Approvals as soon as practicable in accordance with applicable Laws. If there is such extension, the relevant period will end on the fifth (5th) Business Day following the receipt of such Governmental Approvals.

(vi) The right of first refusal held by JD Group pursuant to this Section 10.5(b) shall be freely assignable, in connection with any specific Transfer, to the extent that JD Group could not exercise such right without exceeding any applicable regulatory threshold. The right of first refusal held by such Founder Holdco shall be freely assignable to any Person that is controlled by the Founder.

(vii) The provisions of this Section 10.5(b) shall not be exercisable with respect to, and shall terminate upon, and be of no force and effect from and after, the completion of the Qualified IPO.

(c) Transfers to Non-PRC Persons. Prior to the occurrence of Issuances resulting, in the aggregate, in an Issuance Percentage of 100%, neither any Founder Holdco nor JD Finance shall, and JD Finance shall cause each holder of Equity Securities of JD Finance not to, enter into, effect or give effect to any Transfer of Equity Securities of JD Finance or other transaction if, to his or its knowledge after due inquiry, immediately following such transaction, any Person other than a PRC Person would acquire Beneficial Ownership of Equity Securities of JD Finance, it being understood that the applicable proposed Transferor party shall have satisfied his or its obligation of due inquiry if each Transferee party in such transaction has given an enforceable representation and warranty to each Transferor party to the effect that it is a PRC Person. Actions taken and agreements made by JD Finance, Founder Holdcos or any holder of Equity Securities of JD Finance not consistent with this Section 10.5 shall be null and void *ab initio*.

Section 10.6 IPO.

(a) Restructuring. Following the earliest occurrence of any Issuance, if, for any reason, a restructuring of JD Finance's Equity Securities, including any stock split or reverse stock split, share exchange, merger or share or equity interest conversion, or of JD Finance and its Subsidiaries is required in order to effect the Qualified IPO, such restructuring shall be conducted in a manner that results in JD Group and its Subsidiaries holding equity interests of the entity that is to issue equity interests in the Qualified IPO (and equity interests of any other

39

entity that is not a Subsidiary of such entity succeeding to or acquiring any material assets or operations of JD Finance in such restructuring) having equivalent value and voting power as the Equity Securities of JD Finance held by JD Group and its Subsidiaries immediately prior to such restructuring.

(b) Participation Right. Following the earliest occurrence of any Issuance, if JD Finance proposes to effect the Qualified IPO, JD Finance shall give JD Group written notice of its intent to do so as soon as reasonably practicable, at a time leaving JD Group a reasonable opportunity to comply with any applicable Laws in connection with its exercise of the right described in this Section 10.6(b), and in any event not less than thirty (30) Business Days prior to the contemplated publication or public filing of the prospectus for such offering. Within fifteen (15) Business Days following the delivery of such notice and subject to applicable Law, JD Group may, at the sole discretion of the JD Group Audit Committee, by notice to JD Finance, irrevocably commit to sell a number of equity interests of JD Finance up to the number of equity interests JD Group and its Subsidiaries own directly in JD Finance, and JD Finance shall include in the Qualified IPO such number of equity interests as specified in such notice; provided, that if the managing underwriter of such Qualified IPO in good faith shall have advised JD Finance that, in its opinion, the inclusion in the offering of the number of equity interests committed to be sold by JD Group in accordance with this Section 10.6(b) would adversely affect the price or success of the offering, JD Finance shall include in the offering only such number of equity interests as JD Finance is advised can be sold in such offering without such an effect provided that any reduction in equity interests to be included in the offering shall be effected in the following order of priority: (i) first, equity interests that the JD Finance proposes to offer for its own account; (ii) second, equity interests that JD Group and its Subsidiaries have committed to sell in the offering; and (iii) third, any equity interests that other equityholders have requested to be sold in such offering.

(c) Cooperation. If requested by the managing underwriter in a Qualified IPO, following the earliest occurrence of any Issuance, JD Group shall, and shall cause its Subsidiaries to, agree not to effect any transfer of Equity Securities of JD Finance other than as part of the Qualified IPO during a lock-up period for the longer of (i) any statutory lock-up period and (ii) a period that the managing underwriter reasonably determines to be customary for major stockholders in a large initial public offering after consultation with JD Group; provided, that in the case of clause (ii), such lock-up period is not longer than, and shall expire no later than the expiration of, any lock-up period required to be agreed to by any other seller of Equity Securities of JD Finance in the offering (including any management seller) that is expected to sell shares constituting more than 20% of the aggregate shares to be offered in the offering. If JD Group or any of its Subsidiaries is selling equity interests in the Qualified IPO, JD Group and such Subsidiaries shall enter into customary underwriting and other agreements and documentation in connection with such offering on terms substantially similar to those applicable to JD Finance, and furnish to JD Finance such information regarding JD Group and its intended method of distribution of the equity interests to be sold as JD Finance may from time to time reasonably request in order to comply with JD Finance's obligations under all applicable securities and other Laws and to ensure that the prospectus or other offering documents conform to applicable securities and other Laws. If JD Group or any of its Subsidiaries is selling equity interests in the Qualified IPO, JD Finance shall fully cooperate with the marketing of the equity interests to be sold in the offering, including the equity interests to be sold by JD Group and its

40

Subsidiaries, including, at the recommendation or request of the managing underwriter, making its officers available to participate in "road show," "one on one" and other customary marketing activities in such locations as recommended by the managing underwriter.

Section 10.7 Business Scope.

(a) JD Finance.

(i) Competing Business Investments. During the Business Scope Period, JD Finance shall, and shall cause its Subsidiaries not to, without the prior written consent of JD Group, directly or indirectly engage in, enter into, or participate in the JD Group Business as an owner, partner or principal (including by means of any arrangements that function similarly to equity interests), or otherwise compete with JD Group in the JD Group Business; provided, that JD Finance and its Subsidiaries shall be permitted to make passive investment (including in Equity Securities and/or debt securities or instruments), from time to time, regardless of whether the invested company competes with the JD Group Business, provided, further that JD Finance and its Subsidiaries shall not Control the invested company.

(ii) No Exit Obligation. If JD Finance first engages in, enters into, participates in, or invests in any of the businesses at a time when it is not prohibited from doing so pursuant to the other provisions of this Section 10.7(a), JD Finance shall be permitted to continue to engage or participate in such businesses notwithstanding any such prohibition arising after such time, including as a result of subsequent changes to the scope of the JD Group Business.

(b) JD Group. During the Business Scope Period, JD Group shall, and shall cause its Subsidiaries not to, without the prior written consent of JD Finance, directly or indirectly engage in, enter into, or participate in the JD Finance Business as an owner, partner or principal (including by means of any arrangements that function similarly to equity interests), or otherwise compete with JD Finance in the JD Finance Business; provided, that JD Group and its Subsidiaries shall be permitted to engage in activities and make investments as provided in clauses (i) through (iii) below.

(i) Shared Businesses. JD Group and its Subsidiaries may, from time to time, directly or indirectly, engage in or participate in the businesses set forth on Section 10.7 of the JD Group Disclosure Schedules.

(ii) Competing Business Investments. JD Group and its Subsidiaries may, from time to time, make passive investment (including in Equity Securities and/or debt securities or instruments) regardless of whether the invested company competes with the JD Finance Business, provided, that JD Group and its Subsidiaries shall not Control the invested company, provided, further, that in the event that any applicable Law enjoins or prohibits JD Group and its Subsidiaries from making any of such passive investments, JD Group and JD Finance shall negotiate in good faith on the disposal or sale of the relevant investment to JD Finance or a third party.

41

(iii) Non-Exclusivity. JD Group and its Subsidiaries may, from time to time, enter into and perform contracts and agreements with third Persons for the provision or procurement of payment services and other financial services and products, including sharing of data and traffic support.

Section 10.8 JD Group Audit Committee. Any consents, determinations or decisions of the JD Group Audit Committee referred to herein shall be made in accordance with the charter of the JD Group Audit Committee, as effective from time to time, or, in the event that such charter does not provide for the manner in which such consents, determinations or decisions shall be made, by majority vote.

Section 10.9 Further Assurances.

(a) Following an Issuance, in the event that, as a result of any change in Law or any action taken by any Governmental Authority, JD Group or a Subsidiary thereof is required to divest, or is prohibited from owning, any or all of the Equity Securities of JD Finance acquired by it pursuant to this Agreement, then JD Finance and JD Group shall, as soon as practicable, negotiate in good faith and use their respective reasonable best efforts to agree on contractual or other alternative arrangements providing, to the extent permitted by applicable Laws, JD Group with economic rights and other rights and benefits equivalent to the rights and benefits of ownership of the Equity Securities of JD Finance that JD Group or its Subsidiary is required to divest or is prohibited from owning. Such contractual or alternative arrangements may include, to the extent agreed by JD Finance and JD Group in good faith, profit sharing, mandatory liquidity event payments and other arrangements similar to those provided for in this Agreement.

(b) If Issuances resulting, in the aggregate, in an Issuance Percentage of 100% do not occur prior to the Qualified IPO, but no Liquidity Event Payment is payable under Section 2.3(a), then (i) JD Finance shall not permit in connection with any Post-QIPO Issuance Event any Issuance resulting, in the aggregate, in JD Group having Beneficial Ownership of 30% or more of the aggregate Ownership Interests in JD Finance absent the prior written consent of JD Group, (ii) if the foregoing clause (i) prevents the Issuance Percentage from reaching 100%, the Parties shall discuss in good faith a process for effecting Issuances resulting, in the aggregate, in an Issuance Percentage of 100% without triggering a mandatory tender offer under the Laws of the PRC and (iii) the Parties shall ensure that any Post-QIPO Issuance Event complies with applicable Laws.

Section 10.10 Dividends. Prior to the earlier of (i) an Qualified IPO, and (ii) the time when JD Group receives from JD Finance the first payment of the JD Finance Royalty and Software Technology Services Fee (as defined under the IPLA) in accordance with Sections 5.1 and 5.2 of the IPLA, neither JD Finance nor any non-wholly owned Subsidiary of JD Finance shall declare or pay any dividends.

Section 10.11 Further Covenants.

(a) Maintenance of Existence; Compliance. Until the earlier of: (a) the date on which the Issuance Percentage is 100% and (b) all obligations and liabilities of JD Finance to pay any Liquidity Event Payment and interest and tax-related payments under this Agreement,

42

and all obligations and liabilities of JD Finance to make payments under the IPLA are satisfied and discharged in full, JD Finance shall take all reasonable action to (i) preserve, renew and keep in full force and effect its organizational existence, (ii) maintain all rights, privileges, business licenses and franchises, and comply with all Contracts, in each case as is necessary or desirable in the normal conduct of its business, and (iii) comply in all material respects with all Laws and judgments, orders and decrees of any Governmental Authority.

(b) Release from Escrow Accounts. Each of the Parties hereto shall use its reasonable best efforts to take, or cause to be taken, all actions, and use its reasonable best efforts to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things consistent with applicable Laws and necessary, proper or advisable to release an aggregate amount equal to the difference between the Suqian Yitong Equity Transfer Consideration and the Suqian Yitong Equity Transfer Tax from the Escrow Accounts and pay such amount by wire transfer of immediately available funds to the JD HK Company Bank Accounts, as soon as practicable after the Closing, and none of the Parties shall take any action or omit to take any action that would or would reasonably be expected to prevent, impair, make illegal or materially delay such release.

ARTICLE XI

TERMINATION

Section 11.1 Termination of Transactions. The provisions of this Agreement relating to (and only to the extent relating to) the consummation of the Transactions may be terminated at any time prior to the Closing:

(a) by mutual written consent of JD Group and JD Finance;

(b) by either JD Group or JD Finance if any court of competent jurisdiction shall have issued an Order, decree or ruling or taken any other action restraining, enjoining, making illegal or otherwise prohibiting the consummation of any of the Transactions and such Order, decree, ruling or other action shall have become final and nonappealable; provided, that the Party so requesting termination shall have used its reasonable best efforts in accordance with Section 8.2(a) to have such Order, decree, ruling or other action vacated;

(c) by JD Finance in the event of a failure of JD Group's representations, as set forth in Article IV, to be true and correct or a material breach by JD Group, JD HK Company or Suqian Yitong of its obligations or agreements hereunder, in each case that would cause a condition set forth in Section 9.1 or Section 9.3 not to be satisfied, which failure or breach remains uncured for sixty (60) days following written notice thereof by JD Finance to JD Group;

(d) by JD Group in the event of a failure of JD Finance's representations, as set forth in Article V or Founder Holdco's representations, as set forth in Article VII (other than Section 7.4), to be true and correct or a material breach by JD Finance of its obligations or agreements hereunder, in each case that would

(e) by either JD Group or JD Finance if the Closing has not occurred by the 180th day following the date hereof; provided, that the Party so requesting termination shall not have breached any provision of this Agreement in a manner that primarily caused the failure of the Closing to occur by such date.

The Party seeking to terminate such provisions of this Agreement pursuant to this [Section 11.1](#) (other than [Section 11.1\(a\)](#)) shall give prompt written notice of such termination to each other Party.

Section 11.2 Effect of Termination. In the event of termination of certain provisions of this Agreement as provided in [Section 11.1](#), such provisions of this Agreement shall forthwith become void and there shall be no Liability on the part of any Party with respect thereto. The remaining provisions of this Agreement shall remain in full force and effect.

ARTICLE XII

INDEMNIFICATION

Section 12.1 Indemnification by JD Group. JD Group shall save, defend, indemnify and hold harmless JD Finance and its respective officers, directors, employees, agents, successors and assigns from and against any and all losses, damages, Liabilities, deficiencies, claims, interest, awards, judgments, penalties, costs and expenses (including reasonable attorneys' fees, costs and other out-of-pocket expenses incurred in investigating, preparing or defending the foregoing) (hereinafter, collectively, "Losses") to the extent arising out of or resulting from (i) any failure of any representation or warranty set forth in [Article IV](#) to be true and correct as of the date hereof and as of the date of the Closing as if made on such date (unless made as of a specified date, in which case, as of such date), or (ii) any breach of or failure to perform or comply with the covenants or agreements of the JD Group Parties contained in this Agreement.

Section 12.2 Indemnification by JD Finance. JD Finance shall save, defend, indemnify and hold harmless each of the JD Group Parties, their Affiliates (other than JD Finance and its Subsidiaries) and their respective officers, directors, employees, agents, successors and assigns from and against any and all Losses to the extent arising out of or resulting from (i) any failure of any representation or warranty set forth in [Article V](#) to be true and correct as of the date hereof and as of the date of the Closing as if made on such date (unless made as of a specified date, in which case, as of such date), or (ii) any breach of or failure to perform or comply with the covenants or agreements of JD Finance contained in this Agreement.

Section 12.3 Indemnification by Suqian Limao. Suqian Limao shall save, defend, indemnify and hold harmless each of the JD Group Parties, their Affiliates (other than JD Finance and its Subsidiaries) and their respective officers, directors, employees, agents, successors and assigns from and against any and all Losses to the extent arising out of or resulting from (i) any failure of any representation or warranty set forth in [Article VI](#) to be true and correct as of the date hereof and as of the date of the Closing as if made on such date (unless made as of a specified date, in which case, as of such date), or (ii) any breach of or failure to perform or comply with the covenants or agreements of Suqian Limao contained in this Agreement.

Section 12.4 Indemnification by Founder Holdcos. Founder Holdcos, jointly and severally, shall save, defend, indemnify and hold harmless each of the JD Group Parties, their Affiliates (other than JD Finance and its Subsidiaries) and their respective officers, directors, employees, agents, successors and assigns from and against any and all Losses to the extent arising out of or resulting from (i) any failure of any representation or warranty set forth in [Article VII](#) to be true and correct as of the date hereof and as of the date of the Closing as if made on such date (unless made as of a specified date, in which case, as of such date), or (ii) any breach of or failure to perform or comply with the covenants or agreements of Founder Holdcos contained in this Agreement.

Section 12.5 Procedures.

(a) In order for a JD Finance Indemnified Party or a JD Group Indemnified Party (each, an "Indemnified Party") to be entitled to any indemnification provided for under this Agreement as a result of a Loss or a claim or demand made by any third Person against the Indemnified Party (a "Third-Party Claim"), such Indemnified Party shall deliver notice thereof to JD Group or JD Finance, as the case may be, (the "Indemnifying Party"), promptly after receipt by such Indemnified Party of written notice of the Third-Party Claim, describing in reasonable detail the facts giving rise to any claim for indemnification hereunder, the amount or method of computation of the amount of such claim (if known) and such other information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this [Article XII](#), except to the extent that the Indemnifying Party is actually prejudiced by such failure.

(b) An Indemnifying Party shall have the right, upon written notice to the Indemnified Party within thirty (30) days after receipt of notice from the Indemnified Party of the commencement of such Third-Party Claim, to assume the defense thereof at the expense of the Indemnifying Party with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the Indemnifying Party assumes the defense of such Third-Party Claim, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party; provided, that, if, in the reasonable opinion of counsel for the Indemnified Party, there is a conflict of interest between the Indemnified Party and the Indemnifying Party, the Indemnifying Party shall be responsible for the reasonable fees and expenses of one counsel to such Indemnified Party in connection with such defense. If the Indemnifying Party assumes the defense of any Third-Party Claim, the Indemnified Party shall reasonably cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party such witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. If the Indemnifying Party assumes the defense of any Third-Party Claim, the Indemnifying Party shall not settle, compromise or discharge such Third-Party Claim without the prior written consent of the Indemnified Party, unless such settlement, compromise or discharge of such Third-Party Claim by its terms obligates the Indemnifying Party to pay the full amount of the Liability in connection with such Third-Party Claim, and releases the Indemnified Party completely in connection with such Third-Party Claim. Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, the Indemnified Party shall not admit any Liability with respect to, or settle, compromise or

(c) In the event any Indemnified Party should have a claim against an Indemnifying Party hereunder that does not involve a Third-Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall deliver notice of such claim promptly to the Indemnifying Party, describing in reasonable detail the facts giving rise to any claim for indemnification hereunder, the amount or method of computation of the amount of such claim (if known) and such other information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this Article XII except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity of any claim for indemnity by the Indemnified Party and in otherwise resolving such matters. Such assistance and cooperation shall include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters, in each case, to the extent reasonably required by the Indemnifying Party.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Certain IPs. As soon as practicable after the payment of Liquidity Event Payment by JD Finance to JD Group in accordance with Section 2.3 hereof, JD Group shall transfer or license to JD Finance certain Intellectual Property as mutually agreed to by the Parties permanently and free of charge.

Section 13.2 Notices. All notices and other communications hereunder shall be in writing, shall be made by personal delivery, internationally recognized courier service, facsimile or electronic mail and shall be deemed received (i) on the date of delivery if delivered personally, (ii) on the date of confirmation of receipt if delivered by an internationally recognized courier service (or the first Business Day following such receipt if (a) the date is not a Business Day or (b) receipt occurs after 5:00 p.m., local time of the recipient) or (iii) on the date of receipt of transmission by facsimile or electronic mail (or the first Business Day following such receipt if (a) the date is not a Business Day or (b) receipt occurs after 5:00 p.m., local time of the recipient), to the Parties at the following addresses, facsimile numbers or email addresses (or at such other address, facsimile number or email address for a Party as shall be specified by like notice):

To JD Group, JD HK Company or Suqian Yitong:

JD.com, Inc.
20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China
Attention: Sidney Xuande Huang, Chief Financial Officer

46

E-mail: sidney.huang@jd.com

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
c/o 42/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Attention: Z. Julie Gao
Facsimile No.: +852 3910 4863
Email: julie.gao@skadden.com

To Suqian Limao:

21st Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China
Attention: Jiao JIAO
E-mail: jiaojiao@jd.com

To JD Finance and JD Finance Sub:

14th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China
Attention: Zhijian LIU
E-mail: liuzhijian@jd.com

To Founder Holding Entity:

Room 416-429 Hengtong Building, No. 19 Hongze Lake East Road
Suyu District, Suqian, Jiangsu Province
People's Republic of China
Attention: Jie WU
E-mail: sqwujie@jd.com

To Founder ESOP Partnership:

12th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China

with a copy to:

21st Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China
Attention: Liying ZHANG
E-mail: zhangliyinghr@jd.com

Section 13.3 Amendment; Waiver; Etc.

(a) Any provision of this Agreement may be amended, waived or modified if, and only if, such amendment, waiver or modification is in writing and signed, (x) in the case of an amendment or waiver of any provision of Article II, Section 10.7 or this Section 13.3 of this Agreement or of any provision that by its terms requires or contemplates the approval of or otherwise refers to the JD Group Audit Committee, by JD Finance, and by JD Group after obtaining consent of the JD Group Audit Committee, (y) in the case of an amendment of any other provision of this Agreement, by (i) JD Group and JD Finance and (ii) any Party other than JD Finance and the JD Group Parties that is adversely and directly affected by such amendment, or (z) in the case of a waiver of any other provision of this Agreement, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) JD Group and JD Finance agree to negotiate in good faith and reach agreement on the termination of any provision of Section 10.1(a), Section 10.3 or Section 10.4, which termination shall be subject to the condition that the Qualified IPO be completed within a certain period of time and other conditions mutually agreed to by the parties at the time, before JD Finance applies for a Qualified IPO, if JD Group's rights under such provision of Section 10.1(a), Section 10.3 or Section 10.4 are not permitted by, and not capable of being preserved (through preferred stock or otherwise) under, applicable Laws or applicable listing rules; provided, that JD Finance shall have used its reasonable best efforts to cause such rights to be permitted and preserved, including by seeking an exemption under applicable stock exchange rules that would permit or otherwise allow such rights to be preserved.

(c) All material actions, consents, determinations, and approvals, including in connection with amendments and waivers under Section 13.3(a) and the agreement on termination under Section 13.3(b), to be taken or made by JD Group or its controlled Affiliates under or in connection with any Transaction Document (other than any such matters that require the approval of the JD Group Audit Committee) shall be taken or made solely with prior approval of the JD Group Audit Committee or any person to whom the JD Group Audit Committee delegates such matters.

Section 13.4 Assignment. With the exception of the right of first refusal held by JD Group pursuant to Section 10.5(b), no Party to this Agreement may assign any of its rights or

obligations under this Agreement without the prior written consent of JD Finance and JD Group; provided that the assignor shall remain liable for its obligations under this Agreement. Any assignment without such prior written consent shall be null and void.

Section 13.5 Entire Agreement. This Agreement (including all Schedules and Exhibits), the Disclosure Letters and the other Transaction Documents contain the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters. To the extent there is any inconsistency between (i) a provision of another Transaction Document and (ii) a provision of this Agreement that is more specific or detailed with respect to the subject matter of such other Transaction Document, then the provision of this Agreement shall govern and control. Otherwise, the provision of the other Transaction Document shall govern. In the case of any other inconsistency between this Agreement and any other Transaction Document, this Agreement shall govern.

Section 13.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns in accordance with this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Parties, or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement. Founder Holdco shall be party to this Agreement solely with respect to Article VII, this Article XIII, and Sections 8.1, 8.2, 9.2(a), 10.1(a)(ii), 10.5, 11.1, and 12.4 and 12.5.

Section 13.7 Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred by the Parties in connection with the negotiation and execution of the Transaction Documents shall be borne by the Person incurring such expenses.

Section 13.8 Governing Laws. THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 13.9 Arbitration.

(a) Any dispute, controversy, difference or claim arising out of, relating to or in connection with this Agreement and/or the other Transaction Documents, or the transactions contemplated hereby or thereby, including the existence, validity, interpretation, performance, breach or termination hereof or thereof or any dispute regarding non-contractual obligations arising out of, relating to or in connection with this Agreement and/or the other Transaction Documents shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the "HKIAC") under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted, except as they may be modified by mutual agreement of the parties. The seat of arbitration shall be Hong Kong; provided, that the arbitrators may hold hearings in such other locations as the arbitrators determine to be most convenient and efficient for all of the parties to such arbitration under the circumstances. The arbitration shall be conducted in the English language.

(b) The arbitration shall be conducted by three (3) arbitrators. The Party (or the Parties, acting jointly, if there is more than one (1)) initiating arbitration (the “Claimant”) shall appoint an arbitrator in its request for arbitration (the “Request”). The other Party (or the other Parties, acting jointly, if there is more than one (1)) to the arbitration (the “Respondent”) shall appoint an arbitrator within thirty (30) days of receipt of the Request and shall notify the Claimant of such appointment in writing. If, within thirty (30) days of receipt of the Request by the Respondent, either Party has not appointed an arbitrator, then that arbitrator shall be appointed by the HKIAC. The first two (2) arbitrators appointed in accordance with this provision shall appoint a third arbitrator within thirty (30) days after the Respondent has notified Claimant of the appointment of the Respondent’s arbitrator or, in the event of a failure by a Party to appoint, within thirty (30) days after the HKIAC has notified the Parties and any arbitrator already appointed of the appointment of an arbitrator on behalf of the Party failing to appoint. When the third (3rd) arbitrator has accepted the appointment, the two (2) arbitrators making the appointment shall promptly notify the Parties of the appointment. If the first two arbitrators appointed fail to appoint a third arbitrator or so to notify the Parties within the time period prescribed above, then the HKIAC shall appoint the third (3rd) arbitrator and shall promptly notify the Parties of the appointment. The third (3rd) arbitrator shall act as chair of the tribunal.

(c) The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the parties. The award may include an award of costs, including reasonable attorneys’ fees and disbursements. In addition to monetary damages, the arbitral tribunal shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitral tribunal is not empowered to award damages in excess of compensatory damages, and each Party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any dispute, except insofar as a claim is for indemnification for an award of punitive damages awarded against a Party in an action brought against it by an independent third party. The arbitral tribunal shall be authorized in its discretion to grant pre-award and post-award interest at commercial rates. Any costs, fees or Taxes incident to enforcing the award shall, to the maximum extent permitted by Laws, be charged against the Party resisting such enforcement. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets.

(d) In order to facilitate the comprehensive resolution of related disputes, and upon request of any Party to the arbitration Proceeding, the arbitration tribunal may, within ninety (90) days of its appointment, consolidate the arbitration Proceeding with any other arbitration Proceeding involving any of the Parties relating to the Transaction Documents. The arbitration tribunal shall not consolidate such arbitrations unless it determines that (i) there are issues of fact or law common to the Proceedings, so that a consolidated Proceeding would be more efficient than separate Proceedings, and (ii) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the event of different rulings on this question by the arbitration tribunal constituted hereunder and any tribunal constituted under these Transaction Documents, the ruling of the tribunal constituted under this Agreement shall govern, and that tribunal shall decide all disputes in the consolidated Proceeding.

(e) The Parties agree that the arbitration shall be kept confidential and that the existence of the Proceeding and any element of it (including any pleadings, briefs or other

50

documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall not be disclosed beyond the tribunal, the HKIAC, the parties, their counsel and any person necessary to the conduct of the Proceeding, except as may be lawfully required in judicial Proceedings relating to the arbitration or otherwise, or as required by NASDAQ rules or the rules of any other quotation system or exchange on which the disclosing Party’s Equity Securities are listed or applicable Laws.

(f) The costs of arbitration shall be borne by the losing Party unless otherwise determined by the arbitration award.

(g) All payments made pursuant to the arbitration decision or award and any judgment entered thereon shall be made in U.S. Dollars (or, if a payment in U.S. Dollars is not permitted by Law and if mutually agreed upon by the Parties, in Renminbi), free from any deduction, offset or withholding for Taxes.

(h) Notwithstanding this Section 13.9 or any other provision to the contrary in this Agreement, no Party shall be obligated to follow the foregoing arbitration procedures where such Party intends to apply to any court of competent jurisdiction for an interim injunction or similar equitable relief against any other Party; provided, that there is no unreasonable delay in the prosecution of that application. None of the Parties shall institute a proceeding in any court or administrative agency to resolve a dispute arising out of, relating to or in connection with this Agreement or the other Transaction Documents, except for a court proceeding to compel arbitration or otherwise enforce this agreement to arbitrate, to enforce an order or award of the arbitration tribunal or petition for the provisional or emergency remedies provided for herein. The Parties waive objection to venue and consent to the nonexclusive personal jurisdiction of the courts of Singapore in any action to enforce this arbitration agreement, any order or award of the arbitration tribunal or the provisional or emergency remedies provided for herein. In any such permitted court action, the Parties agree that delivery of the complaint or petition by international courier, with proof of delivery, shall constitute valid and sufficient service, and they individually and collectively waive any objection to such service.

Section 13.10 Severability. Each provision of this Agreement shall be deemed a material and integral part hereof. Except as otherwise provided in this paragraph, in the event of a final determination of invalidity, illegality or unenforceability of any provision of this Agreement, the Parties shall negotiate in good faith to amend this Agreement (and any other Transaction Documents, as applicable) or to enter into new agreements to replace such invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provisions providing the Parties with benefits, rights and obligations that are equivalent in all material respects as provided by this Agreement (and any other Transaction Documents, as applicable) as if the invalid, illegal or unenforceable provision(s) had been valid, legal and enforceable. In the event the Parties are not able to reach agreement on such amendments or new agreements, then the arbitrators (pursuant to the procedures set forth in Section 13.9) shall determine, as part of their arbitral award, such amendments or new agreements such to provide the Parties with benefits, rights and obligations that are equivalent in all material respect as provided by the Agreement as if the stricken provision(s) had been valid, legal and enforceable. No Party shall, or shall permit any of its Related Parties or Representatives to, directly or indirectly assert that any provision of any Transaction Document is invalid, illegal or unenforceable.

51

Section 13.11 Counterparts. This Agreement may be executed in two or more counterparts and such counterparts may be delivered in electronic format (including by email), all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

Section 13.12 Rules of Construction. Each Party represents and acknowledges that, in the negotiation and drafting of this Agreement and the other instruments and documents required or contemplated hereby, it has been represented by and has relied upon the advice of counsel of its choice. Each Party hereby affirms that its counsel has had a substantial role in the drafting and negotiation of this Agreement and such other instruments and documents. Therefore, each Party agrees that no rule of construction to the effect that any ambiguities are to be resolved against the drafter shall be employed in the interpretation of this Agreement and such other instruments and documents and in the event an ambiguity or question of intent or interpretation arises, the Agreement shall be construed as if drafted jointly by the Parties.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

JD.COM, INC.

/s/ JD.COM, INC.
(Seal of JD.COM, INC.)

By: /s/ Sidney Xuande Huang
Name: Sidney Xuande Huang
Title: Chief Financial Officer

JD.COM INTERNATIONAL LIMITED

/s/ JD.COM INTERNATIONAL LIMITED
(Seal of JD.COM INTERNATIONAL LIMITED)

By: /s/ Pang Zhang
Name: Pang Zhang
Title: Director

□□□□□□□□□□
(Suqian Yitong Information Technology Co., Ltd.)

/s/ Suqian Yitong Information Technology Co., Ltd.
(Seal of Suqian Yitong Information Technology Co., Ltd.)

By: /s/ Pang Zhang
Name: Pang Zhang
Title: Legal Representative

[Signature Page to Framework Agreement]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

□□□□□□□□□□
(Suqian Limao Donghong Investment Management Co., Ltd.)

/s/ Suqian Limao Donghong Investment Management Co., Ltd.
(Seal of Suqian Limao Donghong Investment Management Co., Ltd.)

By: /s/ Pang Zhang
Name: Pang Zhang
Title: Legal Representative

[Signature Page to Framework Agreement]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

□□□□□□□□□□
(Beijing Jingdong Financial Technology Holding Co., Ltd.)

/s/ Beijing Jingdong Financial Technology Holding Co., Ltd.
(Seal of Beijing Jingdong Financial Technology Holding Co., Ltd.)

INTELLECTUAL PROPERTY LICENSE

AND

SOFTWARE TECHNOLOGY SERVICES AGREEMENT

by and between

JD.COM, INC.

and

□□□□□□□□□□□□

(BEIJING JINGDONG FINANCIAL TECHNOLOGY HOLDING CO., LTD.)

March 1, 2017

TABLE OF CONTENTS

Article I DEFINITIONS AND CONSTRUCTIONS		5
Section 1.1	Definitions	5
Section 1.2	Cross-Reference of Other Definitions	12
Section 1.3	Construction	13
Section 1.4	Exhibits	14
Article II LICENSE GRANTS		14
Section 2.1	JDF-Exclusive Licensed IP	14
Section 2.2	JDF-Related Licensed IP	15
Section 2.3	JD Group Delivery Obligation	16
Section 2.4	Sublicensing	16
Section 2.5	Restrictions	17
Section 2.6	Use of Trademarks, Domain Names	18
Section 2.7	JDF Patents and JDF Improvements	19
Section 2.8	Licensable Third-Party IP	20
Section 2.9	Providers Addenda	20
Section 2.10	No Other Grant	20
Section 2.11	Injunctive Relief	20
Article III SERVICES		21
Section 3.1	Performance of Software Technology Services	21
Section 3.2	JD Finance Responsibilities	21
Section 3.3	No Further Obligations	21
Article IV OWNERSHIP		21
Section 4.1	Licensed IP	21
Section 4.2	JD Group IT Materials	21
Section 4.3	Ownership of Developed IP	22
Section 4.4	Trademarks and Domain Names	22
Section 4.5	JD Finance Materials	23
Article V FEES AND PAYMENT		23
Section 5.1	Royalties for Licensed IP	23
Section 5.2	Fees and Expenses for Software Technology Services	24
Section 5.3	Royalty Reporting and Payment Terms	25
Section 5.4	Taxes	25
Section 5.5	Disputed Royalty or Charges	26
Section 5.6	Income Share Buyout Amount	26
Article VI INTELLECTUAL PROPERTY PROSECUTION AND ENFORCEMENT		26
Section 6.1	IP Prosecution, Registration and Enforcement	26
Article VII WARRANTIES		26
Section 7.1	Limited Software Technology Services Warranty	26
Section 7.2	Warranty Disclaimer	27
Article VIII INDEMNIFICATION		27
Section 8.1	JD Finance Indemnification of JD Group	27
Section 8.2	Indemnification Procedures	27
Article IX CONFIDENTIALITY		28
Section 9.1	Confidential Information	28

Section 9.2	Permitted Disclosures	29
Section 9.3	Disclosure in Compliance with Law	29
Section 9.4	Restricted Data	30
Section 9.5	Confidentiality of the Licensed IP	30
Section 9.6	Disclosure	30
Article X LIMITATION OF LIABILITY		31
Section 10.1	Limitation of Liability	31

Article XI NO EFFECT ON TRANSFEREE'S SEPARATE INTELLECTUAL PROPERTY RIGHTS	31
Section 11.1 No Effect on Transferee's Separate Intellectual Property Rights	31
Article XII COMPLIANCE WITH LAWS	31
Section 12.1 Compliance with Laws	31
Article XIII TERM AND TERMINATION	32
Section 13.1 Term	32
Section 13.2 Termination by JD Group for JD Finance Bankruptcy	32
Section 13.3 No Termination by JD Finance	32
Section 13.4 Material Breach by JD Finance; Non-Payment	32
Section 13.5 Effects of Expiration or Termination	33
Section 13.6 Survival	33
Article XIV OBLIGATION OF THE PARTIES REGARDING SUBSIDIARIES	33
Section 14.1 Obligations of the Parties Regarding Subsidiaries	33
Article XV GENERAL	34
Section 15.1 Relationship of the Parties as Independent Contractors	34
Section 15.2 Notices	34
Section 15.3 Headings	35
Section 15.4 Counterparts and Exchanges by Electronic Transmission or Facsimile	35
Section 15.5 Arbitration	35
Section 15.6 Governing Law	37
Section 15.7 Assignment	37
Section 15.8 Specific Performance	37
Section 15.9 Waiver	38
Section 15.10 Amendments	38
Section 15.11 Severability	38
Section 15.12 Entire Agreement	38
Section 15.13 Further Assurances	39

INTELLECTUAL PROPERTY LICENSE

AND

SOFTWARE TECHNOLOGY SERVICES AGREEMENT

This INTELLECTUAL PROPERTY LICENSE AND SOFTWARE TECHNOLOGY SERVICES AGREEMENT (this "Agreement"), dated and effective as of March 1, 2017 (the "Effective Date"), is entered into by and between:

- (1) JD.com, Inc., an exempted company with limited liability organized under the Laws of the Cayman Islands ("JD Group"); and
- (2) 北京京东金融科技有限公司 (Beijing Jingdong Financial Technology Holding Co., Ltd.), a limited liability company organized under the Laws of the PRC ("JD Finance").

JD Group and JD Finance are each referred to as a "Party," and collectively as the "Parties."

RECITALS

WHEREAS, the Parties are, concurrently with the execution of this Agreement, amending that certain Resources Cooperation Agreement, dated as of January 1, 2016, to remove the trademark license set forth therein, which license shall be replaced by the trademark license provisions set forth in this Agreement;

WHEREAS, pursuant to those certain IP transfer agreements, JD Group transferred to JD Finance Intellectual Property Rights owned by JD Group or its Subsidiaries to JD Finance and used exclusively in the JD Finance Business;

WHEREAS, JD Group granted to JD Finance rights to use certain data of JD Group pursuant to that certain data sharing agreement (the "Data Sharing Agreement");

WHEREAS, JD Group, JD Finance and certain other parties have entered into that certain Framework Agreement of even date herewith (the "Framework Agreement"), setting forth such parties' agreements as to JD Finance's operation of the JD Finance Business, as well as other matters; and

WHEREAS, in connection with the Framework Agreement, the Parties desire to enter into this Agreement, pursuant to which JD Group, on behalf of itself and its Subsidiaries, licenses to JD Finance certain Technology and Intellectual Property Rights and provides the Software Technology Services (defined below) for the JD Finance Companies;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTIONS

Section 1.1 Definitions. As used herein, the following terms shall have the following meanings:

"Beneficial Owner" of any security means any Person who, directly or indirectly, through any Contract, arrangement, understanding, relationship or otherwise has or shares (i) voting power, which includes the power to vote, or to direct the voting of, such security; or (ii) investment power which includes the power to dispose,

or to direct the disposition of, such security. “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings.

“Business Day” has the meaning ascribed to that term in the Framework Agreement.

“Contract” means any loan or credit agreement, bond, debenture, note, mortgage, indenture, lease, supply agreement, license agreement, development agreement or other contract, agreement, obligation, commitment or instrument, including all amendments thereto.

“Equity Securities” means, with respect to any entity, any equity interests of such entity, however described or whether voting or nonvoting, and any securities convertible or exchangeable into, and options, warrants or other rights to acquire, any equity interests or equity-linked interests of such entity.

“Family Member” means, with respect to any Person, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and shall include adoptive relationships of the same type.

“Governmental Authority” means any instrumentality, subdivision, court, administrative agency, commission, official or other authority of any country, state, province, prefect, municipality, locality or other government or political subdivision thereof, or any stock or securities exchange, or any multi-national, quasi-governmental or self-regulatory or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

“Highly Sensitive Information” means information confidential to the JD Group Companies or JD Finance Companies, as applicable, in the following categories: (i) user data, including Personal Information, that is not anonymized or aggregated; and (ii) algorithms, Source Code, Object Code, specifications, and technical documentation regarding system security, fraud and abuse protection systems and detection of illegal or unusual activities that, in each case, relate primarily to the business of the JD Group Companies or the JD Finance Business, as applicable. “Highly Sensitive Information” shall not, however, include any information which: (a) is or becomes commonly known within the public domain other than by breach of this Agreement or any other Contract that any of the JD Group Companies or JD Finance Companies, as applicable, has with any Person; (b) is obtained from a third Person (other than the Parties or any of their Subsidiaries) who is lawfully authorized to disclose such information free from any obligation of confidentiality; (c) is independently developed without

4

reference to or use of any Highly Sensitive Information; or (d) is known to the JD Group Companies or JD Finance Companies, as applicable, without any obligation of confidentiality prior to its receipt from the JD Finance Companies or JD Group Companies, as applicable.

“Income Share Buyout Event” means any Issuance occurring as a result of any of a Pre-QIPO Issuance Event, or a Post-QIPO Issuance Event, in each case, as defined in the Framework Agreement.

“Intellectual Property Rights” means all rights of the following types, which may exist or be created under the Laws of any jurisdiction in the world:

- (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights, and all extensions, renewals, registrations and applications therefor (“Copyrights”);
- (ii) rights in trademarks, trade names, service marks, service names and similar rights, and all registrations and applications therefor, as well as and all goodwill embodied therein (“Trademarks”);
- (iii) rights in domain names and uniform resource locators, and all registrations and applications therefor (“Domain Names”);
- (iv) trade secret rights (“Trade Secrets”);
- (v) patents and patent applications, including any continuations, continuations-in-part, divisions, reissues, and reexaminations, and other industrial property rights (“Patents”); and
- (vi) all other proprietary rights in Technology (“Other Proprietary Rights”).

“JD Finance Business” has the meaning ascribed to that term in the Framework Agreement.

“JD Finance Business Product” means any product or service solely within the JD Finance Business offered by any JD Finance Company to its customers during the Term.

“JD Finance Companies” means, collectively, JD Finance and its Subsidiaries.

“JD Group Companies” means, collectively, JD Group and its Subsidiaries.

“JD Group Audit Committee” has the meaning ascribed to that term in the Framework Agreement.

“JDF-Exclusive Licensed Copyrights” means the Copyrights owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and subsisting or embodied solely in the JDF-Exclusive Licensed Software or JDF-Exclusive Licensed Other Materials.

5

“JDF-Exclusive Licensed Domain Names” means the Domain Names set forth in Exhibit A-1, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term that relate solely to the JD Finance Business.

“JDF-Exclusive Licensed IP” means, collectively, the JDF-Exclusive Licensed Trademarks, JDF-Exclusive Licensed Domain Names, JDF-Exclusive Licensed Copyrights, JDF-Exclusive Licensed Other IP, and JDF-Exclusive Licensed Patents.

“JDF-Exclusive Licensed Other IP” means, collectively, the Trade Secrets and Other Proprietary Rights owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and subsisting or embodied solely in the JDF-Exclusive Licensed Software and JDF-Exclusive Licensed Other Materials.

“JDF-Exclusive Licensed Other Materials” means any documentation, promotional materials, handbooks, data, and other materials, other than the JDF-Exclusive Licensed Other Materials, set forth in Exhibit B-1, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Exclusive Licensed Patents” means the Patents set forth in Exhibit C-1, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Exclusive Licensed Software” means (i) the software programs set forth in Exhibit D-1, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and are developed by or on behalf of the JD Group Companies exclusively for use by the JD Finance Companies and (ii) any bug fixes, error corrections, updates and upgrades (including improvements) to the software programs set forth in clause (i) authored by employees or contractors of the applicable JD Group Companies (or owned by the applicable JD Group Companies) that are delivered to JD Finance or its Subsidiary Sublicensees pursuant to Section 2.3. For the avoidance of doubt, “JDF-Exclusive Licensed Software” shall exclude software licensed to JD Finance under that certain System Support Services Agreement entered into by and between Beijing Jingdong Century Trading Co., Ltd. and JD Finance, dated as of January 1, 2016.

“JDF Improvements” means all Intellectual Property Rights (excluding Trademarks and Domain Names) comprising or subsisting or embodied in improvements, modifications, customizations, enhancements, extensions and derivative works of the Licensed IP, Licensed Software or Licensed Other Materials that are developed or created by or on behalf of any JD Finance Company.

“JDF-Exclusive Licensed Trademarks” means the Trademarks set forth in Exhibit E-1, which Exhibit may be updated by the Parties from time to time upon mutual written agreement,

6

that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Related Licensed Copyrights” means the Copyrights owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and subsisting or embodied in the JDF-Related Licensed Software and JDF-Related Licensed Other Materials.

“JDF-Related Licensed Domain Names” means the Domain Names set forth in Exhibit A-2, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Related Licensed IP” means, collectively, the JDF-Related Licensed Trademarks, JDF-Related Licensed Domain Names, JDF-Related Licensed Copyrights, JDF-Related Licensed Other IP, and JDF-Related Licensed Patents.

“JDF-Related Licensed Other IP” means, collectively, the Trade Secrets and Other Proprietary Rights owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and subsisting or embodied in the JDF-Related Licensed Software and JDF-Related Licensed Other Materials.

“JDF-Related Licensed Other Materials” means any documentation, promotional materials, handbooks, data, and other materials set forth in Exhibit B-2, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Related Licensed Patents” means the Patents set forth in Exhibit C-2, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

“JDF-Related Licensed Software” means (i) the software programs set forth in Exhibit D-2, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term and (ii) any bug fixes, error corrections, updates and upgrades (including improvements) to the software programs set forth in clause (i) authored by employees or contractors of the applicable JD Group Companies (or owned by the applicable JD Group Companies) that are delivered to JD Finance or its Subsidiary Sublicensees pursuant to Section 2.3. For the avoidance of doubt, “JDF-Related Licensed Software” shall exclude software licensed to JD Finance under that certain System Support Services Agreement entered into by and between Beijing Jingdong Century Trading Co., Ltd. and JD Finance, dated as of January 1, 2016.

“JDF-Related Licensed Trademarks” means the Trademarks set forth in Exhibit E-2, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Group Companies during the Term.

7

“Law” means (a) any federal, state, territorial, foreign or local law, common law, statute, ordinance, rule, regulation, code, measure, notice, circular, opinion or Order of any Governmental Authority, including any rules promulgated by a stock exchange or regulatory body or (b) any applicable widely adopted industry standard rules and regulations (such as the Payment Card Industry Data Security Standard or PCI-DSS).

“Licensable” means the right and ability of any JD Group Company to grant a license to Intellectual Property Rights consistent with the scope of the licenses granted by in Article II, without the grant of such license or the exercise of such rights requiring the consent or approval of any third Person or resulting in (a) breach of any contractual obligation to any third Person or restriction by the granting Person or (b) a payment or other financial obligation by the granting Person or their Subsidiaries to any third Person under an agreement, other than payments or financial obligations owed to (i) Subsidiaries of the granting Person, or (ii) employees or consultants of the granting Person.

“Licensed Domain Names” means, collectively, the JDF-Exclusive Licensed Domain Names and the JDF-Related Licensed Domain Names.

“Licensed IP” means, collectively, the JDF-Exclusive Licensed IP and the JDF-Related Licensed IP.

“Licensed JDF Patents” means the Patents set forth in Exhibit F, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, that are owned or Licensable (subject to Section 2.8) by the applicable JD Finance Companies during the Term.

“Licensed Other Materials” means, collectively, the JDF-Exclusive Licensed Other Materials and the JDF-Related Licensed Other Materials.

“Licensed Patents” means, collectively, the JDF-Exclusive Licensed Patents and the JDF-Related Licensed Patents.

“Licensed Software” means, collectively, the JDF-Exclusive Licensed Software and the JDF-Related Licensed Software.

“Licensed Trademarks” means, collectively, the JDF-Exclusive Licensed Trademarks and the JDF-Related Licensed Trademarks.

“Liens” means any mortgage, deed of trust, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement or rights of preemption of any kind of nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Liquidity Event” has the meaning ascribed to that term in the Framework Agreement.

“Liquidity Event Payment” has the meaning ascribed to that term in the Framework Agreement.

8

“Object Code” means the fully compiled, machine-readable version of a software program that can be executed by a computer and used by an end user without further compilation.

“Ownership Interest” has the meaning ascribed to such term in the Framework Agreement.

“Person” means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, a group, a Governmental Authority or any other type of entity.

“Personal Information” means any information that identifies, or could reasonably be used by or on behalf of the recipient of such information to identify, any natural person as an individual, including names, addresses, bank or other account numbers, and national identification numbers, but excludes anonymized and aggregated information that, alone or in combination with other data held or controlled by either Party or their Subsidiaries, cannot be used to identify any individual.

“PRC” means the People’s Republic of China (for the purpose of this Agreement, not including Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan).

“Proceeding” means any action, suit, claim, hearing, proceeding, arbitration, mediation, audit, inquiry or investigation (whether civil, criminal, administrative or otherwise) by any Person or Governmental Authority.

“Providers Addendum” means one or more agreements, in the forms mutually agreed to by the Parties, between one or more JD Group Companies, on the one hand, and one or more JD Finance Companies, on the other hand, whereby, as contemplated by Section 2.9, such JD Group Companies may grant to such JD Finance Companies, or such JD Finance Companies may grant to such JD Group Companies, a license in accordance with the terms of this Agreement.

“Qualified IPO” has the meaning ascribed to that term in the Framework Agreement.

“Related Party” of any Person means:

- (a) any Person who, individually or as part of a group, Beneficially Owns more than five percent (5%) of the Securities of such Person, determined on a fully-diluted basis, using the treasury stock method;
- (b) any officer or director, or individual performing an equivalent function, of such Person or any Person named in clause (a);
- (c) any Family Member of any such Person or any Person named in clause (a) or (b); or

9

- (d) any other Person in which any Person named in clauses (a), (b) or (c) Beneficially Owns more than twenty percent (20%) of the Securities of such Person, determined on a fully-diluted basis, using the treasury stock method.

“Renminbi” means the lawful money of the PRC.

“Securities” means any equity capital or equity security, and rights, options or warrants or other Contracts to purchase any equity capital or equity security, and any equity capital or equity securities or Contracts of any type whatsoever that are, or may become, convertible into or exchangeable for such equity capital or equity security or that derive value, in whole or in part, from any equity capital or equity security (including Swap Agreements), or represent the right to share in the profits, income or revenues of the applicable Person.

“Source Code” means the human-readable version of a software program, including programmer’s notes and materials and documentation, sufficient to allow a reasonably skilled programmer to understand the design, logic, structure, functionality, operation and features of such software program and to use, operate, maintain, modify, support and diagnose errors pertaining to such software program.

“Software Technology Services” means the services described in Exhibit G, which Exhibit may be updated by the Parties from time to time upon mutual written agreement, or as otherwise mutually agreed to in writing by the Parties.

“Subsidiary” means, with respect to any Person, each other Person in which the first Person (i) Beneficially Owns or controls, directly or indirectly, share capital or other equity interests representing more than fifty percent (50%) of the outstanding voting stock or other equity interests, (ii) holds the rights to more than fifty percent (50%) of the economic interest of such other Person, including interests held through a VIE Structure or other contractual arrangements, or (iii) has a relationship such that the financial statements of the other Person may be consolidated into the financial statements of the first Person under applicable accounting conventions. For the avoidance of doubt, none of JD Finance or its Subsidiaries shall be deemed to be Subsidiaries of JD Group or any of its Subsidiaries for purposes of this Agreement.

“Swap Agreement” means any agreement with respect to any swap, hedge, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or Securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

“**Technology**” means any or all of the following:

- (i) works of authorship including computer programs, whether in Source Code or Object Code, and whether embodied in software, firmware or otherwise, documentation, designs, files, net lists and records;
- (ii) inventions (whether or not patentable), improvements and technology;

10

- (iii) proprietary and confidential information, including technical data and customer and supplier lists, trade secrets and know-how;
- (iv) databases, data compilations and collections and technical and other data; and
- (v) all instantiations of the foregoing in any form and embodied in any media.

“**Transaction Documents**” has the meaning ascribed to that term in the Framework Agreement.

“**VIE Structure**” means the investment structure in which a PRC-domiciled operating entity and its PRC shareholders enter into a number of Contracts with a non-PRC investor (or a foreign-invested enterprise incorporated in the PRC invested by the non-PRC investor) pursuant to which the non-PRC investor achieves control of the PRC-domiciled operating entity and also consolidates the financials of the PRC-domiciled entity with those of the non-PRC investor.

Section 1.2 **Cross-Reference of Other Definitions.** Each capitalized term listed below is defined in the corresponding Section of this Agreement:

Term	Section
Agreement	Preamble
Claimant	Section 15.5(b)
Confidential Information	Section 9.1
Data Sharing Agreement	Recitals
Disclosing Party	Section 9.1
Effective Date	Preamble
End User License	Section 2.4(c)
Establishment Date	Section 5.1(a)
First Income Period	Section 5.1(a)
Framework Agreement	Recitals
HKIAC	Section 15.5(a)
Income Period	Section 5.1(a)
Income Share	Section 5.2
Income Share Buyout Amount	Section 5.6
Issuance Percentage	Section 5.2
JD Finance	Preamble
JD Finance End Users	Section 2.4(c)
JD Finance Establishment Date	Section 5.1(a)
JD Finance Materials	Section 3.2
JD Finance Royalty	Section 5.1(a)
JD Group	Preamble
JD Group Costs	Section 5.2
JD Group Indemnitees	Section 8.1
JD Group IT Materials	Section 4.2
JD Group Marks	Section 4.4(a)
Losses	Section 8.1

11

New JD Finance Trademark/Domain Name	Section 4.4(b)
Parties	Preamble
Payment Date	Section 5.3
Permitted Subcontractors	Section 2.4(b)
Pre-Tax Income	Section 5.1(a)
R1	Section 5.1(a)
Receiving Party	Section 9.1
Request	Section 15.5(b)
Respondent	Section 15.5(b)
Similar Mark/Domain Name	Section 4.4(a)
Software Technology Services Fee	Section 5.2
Subcontractor Agreement	Section 2.4(b)
Sublicense Agreement	Section 2.4(a)
Subsequent Income Period	Section 5.1(a)
Subsidiary Sublicensee	Section 2.4(a)
Term	Section 13.1
Third Party Claim	Section 8.2(a)
Transferee	Section 11.1

Section 1.3 **Construction.** In this Agreement, unless the context otherwise requires:

- (a) references in this Agreement to “writing” or comparable expressions includes a reference to facsimile transmission or comparable means of communication (but excluding email communications);

(b) words expressed in the singular number shall include the plural and vice versa, and words expressed in the masculine shall include the feminine and neutral genders and vice versa;

(c) references to Articles, Sections, Exhibits, Schedules and Recitals are references to articles, sections, exhibits, schedules and recitals of this Agreement;

(d) references to “day” or “days” are to calendar days;

(e) references to this Agreement or any other agreement or document shall be construed as references to this Agreement or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, varied, novated or supplemented from time to time;

(f) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions;

(g) the table of contents to this Agreement and all section titles or captions contained in this Agreement or in any Schedule or Exhibit Annexed hereto or referred to herein are for convenience only and shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement;

12

(h) “include,” “includes” and “including” are deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of similar import; the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular provision; and

(i) references to a Person are also to its permitted successors and assigns and, in the case of an individual, to his or her heirs and estate, as applicable.

Section 1.4 Exhibits. The Exhibits to this Agreement are incorporated into and form an integral part of this Agreement.

ARTICLE II

LICENSE GRANTS

Section 2.1 JDF-Exclusive Licensed IP.

(a) Subject to the terms and conditions of this Agreement, JD Group hereby grants to JD Finance, and shall cause the applicable JD Group Companies to grant to JD Finance the following worldwide, exclusive, non-transferable and non-assignable, non-sublicensable (except pursuant to Section 2.4) rights and licenses during the Term:

(i) under the JDF-Exclusive Licensed Trademarks, and subject to Section 2.6, to use the JDF-Exclusive Licensed Trademarks solely in connection with the sale, offer for sale, license and provision of JD Finance Business Products in the course of conducting the JD Finance Business;

(ii) under the JDF-Exclusive Licensed Domain Names, and subject to Section 2.6, to use the JDF-Exclusive Licensed Domain Names solely in connection with the sale, license, offer for sale or license and provision of JD Finance Business Products in the course of conducting the JD Finance Business;

(iii) under the JDF-Exclusive Licensed Patents, (i) to make, have made, use, sell, offer for sale, import, export and otherwise commercialize JD Finance Business Products solely in the course of conducting the JD Finance Business and (ii) to make, have made and use any device or process, in each case solely internally (except to the extent exercising “have made” rights) and solely in the course of conducting the JD Finance Business; and

(iv) under the JDF-Exclusive Licensed Copyrights and JDF-Exclusive Licensed Other IP, to (i) use, reproduce, distribute, perform and display, in each case solely internally, the JDF-Exclusive Licensed Software, solely in Object Code form, and the JDF-Exclusive Licensed Other Materials, (ii) modify and create derivative works of the JDF-Exclusive Licensed Other Materials and JDF-Exclusive Licensed Software (solely to the extent that it is delivered to a JD Finance Company in Source Code form), and (iii) to distribute, perform and display the JDF-Exclusive Licensed Software, solely in Object Code form, and the JDF-Exclusive Licensed Other Materials, in each case solely to the extent permitted pursuant to Section 2.4, and, with respect to clauses (i), (ii) and (iii), solely in connection with the sale,

13

license or other provision of JD Finance Business Products by JD Finance or its Subsidiary Sublicensee in the course of conducting the JD Finance Business.

(b) The rights and licenses granted to JD Finance pursuant to Section 2.1(a) are exclusive to the following (but only to the following) extent:

(i) The rights and licenses granted to JD Finance pursuant to Section 2.1(a)(i) and (ii) are exclusive (even as to the JD Group Companies) throughout the world.

(ii) The exclusivity of the rights and licenses granted to JD Finance pursuant to Section 2.1(a)(iii) and (iv) is co-extensive with, and in no case broader than, the scope of the activities that the JD Group Companies are expressly prohibited by Section 10.7(b) of the Framework Agreement from performing, but only if and to the extent that, and only for as long as, the JD Group Companies are so prohibited. The exclusivity of rights and licenses under Section 2.1(a)(iii) and (iv) shall not preclude the JD Group Companies from engaging in any activities not expressly prohibited by Section 10.7(b) of the Framework Agreement. Nonetheless, other than in connection with engaging such third Persons, the JD Group Companies shall not have the right to grant to any third Person a license within the scope of Section 2.1(a)(i) or (iv) or Section 2.1(b)(i). For the avoidance of doubt, the foregoing shall not affect any obligations or rights of the JD Group Companies pursuant to Section 10.7(b) of the Framework Agreement.

Section 2.2 JDF-Related Licensed IP. Subject to the terms and conditions of this Agreement, JD Group hereby grants to JD Finance, and shall cause the applicable JD Group Companies to grant to JD Finance the following worldwide, non-exclusive, non-transferable and non-assignable, non-sublicensable (except pursuant to Section 2.4) rights and licenses during the Term:

- (a) under the JDF-Related Licensed Trademarks, and subject to Section 2.6, to use the JDF-Related Licensed Trademarks solely in connection with the sale, offer for sale, license and provision of JD Finance Business Products in the course of conducting the JD Finance Business;
- (b) under the JDF-Related Licensed Domain Names, and subject to Section 2.6, to use the JDF-Related Licensed Domain Names solely in connection with the sale, license, offer for sale or license and provision of JD Finance Business Products in the course of conducting the JD Finance Business;
- (c) under the JDF-Related Licensed Patents, (i) to make, have made, use, sell, offer for sale, import, export and otherwise commercialize JD Finance Business Products solely in the course of conducting the JD Finance Business and (ii) to make, have made and use any device or process, in each case solely internally (except to the extent exercising “have made” rights) and solely in the course of conducting the JD Finance Business; and
- (d) under the JDF-Related Licensed Copyrights and JDF-Related Licensed Other IP, to (i) use, reproduce, distribute, perform and display, in each case solely internally, the JDF-Related Licensed Software, solely in Object Code form, and the JDF-Related Licensed Other Materials, (ii) modify and create derivative works of the JDF-Related Licensed Other

14

Materials and JDF-Related Licensed Software (solely to the extent that it is delivered to a JD Finance Company in Source Code form), and (iii) to distribute, perform and display the JDF-Related Licensed Software, solely in Object Code form, and the JDF-Related Licensed Other Materials, in each case solely to the extent permitted pursuant to Section 2.4, and, with respect to clauses (i), (ii) and (iii), solely in connection with the sale, license or other provision of JD Finance Business Products by JD Finance or its Subsidiary Sublicensee in the course of conducting the JD Finance Business.

Section 2.3 JD Group Delivery Obligation. At any time during the Term, upon reasonable request in writing of JD Finance or its Subsidiary Sublicensee to JD Group, in JD Group’s reasonable discretion, a JD Group Company will deliver to JD Finance or its Subsidiary Sublicensee copies of the JDF-Exclusive Licensed Software (in both Source Code and Object Code form) and any JDF-Related Licensed Software (in either Object Code form or Source Code and Object Code form, in JD Group’s sole discretion) and bug fixes, error corrections, updates and upgrades (including improvements) developed and released after the Effective Date and included in the Licensed Software licensed under Section 2.1 and Section 2.1(b), in the form actually developed, released and owned by a JD Group Company. For clarity, any such bug fixes, error corrections, updates or upgrades (including improvements) provided hereunder will be provided “as-is” and “as available”.

Section 2.4 Sublicensing.

(a) Subsidiaries. Subject to this Section 2.4(a), JD Finance may sublicense to its Subsidiaries (each, a “Subsidiary Sublicensee”) the rights granted to it under Section 2.1 or Section 2.1(b). Any such sublicense of rights to a Subsidiary Sublicensee must be granted pursuant to an enforceable, written agreement with such Subsidiary Sublicensee that (i) requires, to the extent necessary to enable JD Finance to comply with the ownership provisions set forth in this Agreement, each such Subsidiary Sublicensee to assign to JD Finance all right, title and interest in and to any Intellectual Property Rights arising from or related to the exercise of such Subsidiary Sublicensee’s rights thereunder and (ii) contains terms that are at least as protective of the applicable JD Group Companies’ rights in, and confidentiality and Source Code security with respect to, the Licensed IP as those contained in this Agreement (each, a “Sublicense Agreement”). At JD Group’s request, JD Finance shall provide JD Group with complete and accurate copies of all Sublicense Agreements.

(b) Subcontractors. Subject to this Section 2.4(b), JD Finance may sublicense any of the applicable rights granted to it under Section 2.1 and Section 2.1(b) with respect to the Licensed Trademarks, Licensed Software or Licensed Other Materials to third Person subcontractors engaged by the JD Finance Companies in connection with the conduct of the JD Finance Business (each, a “Permitted Subcontractor”), solely to the extent necessary to permit the Permitted Subcontractor to perform on behalf of the JD Finance Companies, the services for which such Permitted Subcontractor was engaged. Any such engagement of Permitted Subcontractors shall be pursuant to an arm’s-length agreement that (i) requires, to the extent necessary to enable JD Finance to comply with the ownership provisions set forth in this Agreement, each such Permitted Subcontractor to assign to JD Finance all right, title and interest in and to any Intellectual Property Rights arising from or related to the exercise of such Permitted Subcontractor’s rights thereunder and (ii) contains terms that are at least as protective

15

of the applicable JD Group Companies’ rights in, and confidentiality and Source Code security with respect to, the Licensed IP, as those contained in this Agreement (each, a “Subcontractor Agreement”). Any Subcontractor Agreement permitting any use of any Licensed Trademark by a Permitted Subcontractor shall obligate the Permitted Subcontractor to comply with the applicable trademark and brand usage guidelines for such Licensed Trademark, and shall provide that all goodwill arising from such Permitted Subcontractor’s use of any such Trademarks inures to the benefit of the JD Group Companies, and JD Finance shall enforce these terms against any Permitted Subcontractor.

(c) End Users. JD Finance and its Subsidiary Sublicensees may distribute certain elements of the Licensed Software and the Licensed Other Materials comprising client-side end user software and related documentation and materials to the JD Finance Companies’ end user customers (“JD Finance End Users”) and sublicense to JD Finance End Users the limited right to use or reproduce such Licensed Software and Licensed Other Materials, solely in Object Code in the case of software and solely as incorporated in or otherwise a part of a JD Finance Business Product. Any distribution or sublicense to a JD Finance End User of the Licensed Software or the Licensed Other Materials must be pursuant to an enforceable agreement with such JD Finance End User containing terms that are at least as protective of the applicable JD Group Companies’ rights in the Licensed Software or the Licensed Other Materials as those contained in this Agreement (each, an “End User License”). In addition, in an End User License, JD Finance or a Subsidiary Sublicensee may grant JD Finance End Users who are merchants a non-exclusive, non-transferable, non-assignable and revocable sublicense to use the Licensed Trademarks in connection with such JD Finance End User’s use of JD Finance Business Products, solely in connection with JD Finance’s or the Subsidiary Sublicensee’s conduct of the JD Finance Business. JD Finance and its Subsidiary Sublicensees shall require in such End User License that all JD Finance End Users comply with all applicable trademark and brand usage guidelines for such Licensed Trademarks and that all goodwill arising from any JD Finance End User’s use of the Licensed Trademarks inures to the benefit of the applicable JD Group Companies, and JD Finance or the applicable Subsidiary Sublicensee shall enforce these terms against any JD Finance End User.

(d) JD Finance’s Rights and Obligations. Each Sublicense Agreement, Subcontractor Agreement and End User License entered into by JD Finance or its Subsidiary Sublicensees, in each case in connection with the exercise of its rights and obligations under this Agreement, shall not contain any provision that is inconsistent with the terms of this Agreement. For the avoidance of doubt, (i) any rights and responsibilities performed or provided by Subsidiary Sublicensees, Permitted Subcontractors or JD Finance End Users shall be deemed to be performed by JD Finance and (ii) JD Finance shall be responsible and liable for any breach of the terms and conditions of any Sublicense Agreement, Subcontractor Agreement or End User License by such Person to the same extent as if such breach were committed by JD Finance.

Section 2.5 Restrictions. JD Finance acknowledges that the Source Code of the Licensed Software, constitutes and contains valuable Trade Secrets of the applicable JD Group Companies, and, in order to protect such Trade Secrets and other interests that the applicable JD Group Companies may have in the Licensed

- (a) transfer, sublicense (other than pursuant to Section 2.4), disclose, distribute or otherwise expose the Source Code of the JDF-Exclusive Licensed Software to any third Person other than a Subsidiary Sublicensee or a Permitted Subcontractor in accordance with Section 2.4; or
- (b) disassemble, decompile or reverse engineer any of the Licensed Software provided to the JD Finance Companies only in Object Code form, nor permit any third Person to do so, except to the extent such restrictions are prohibited by applicable Law.

The applicable JD Group Companies' licenses of Intellectual Property Rights pursuant to this Article II are granted:

- (x) subject to Section 2.8, only if such Intellectual Property Rights are (i) owned exclusively by the applicable JD Group Companies or (ii) jointly owned with a third Person and may be licensed under applicable Law pursuant to this Article II without the need to obtain the consent or approval of any such joint owner of such Intellectual Property Rights;
- (y) solely to the extent of the applicable JD Group Companies' right to grant such license; and
- (z) only if and to the extent that the applicable JD Group Companies' grant of such license does not incur any obligation to pay royalties or other consideration to any third Person (except for payments between the applicable JD Group Companies, or payments from any JD Group Companies to their employees or contractors for the use of the Intellectual Property Rights made or created by or for a JD Group Company or such employees or contractors while employed or retained by such JD Group Company).

Section 2.6 Use of Trademarks, Domain Names.

(a) Trademark Usage Guidelines. The use by JD Finance and any of its Subsidiary Sublicensees and Permitted Subcontractors of the Licensed Trademarks shall at all times adhere to the applicable JD Group Companies' then-current trademark or brand usage guidelines, as such guidelines may be revised during the Term by the applicable JD Group Companies. Upon JD Group's request, JD Finance or any of its Subsidiary Sublicensees shall provide JD Group with samples of advertising and promotional materials developed by or for JD Finance or the applicable Subsidiary Sublicensees and using the Licensed Trademarks in order for JD Group to assess compliance with this Section 2.6(a). In the event of any breach with respect to JD Finance's or any of its Subsidiary Sublicensee's failure to adhere to the then-current applicable JD Group Company trademark or brand usage guidelines, JD Finance or the applicable Subsidiary Sublicensees, as applicable, shall immediately cease all use of the materials not conforming with such brand usage guidelines and shall cure, or cause to be cured, within ten (10) days, any breach with respect to JD Finance's or the applicable Subsidiary Sublicensee's use thereof. JD Finance shall not use, nor permit the use of, and shall cause its Subsidiary Sublicensees not to use or permit the use of, the Licensed Trademarks in any manner that could otherwise reasonably be expected to impair, tarnish, dilute or otherwise damage the value and goodwill associated with the Licensed Trademarks.

(b) Domain Name Usage Guidelines. The use by JD Finance and any of its Subsidiary Sublicensees and Permitted Subcontractors of the Licensed Domain Names shall at all times adhere to the then-current domain name usage guidelines, as such guidelines may be revised during the Term by the applicable JD Group Companies. A copy of the domain name usage guidelines in force as of the Effective Date is attached hereto as Exhibit H.

(c) Quality Control Standards/Limited Use. JD Finance agrees, during the Term, to maintain, and to cause its Subsidiary Sublicensees to maintain, a level of quality for the JD Finance Business Products, in connection with which JD Finance and its Subsidiary Sublicensees use, reproduce or display the Licensed Trademarks, that is at least as high as the level of quality of the comparable products and services in connection with which JD Finance and its Subsidiary Sublicensees use, reproduce or display Trademarks owned by the JD Finance Companies. JD Finance shall not use, nor permit the use of, and shall cause its Subsidiary Sublicensees not to use or permit the use of, the Licensed Trademarks, (i) in any manner that could otherwise reasonably be expected to impair, tarnish, dilute or otherwise damage the value and goodwill associated with the Licensed Trademarks, or any other Trademarks or Domains Names owned, held, or licensed by any JD Group Company, or that are in the process of registration or application for registration by any JD Group Company, anywhere in the world, or (ii) in connection with any unfair, misleading, illegal, vulgar, obscene, immoral or offensive materials, or any products or services that violate applicable Laws or are false or misleading.

(d) No Adverse Claim. JD Finance shall not, and shall cause its Subsidiary Sublicensees not to, and JD Finance shall not and shall cause its Subsidiary Sublicensees not to authorize any third Person to, at any time during the Term, assert any claim or interest in, or take any action which may in any way:

- (i) adversely affect the validity or enforceability of,
- (ii) result in the harm or misuse of, bring into disrepute, or adversely affect JD Group Company's rights or interest in and to, or
- (iii) result in obtaining registrations in or otherwise challenge the validity of, or any JD Group Company's ownership of or rights in:

(1) the Licensed Trademarks or (2) any other Trademark or Domain Name that is derivative of or similar to any Trademarks or Domain Names (including the Licensed Trademarks) owned, held, or licensed by any JD Group Company, both prior to and during the Term.

(e) Goodwill. All goodwill arising from JD Finance's or its Subsidiary Sublicensees' or Permitted Subcontractor's use of the Licensed Trademarks will inure solely to the benefit of the applicable JD Group Company, and JD Finance and any applicable Subsidiary Sublicensee shall transfer and assign and do hereby transfer and assign to the applicable JD Group Company on an ongoing basis all such goodwill arising from the use of the Licensed Trademarks permitted hereunder.

Section 2.7 JDF Patents and JDF Improvements. Subject to the terms and conditions of this Agreement, JD Finance hereby grants to the JD Group Companies, and shall cause the applicable JD Finance Companies to grant to the JD Group Companies a worldwide, non-

exclusive, non-transferable and non-assignable, sublicensable (through multiple tiers) right and license during the Term under the Licensed JDF Patents and JDF Improvements (i) to use, reproduce, modify, make derivative works of, distribute, perform, display, make, have made, sell, offer for sale, import, export and otherwise commercialize products, services and Technology solely in the course of conducting the business of the JD Group Companies and (ii) to make, have made and use any device or process, in each case solely internally (except to the extent exercising “have made” rights) and solely in the course of conducting the business of the JD Group Companies.

Section 2.8 Licensable Third-Party IP. Notwithstanding the restrictions set forth in Section 2.5, upon written notice by JD Group (as licensor) to JD Finance or by JD Finance (as licensor) to JD Group, as applicable, specifying the applicable third-party Intellectual Property Rights to be sublicensed by the JD Group Companies hereunder, the licenses granted in this Article II will include such third-party Intellectual Property Rights to the extent Licensable by any JD Group Company or JD Finance Company, as applicable, in accordance with the terms of this Agreement.

Section 2.9 Providers Addenda. In the event that either Party or its applicable Subsidiary licensor under this Agreement determines that, for regulatory or other reasons, a Providers Addendum (i) should be executed to confirm the grant of one or more of the licenses set forth in this Article II or (ii) is necessary in order for any JD Finance Company to comply with any of its payment obligations pursuant to Article V, then upon request of such Party, such Party or its applicable Subsidiary, on the one hand, and the other Party or its applicable Subsidiary, on the other hand, shall promptly execute such Providers Addendum in a form mutually agreed between the executing parties, and obtain all necessary authorizations or consents with respect to such Providers Addendum from applicable Governmental Authorities in order for each Party to obtain the full benefits of this Agreement. For clarity, the fact that a Providers Addendum may later be executed pursuant to this Section 2.9 shall not relieve JD Finance of any of its payment obligations hereunder with respect to the JD Finance Royalty or any other payments. In the event of any conflict between any Providers Addendum and any term or condition of this Agreement, this Agreement will control.

Section 2.10 No Other Grant. Except as otherwise expressly provided herein, nothing in this Agreement shall be deemed to grant, directly or by implication, estoppel or otherwise, any right, license or covenant (a) from any JD Group Company to any JD Finance Company or third Person or (b) from any JD Finance Company to any JD Group Company or third Person.

Section 2.11 Injunctive Relief. JD Finance acknowledges that any material breach of the provisions of this Article II will result in irreparable harm to the JD Group Companies, and in such event the exact amount of damages will be difficult to ascertain and the remedies at law for such breach may not be adequate. Accordingly, in the event of any material breach of the provisions of this Article II by any JD Finance Company, JD Group, in addition to any other relief available to it at law, in equity or otherwise, shall be entitled to seek temporary and permanent injunctive relief restraining such JD Finance Company from engaging in the conduct constituting such material breach, without the necessity of proving actual damages or posting a bond or other security.

19

ARTICLE III

SERVICES

Section 3.1 Performance of Software Technology Services. The applicable JD Group Companies shall perform the Software Technology Services for the JD Finance Companies during the Term.

Section 3.2 JD Finance Responsibilities. In connection with the Software Technology Services, the JD Finance Companies shall perform such duties and tasks as may be reasonably required to allow the applicable JD Group Companies to perform the Software Technology Services. The JD Finance Companies shall provide the applicable JD Group Companies with access to the JD Finance Companies’ sites, facilities, networks or computer systems as reasonably required by such JD Group Companies to perform the Software Technology Services. Subject to Section 9.4, the JD Finance Companies shall also make available to the applicable JD Group Companies any data, information and any other materials required by such JD Group Companies to perform Software Technology Services (collectively, “JD Finance Materials”).

Section 3.3 No Further Obligations. The JD Group Companies shall have no obligation during the Term to provide any services other than the Software Technology Services, and no other obligation to provide any such services except as expressly set forth in this Article III, unless otherwise agreed by the Parties in writing.

ARTICLE IV

OWNERSHIP

Section 4.1 Licensed IP; Licensed JDF Patents. Subject to the licenses expressly granted in this Agreement, as between the Parties, (a) the JD Group Companies will retain exclusive right, title and interest in and to the Licensed IP, and all Intellectual Property Rights subsisting or embodied therein and (b) the JD Finance Companies will retain exclusive right, title and interest in and to the Licensed JDF Patents. The JD Finance Companies shall not delete or in any manner alter any copyright, trademark, patent, confidentiality or other proprietary rights notices appearing on the Licensed Software or Licensed Other Materials as delivered to the JD Finance Companies. The JD Finance Companies shall reproduce such notices on all copies or modified versions that they make of the Licensed Software or Licensed Other Materials.

Section 4.2 JD Group IT Materials. As between the Parties, JD Group will exclusively own all right, title and interest in and to any Intellectual Property Rights and Technology of any kind developed, in whole or in part, by any employee or independent contractor of the JD Group Companies in connection with performing the Software Technology Services under this Agreement (collectively “JD Group IT Materials”), including all Intellectual Property Rights subsisting or embodied therein. If and to the extent that the JD Group IT Materials include or constitute improvements, modifications, customizations, enhancements, extensions or derivative works of the Licensed Software or the Licensed Other Materials, such improvements, modifications, customizations, enhancements, extensions or derivative works

20

shall be deemed to be Licensed Software or Licensed Other Materials, respectively, such that JD Finance will have rights and licenses thereto pursuant to Section 2.1 and Section 2.1(b).

Section 4.3 Ownership of Developed IP. The Parties agree that, as between the Parties, each Party shall own all Intellectual Property Rights created or developed by such Party or its Subsidiaries, including all improvements, modifications, customizations, enhancements, extensions and derivative works of the Licensed Software and the Licensed Other Materials developed or created by such Party or its Subsidiaries.

(a) JD Finance shall not, and shall cause all its Subsidiaries not to, adopt, use or conduct any business using (except for any use of the Licensed Trademarks as expressly authorized by Section 2.1 and Section 2.1(b) and for any use of New JD Finance Trademark/Domain Names as provided by Section 4.4(b) below), create, file, register, seek to register, or cause to be registered (other than any Trademark or Domain Name required by applicable Law to be held or registered in the name of any JD Finance Company), any Trademarks or Domain Names that are derivative of or confusingly similar to any Trademarks (including the Licensed Trademarks) or Domain Names (including the Licensed Domain Names) owned, held, or licensed by any JD Group Company, or otherwise used in connection with any conduct of any business by any JD Group Company, both prior to and after the Effective Date (the “JD Group Marks”). Notwithstanding the foregoing, if any JD Group Mark, Licensed Trademark, Licensed Domain Name or any Trademark or Domain Name that is derivative of or confusingly similar to any JD Group Mark, Licensed Trademark, or Licensed Domain Name (each, a “Similar Mark/Domain Name”), other than any Trademark or Domain Name required by applicable Law to be held or registered in the name of a JD Finance Company, or any application therefor, is filed or registered by such JD Finance Company during the Term then, such Similar Mark/Domain Name shall be assigned by the applicable JD Finance Company to JD Group pursuant to this Section 4.4(a) and shall be exclusively owned by JD Group. To the extent required in the preceding sentence, JD Finance hereby assigns, and shall cause each of its Subsidiaries to assign, to JD Group, all of the JD Finance Companies’ rights, title and interest in and to any and all Similar Marks/Domain Names, whether now existing or in the future created.

(b) If during the Term (i) any JD Finance Company desires to have filed or registered any new Trademark or Domain Name that is derivative of any Licensed Trademark (each such Trademark or Domain Name, a “New JD Finance Trademark/Domain Name”), in each case to the extent any such Trademark or Domain Name is not required by applicable Law to be held or registered in the name of a JD Finance Company, then, subject to JD Group’s agreement, each such New JD Finance Trademark/Domain Name will be filed and registered in the name of (at JD Finance’s expense) and solely owned by JD Group during the Term, and for the purposes of this Agreement will be deemed to be a Licensed Trademark or Licensed Domain Name, as applicable, upon being added to the applicable Exhibit hereto. For purposes of the foregoing, JD Group’s agreement shall not be unreasonably withheld or delayed to the extent such desired New JD Finance Trademark/Domain Name is not inconsistent with the provisions of this Agreement and does not contain any component that is derivative of or confusingly similar to any Trademarks or Domain Names owned, held, or licensed by any JD Group

21

Company, or otherwise used in connection with any conduct of any business by any JD Group Company, prior to and after the Effective Date.

(c) Each JD Finance Company shall assist JD Group in every reasonable way, at the JD Finance Companies’ expense (except with respect to maintaining Similar Mark/Domain Names), to obtain, secure, perfect, maintain, defend and enforce all Intellectual Property Rights with respect to the Similar Mark/Domain Names. Every twelve (12) months during the Term, or upon either Party’s reasonable request, the Parties shall amend this Agreement by updating Exhibits A-1, A-2, C-1, C-2, E-1, E-2 or F as applicable, to add such newly issued, filed or registered Licensed Domain Names, Licensed Patents, Licensed Trademarks or Licensed JDF Patents, including any New JD Finance Trademark/Domain Names.

Section 4.5 JD Finance Materials. As between the Parties, JD Finance will retain its right, title and interest in and to any JD Finance Materials owned by JD Finance, including all Intellectual Property Rights of JD Finance subsisting or embodied therein; provided, however, that JD Finance agrees to grant and does hereby grant to the applicable JD Group Companies a limited, worldwide, royalty-free, non-exclusive, non-transferable and non-assignable (except to a successor in connection with a merger, internal reorganization or consolidation of the applicable JD Group Company, or to a transferee in connection with the transfer of all or any substantial portion of the assets of the applicable JD Group Company), sublicensable (solely to subcontractors in connection with this Agreement) right and license to use, reproduce, distribute, modify, prepare derivative works of, perform, display and otherwise exploit such JD Finance Materials during the Term if and for so long as, and only to the extent, such right and license is used or otherwise exploited to carry out any obligations pursuant to this Agreement.

ARTICLE V

FEES AND PAYMENT

Section 5.1 Royalties for Licensed IP.

(a) JD Finance Royalty. In consideration for the licenses granted in Article II with respect to the Licensed IP, the designated JD Finance Company shall pay (subject to Section 5.3) to the applicable JD Group Company (as directed by JD Group), ongoing royalties calculated pursuant to the following formula (the “JD Finance Royalty”) in accordance with this Section 5.1(a):

JD Finance Royalty = (consolidated Pre-Tax Income of the JD Finance Companies for the applicable Income Period before taking into account the JD Finance Royalty and the Software Technology Services Fee (exclusive of JD Group Costs)) multiplied by R1, where

“R1” means a percentage to be agreed between JD Finance and JD Group.

“Pre-Tax Income” means, with respect to any Person, the Pre-Tax Income from continuing operations exclusive of amounts attributable to non-controlling interests, interest expense/accretion related to preferred shares redemption value, extraordinary items and cumulative effect of a change in accounting principle. For the avoidance of doubt, the Pre-Tax

22

Income with respect to any JD Finance Company shall exclude Pre-Tax Income of such JD Finance Company before the applicable Establishment Date.

Notwithstanding the foregoing, (i) if and only if the total cumulative consolidated Pre-Tax Income of the JD Finance Companies during the period starting from the JD Finance Establishment Date to and including the end of the fiscal year of JD Finance immediately preceding the current Payment Date (such period, the “First Income Period”) is positive, shall the designated JD Finance Company make the first payment of JD Finance Royalty in accordance with the formula set forth above with respect to the First Income Period on the Payment Date, and (ii) if and only if the total cumulative consolidated Pre-Tax Income of the JD Finance Companies during the period starting from the end of the fiscal year of JD Finance immediately preceding the last Payment Date on which the JD Finance Royalty is paid to and including the end of the fiscal year of JD Finance immediately preceding the current Payment Date (such period, a “Subsequent Income Period”; either the “First Income Period” or a “Subsequent Income Period,” an “Income Period”) is positive, shall the designated JD Finance Company make payment of JD Finance Royalty in accordance with the formula set forth above with respect to the Subsequent Income Period on the Payment Date.

“JD Finance Establishment Date” means the earliest date among the Establishment Dates; “Establishment Date” means, with respect to any JD Finance Company, the later of (i) the date on which such JD Finance Company was registered under PRC Law and (ii) the date on which such JD Finance Company was acquired, directly or indirectly, by JD Group, if applicable.

Section 5.2 Fees and Expenses for Software Technology Services. In consideration for the applicable JD Group Companies' performance of the Software Technology Services and for the licenses of Licensed IP granted in connection therewith in Article III, during the Term, the designated JD Finance Company shall pay (subject to Section 5.3) to the applicable JD Group Company (as directed by JD Group) an aggregate fee calculated in accordance with the following formula (the "Software Technology Services Fee") in accordance with this Section 5.2:

Software Technology Services Fee = JD Group Costs plus Income Share minus the JD Finance Royalty, where

"JD Group Costs" means the consolidated pre-tax costs and expenses of the applicable JD Group Companies incurred in the course of providing the Software Technology Services.

"Income Share" means an amount equal to the product of (a) 100% minus the Issuance Percentage, multiplied by (b) Maximum Issuance Interest as defined under the Framework Agreement multiplied by the consolidated Pre-Tax Income of the JD Finance Companies for the applicable Income Period before taking into account the JD Finance Royalty, the Software Technology Services Fee (exclusive of JD Group Costs) and any initial gain or loss recognized upon entering into the Transaction Documents or consummating the transfers and issuances provided for in the Framework Agreement, and any subsequent amortization of

23

deferred charges or income resulting from such gain or loss. Notwithstanding the foregoing, in no event shall the Income Share be less than zero.

"Issuance Percentage" shall have the meaning ascribed to such term in the Framework Agreement.

Notwithstanding the foregoing, (i) if and only if the total cumulative consolidated Pre-Tax Income of the JD Finance Companies during the First Income Period is positive, shall the designated JD Finance Company make the first payment of Software Technology Services Fee in accordance with the formula set forth above with respect to the First Income Period on the Payment Date and (ii) if and only if the total cumulative consolidated Pre-Tax Income of the JD Finance Companies during a Subsequent Income Period is positive, shall the designated JD Finance Company make payment of Software Technology Services Fee in accordance with the formula set forth above with respect to the Subsequent Income Period on the Payment Date.

Section 5.3 Royalty Reporting and Payment Terms.

(a) Within sixty (60) days of the end of each fiscal year of JD Finance, a JD Group Company shall provide to JD Finance (i) a report detailing with reasonable specificity the basis for the JD Group Costs and (ii) such additional information as JD Finance may reasonably request describing and further evidencing the calculation of the JD Group Costs. Within ninety (90) days after the end of each fiscal year of JD Finance, or upon such other payment schedule as JD Group may otherwise agree (the "Payment Date"), JD Finance or its designated Subsidiary shall pay to the applicable JD Group Company (as directed by JD Group) the JD Finance Royalty and the Software Technology Services Fee, each as owed during such fiscal year or other agreed-upon period. Concurrently with such payment, the designated JD Finance Company shall provide to the applicable JD Group Company (i) a report detailing with reasonable specificity the basis for the JD Finance Royalty payments, (ii) a report detailing with reasonable specificity the basis for the Software Technology Services Fee, (iii) true and complete income statements of the revenues and expenses of the JD Finance Companies reflecting the consolidated Pre-Tax Income of the JD Finance Companies during the applicable fiscal year, and (iv) such additional information as the applicable JD Group Companies may reasonably request describing and further evidencing the calculation of the JD Finance Royalty or Software Technology Service Fee payments.

(b) The designated JD Finance Company shall pay all amounts due under this Agreement in Renminbi or equivalent U.S. Dollars as mutually agreed by the Parties at the time of such payment and in the manner to be further agreed by the Parties.

Section 5.4 Taxes. Each Party shall bear the taxes applicable to it in connection with this Agreement, including turnover tax, business tax, value-added tax, income tax, profits tax or other taxes. Notwithstanding anything to the contrary, when making payment of the JD Finance Royalty and Software Technology Services Fee, the designated JD Finance Company shall pay to the applicable JD Group Company (as directed by JD Group), in addition to the JD Finance Royalty and Software Technology Services Fee calculated based on the formula provided for in Section 5.1 and Section 5.2, respectively, an extra amount that is equal to the sum of value-added tax and surcharges (i.e., urban construction and maintenance tax, education surcharge and local

24

education surcharge) applicable to the payment so that the net amount received by the applicable JD Group Company (as directed by JD Group) is equal to the JD Finance Royalty or the Software Technology Service Fee calculated based on the formula provided for in Section 5.1 and Section 5.2, respectively.

Section 5.5 Disputed Royalty or Charges. In the event JD Group and JD Finance, or their applicable Subsidiaries, after reasonable consultation between representatives of each Party, cannot agree on the proper amounts to be paid or credited between JD Finance, on the one hand, and the applicable JD Group Company, on the other hand, the dispute will be finally settled in accordance with the dispute resolution procedures set forth in Section 15.5.

Section 5.6 Income Share Buyout Amount. Upon an Income Share Buyout Event, the fees and payments described in this Article V shall be reduced in accordance with their terms, in consideration of a lump-sum cash payment from JD Finance to the applicable JD Group Companies (the "Income Share Buyout Amount") agreed in good faith between the Parties as the fair value of the projected decrease in the payments to be made pursuant to this Article V, to be paid at or prior to the Issuance related to the relevant Income Share Buyout Event.

ARTICLE VI

INTELLECTUAL PROPERTY PROSECUTION AND ENFORCEMENT

Section 6.1 IP Prosecution, Registration and Enforcement. JD Group shall have the sole control and discretion over the filing for, prosecution, maintenance and enforcement of any Licensed IP. JD Finance shall promptly inform JD Group of any infringement, misappropriation or other violation of the Licensed IP of which any JD Finance Company may become aware, and JD Finance shall, and shall cause its Subsidiaries to, cooperate with the JD Group Companies as they may request in connection with any action taken by the JD Group Companies to prosecute, protect or enforce the Licensed IP and, if requested by the JD Group Companies, joining as a party to any litigation or other action brought by the JD Group Companies, provided that the JD Group Companies shall reimburse the JD Finance Companies for their reasonable, out-of-pocket expenses actually incurred in connection therewith.

ARTICLE VII

WARRANTIES

Section 7.1 Limited Software Technology Services Warranty. JD Group warrants that the Software Technology Services shall be performed in a manner consistent with similar services historically provided by the applicable JD Group Companies to other JD Group Companies. This warranty will be in effect for a period of thirty (30) days from the completion of any Software Technology Services. As the JD Finance Companies' sole and exclusive remedy and the JD Group Companies' entire liability for any breach of the foregoing warranty, JD Group shall, at its sole option and expense, promptly re-perform, or caused to be re-performed, any Software Technology Services that fail to meet this limited warranty.

25

Section 7.2 Warranty Disclaimer. THE EXPRESS WARRANTIES IN SECTION 7.1 ARE IN LIEU OF, AND THE APPLICABLE JD GROUP COMPANIES HEREBY DISCLAIM, ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT. WITHOUT LIMITATION TO THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED IN SECTION 7.1, THE LICENSED IP IS LICENSED BY THE JD GROUP COMPANIES TO JD FINANCE AND THE SOFTWARE TECHNOLOGY SERVICES AND ANY RELATED WORK PRODUCT ARE PROVIDED "AS IS," WITHOUT WARRANTY OF ANY KIND, AND SHALL NOT BE SUBJECT TO ANY STANDARDS, SERVICE LEVELS, REVIEWS, MODIFICATIONS OR ACCEPTANCE CRITERIA OF ANY KIND UNLESS OTHERWISE EXPRESSLY AGREED BY THE PARTIES IN WRITING.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 JD Finance Indemnification of JD Group. JD Finance agrees, on behalf of itself and its Subsidiaries, to defend, indemnify, and hold harmless JD Group, its Subsidiaries and each of its and their respective directors, officers, employees, representatives and agents (the "JD Group Indemnitees") from and against any and all claims, actions, causes of action, judgment, awards, liabilities, losses, costs or damages (including reasonable attorneys' fees and expenses) (collectively, "Losses") arising out of or relating to any claim by any third Person arising out of or relating to the use of, or the exercise of rights in and to, the Licensed IP by JD Finance, its Subsidiary Sublicensees, or its Permitted Subcontractors.

Section 8.2 Indemnification Procedures.

(a) Promptly after receipt by JD Group of notice of the commencement or threatened commencement of any action, suit, proceeding, claim, arbitration, investigation or litigation, whether civil or criminal, at law or in equity, made or brought by a third Person (each a "Third Party Claim"), in respect of which JD Group will seek indemnification pursuant to Section 8.1, JD Group shall notify JD Finance of such Third Party Claim in writing. No failure to so notify JD Finance shall relieve it of its obligations under this Agreement, except to the extent that it can demonstrate that it was materially prejudiced by such failure.

(b) JD Finance shall have thirty (30) days after receipt of notice to elect, at its option, to assume and control the defense of, at its own expense and by its own counsel, any such Third Party Claim, and shall be entitled to assert any and all defenses available to the JD Group Companies to the fullest extent permitted under applicable Law; provided, however, that JD Finance shall have no right to assume and control, and JD Group shall at all times remain in sole control of (including selecting counsel), the defense of any Third Party Claim related to taxes. If JD Finance shall undertake to compromise or defend any such Third Party Claim, it shall promptly, but in any event within ten (10) days of the receipt of notice from JD Group of such Third Party Claim, notify JD Group of its intention to do so, and JD Group shall cooperate with JD Finance and its counsel as reasonably requested in the compromise of, or defense against, any

26

such Third Party Claim; provided, however, that (A) JD Finance shall not settle, compromise or discharge, with respect to, any such Third Party Claim without JD Group's prior written consent (which consent shall not be unreasonably withheld, delayed, or conditioned) and (B) JD Finance shall not admit any liability with respect to any such Third Party Claim without JD Group's prior written consent (which consent shall not be unreasonably withheld, delayed, or conditioned).

(i) Notwithstanding an election by JD Finance to assume the defense of any Third Party Claim, JD Group or the applicable member of the JD Group Indemnitees shall have the right to employ separate counsel and to participate in the defense of such Third Party Claim, and JD Finance shall bear the reasonable fees, costs and expenses of such separate counsel if (A) JD Group shall have determined in good faith that an actual or potential conflict of interest makes representation by the same counsel or the counsel selected by JD Finance inappropriate or (B) JD Finance shall have authorized JD Group to employ separate counsel at JD Finance's expense.

(ii) JD Group, JD Finance, and their respective counsel shall cooperate in the defense of any Third Party Claim subject to Section 8.1, keep such Persons informed of all developments relating to any such Third Party Claims, and provide copies of all relevant correspondence and documentation relating thereto, except as necessary to preserve attorney-client, work product and other applicable privileges. All reasonable costs and expenses incurred in connection with the JD Group Companies' cooperation shall be borne by JD Finance. In any event, JD Group or the applicable member of the JD Group Indemnitees shall have the right at its own expense to participate in the defense of such asserted liability.

(c) If JD Finance does not elect to defend a Third Party Claim pursuant to Section 8.2(b), or does not defend such Third Party Claim in good faith, the JD Group Companies shall have the right, in addition to any other right or remedy they may have hereunder, at JD Finance's expense, to defend such Third Party Claim; provided, however, that the JD Group Companies shall not settle, compromise or discharge, or admit any liability with respect to, any such Third Party Claim without JD Finance's prior written consent, which consent shall not be unreasonably withheld, delayed, or conditioned.

ARTICLE IX

CONFIDENTIALITY

Section 9.1 Confidential Information. Each Party (the "Receiving Party") shall use the same standard of care to prevent the public disclosure and dissemination of the Confidential Information of the other Party or its Subsidiaries (the "Disclosing Party") as the Receiving Party uses to protect its own comparable Confidential Information. "Confidential Information" of a Party means confidential, non-public marketing plans, product plans, business strategies, financial information, forecasts, Personal Information, Highly Sensitive Information, customer lists and customer data, technical documents and information and any similar confidential, non-public materials and information, regarding such Party and its Subsidiaries, or their representatives or customers, disclosed by the Disclosing Party to the Receiving Party under or in connection with this Agreement, whether orally, electronically, in writing, or otherwise, including copies thereof, in each case to the extent expressly marked in writing as

“Confidential,” or, if disclosed orally, identified as confidential at the time of disclosure and set forth or summarized in a written document expressly marked as “Confidential” delivered to the Receiving Party no later than thirty (30) days after the date of the initial oral disclosure thereof, or, if not so marked or identified as “Confidential,” shall nevertheless be regarded as Confidential Information if a reasonable person under the circumstances would know the information is considered confidential by the Disclosing Party. Confidential Information of JD Group includes the Source Code and Object Code of the Licensed Software. Notwithstanding the foregoing, (a) Confidential Information may be disclosed on an as needed basis to personnel or subcontractors (in the case of JD Finance, solely to Permitted Subcontractors) of the Receiving Party and its Subsidiaries solely as and to the extent required for the purpose of fulfilling the Receiving Party’s obligations or exercising the Receiving Party’s rights under any Transaction Document (including, in the case of the JD Group Companies, their rights to contract with other Persons for the procurement by the JD Group Companies of the Software Technology Services, (b) Confidential Information may be disclosed and used as expressly permitted pursuant to the Data Sharing Agreement, and (c) nothing in this Section 9.1 shall be deemed to prevent the JD Finance Companies from engaging in the JD Finance Business or the JD Group Companies from engaging in the business of the JD Group Companies or otherwise preventing the JD Finance Companies from exercising their rights in and to the Licensed IP. Nonetheless, each Receiving Party (x) shall, except as expressly permitted by the Data Sharing Agreement, limit the disclosure of the Disclosing Party’s Confidential Information to third Persons to what is necessary for a reasonable purpose in the conduct of the business of the Receiving Party (including its Subsidiaries), and (y) shall not disclose any Highly Sensitive Information to any third Persons, except as expressly permitted in the Data Sharing Agreement. Each Receiving Party shall take all reasonable steps to ensure that any such Confidential Information disclosed to any personnel or subcontractors in accordance with this Section 9.1 is treated as confidential by the personnel, Subsidiary Sublicensees, Permitted Subcontractors, and JD Finance End Users to whom it is disclosed, and shall require the foregoing to enter into an agreement which imposes confidentiality obligations no less protective of the Confidential Information than those imposed under this Agreement.

Section 9.2 Permitted Disclosures. The provisions of this Article IX shall not apply to any Confidential Information which: (a) is or becomes commonly known within the public domain other than by breach of this Agreement or any other agreement that the Disclosing Party has with any Person; (b) is obtained from a third Person who is lawfully authorized to disclose such information free from any obligation of confidentiality; (c) is independently developed without reference to or use of any Confidential Information of the Disclosing Party; or (d) is rightfully known to the Receiving Party without any obligation of confidentiality prior to its receipt from the Disclosing Party.

Section 9.3 Disclosure in Compliance with Law. Nothing in this Article IX shall prevent the Receiving Party from disclosing Confidential Information where it is required to be disclosed by judicial, administrative, governmental, or regulatory process in connection with any Proceeding, or otherwise by applicable Law; provided, however, that the Receiving Party shall, if legally permitted, give the Disclosing Party reasonable advance notice as soon as possible of such required disclosure so as to enable the Disclosing Party to seek relief from such disclosure requirement or measures to protect the confidentiality of the disclosure.

Section 9.4 Restricted Data. Notwithstanding anything to the contrary set forth herein, nothing in this Agreement shall require either Party or its Subsidiaries to disclose to the other Party or its Subsidiaries any information, communications or documents that are protected by attorney-client privilege, work product privilege or are protected under similar legal principles in foreign jurisdictions, Personal Information, or any other information or data where such disclosure would be prohibited by applicable Law, including PRC Laws relating to payment data security or state economic security.

Section 9.5 Confidentiality of the Licensed IP. In addition to the obligations set forth in Section 9.1 and Section 2.4(c), JD Finance and its Subsidiary Sublicensees shall comply with the obligations set forth in this Section 9.5 with respect to the Licensed Software. JD Finance and the Subsidiary Sublicensees shall take reasonable steps, during and after the Term with respect to Licensed Software, to ensure that no unauthorized copy, in whole or in part, of the Licensed Software will be made available to any third Person. JD Finance and the Subsidiary Sublicensees shall use the Licensed Software disclosed to each of them hereunder under carefully controlled conditions, shall distribute such Licensed Software only to each of its respective employees with a need to have access thereto, and solely to the extent necessary to exercise their license or sublicense rights set forth in this Agreement, and JD Finance and each Subsidiary Sublicensee shall observe, at a minimum, the same level of security, copy restrictions and non-disclosure as it exercises with respect to confidential Licensed Software and related documentation for each of their own products, which in no event shall be less than a reasonable degree of care. JD Finance shall be fully responsible for the conduct of its employees, agents, representatives, Subsidiary Sublicensees and Permitted Subcontractors who may in any way breach this Agreement, and JD Finance shall immediately notify JD Group of any known breach of this Agreement including any act or omission by any Subsidiaries of JD Finance that, if committed by JD Finance, would constitute a breach of this Agreement.

Section 9.6 Disclosure. The terms of this Agreement are confidential information and shall not be disclosed by a Party to any Person that is not a Party or a Subsidiary of a Party without prior written consent from the other Party, except that nothing herein shall prevent a Party from (a) disclosing or acknowledging the existence of this Agreement, the identity of the Parties, and the existence of Licensed Software or Licensed Other Materials (but not the particular Licensed Software or Licensed Other Materials), (b) disclosing the terms of this Agreement (including the financial terms) in confidence to such Party’s legal counsel and professional advisors, tax preparers, accountants, auditors, insurers, and directors, (c) disclosing the terms of this Agreement (including the financial terms) as required by any Law or court order, but only to the extent required to comply with such Law or order and only after providing reasonable advance notice to the other Party to allow such Party to contest such disclosure, or (d) disclosing in confidence to a third Person affected by this Agreement (e.g., a customer or potential successor party) the terms and conditions relevant to such third Person, including the identity of particular Licensed Software or Licensed Other Materials.

ARTICLE X

LIMITATION OF LIABILITY

Section 10.1 Limitation of Liability. IN NO EVENT WILL ANY JD GROUP COMPANY BE LIABLE TO ANY JD FINANCE COMPANY OR TO ANY THIRD PERSON FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF USE, DATA, BUSINESS OR PROFITS) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE LICENSED IP, THE SOFTWARE TECHNOLOGY SERVICES OR ANY RESULTS OR WORK PRODUCT ARISING FROM THE SOFTWARE TECHNOLOGY SERVICES, HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF ANY JD GROUP COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE JD GROUP COMPANIES’ TOTAL LIABILITY TO JD FINANCE FROM ALL CAUSES OF ACTION AND ALL THEORIES OF LIABILITY UNDER THIS AGREEMENT, WILL BE LIMITED TO AND WILL NOT EXCEED THE TOTAL AMOUNTS ACTUALLY PAID TO THE JD GROUP COMPANIES BY THE JD FINANCE COMPANIES UNDER THIS AGREEMENT DURING THE TWELVE (12)-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THE EVENT GIVING RISE TO THE MOST RECENT CLAIM OF LIABILITY.

ARTICLE XI

NO EFFECT ON TRANSFEREE'S SEPARATE INTELLECTUAL PROPERTY RIGHTS

Section 11.1 No Effect on Transferee's Separate Intellectual Property Rights. Notwithstanding anything to the contrary set forth herein, in the event JD Group merges with or acquires a third Person, or assigns or transfer this Agreement to a third Person (any such third Person, "Transferee"), whether by merger, assignment, transfer of assets (including this Agreement) or otherwise, the licenses granted pursuant to Section 2.1 and Section 2.1(b) will extend only to the Licensed IP owned by the JD Group Companies immediately prior to such merger, acquisition, assignment or transfer and will not affect or otherwise encumber in any manner the Transferee's Intellectual Property Rights, except only any Licensed IP owned by the JD Group Companies immediately prior to such merger, acquisition, assignment or transfer and acquired by the Transferee from the JD Group Companies and any subsequently filed Patents that claim priority or an effective filing date based upon Licensed Patents that were owned by the JD Group Companies immediately prior to such assignment or transfer. For the avoidance of doubt, such Transferee's Intellectual Property Rights shall remain excluded from the definition of Licensed IP at all times during and after the Term unless otherwise expressly agreed by the Parties in writing.

ARTICLE XII

COMPLIANCE WITH LAWS

Section 12.1 Compliance with Laws. At all times during the Term, JD Finance shall comply, and shall cause its Subsidiaries to comply, with all Laws applicable to the JD Finance

30

Companies concerning the JD Finance Business and any JD Finance Business Product. Without limiting the foregoing, JD Finance acknowledges that the Licensed IP, Licensed Software, Licensed Other Materials, and all related technical data and materials may be subject to regulatory restrictions under applicable export, import or use control Laws in any territory where the Licensed IP, Licensed Software, or Licensed Other Materials are used. Notwithstanding anything in this Agreement to the contrary, none of the JD Group Companies shall be required to supply to any JD Finance Company or any third Person, and JD Finance shall not, and shall cause its Subsidiaries not to, export or re-export, any Licensed IP, Licensed Software, Licensed Other Materials, or technical data supplied by any JD Group Companies, directly or through third Persons, to any source for use in any country or countries in contravention of any Laws.

ARTICLE XIII

TERM AND TERMINATION

Section 13.1 Term. This Agreement will enter into effect upon the Effective Date and continue in full force and effect until the earliest of (i) following any Income Share Buyout Event resulting in an Issuance Percentage of 100%, a Qualified IPO, (ii) following a Qualified IPO, an Income Share Buyout Event resulting in an Issuance Percentage of 100%, and (iii) the Liquidity Event Payment becoming payable pursuant to Section 2.3 of the Framework Agreement, unless earlier terminated in accordance with this Article XIII (the "Term"). Upon the expiry of the Term, JD Group and JD Finance will negotiate in good faith to enter into another agreement, pursuant to which JD Group will license to JD Finance such Intellectual Property Rights as mutually agreed to by the Parties at the time in consideration for royalty or other fees based on the fair market value of the licensed Intellectual Property Rights, with other terms of the agreement subject to mutual agreement by the Parties at the time.

Section 13.2 Termination by JD Group for JD Finance Bankruptcy. JD Group shall have the right to terminate this Agreement on the occurrence of any of the following events if:

- (a) JD Finance files a petition for bankruptcy or is adjudicated bankrupt;
- (b) JD Finance becomes insolvent and makes an assignment for the benefit of its creditors or an arrangement for its creditors pursuant to any bankruptcy Law;
- (c) JD Finance discontinues the JD Finance Business; or
- (d) an administrator is appointed for JD Finance or its business.

Section 13.3 No Termination by JD Finance. JD Finance shall have no right to terminate this Agreement based on any breach hereof or for any other reason, and JD Finance's sole and exclusive remedy with respect to any breach hereof by JD Group shall be to seek monetary damages for the breach and, in the case of JD Group's breach of its obligations under Article IX, injunctive or other equitable remedies to cure, limit and restrain any such breach or threatened breach.

Section 13.4 Material Breach by JD Finance; Non-Payment. JD Group shall have the right, but not the obligation, to terminate this Agreement upon thirty (30) days' prior written

31

notice of a material breach of this Agreement, including failure to pay the JD Finance Royalty or the Software Technology Services Fee due under this Agreement, and failure to cure such material breach by JD Finance. Notwithstanding the foregoing, if JD Finance fails to make payment of any amounts due and payable to any JD Group Companies under this Agreement by the date such payment is due, the Parties agree that JD Group is entitled to charge interest on such unpaid amounts at two percent (2%) plus the People's Bank of China's benchmark two (2)-year lending rate applicable on the date on which payment was due per annum, commencing from the date on which payment was due.

Section 13.5 Effects of Expiration or Termination.

(a) Licenses. All licenses and sublicenses granted under this Agreement will terminate upon the expiration or termination of this Agreement.

(b) Return of Confidential Material. Within thirty (30) days after the expiration or termination of this Agreement, each Party shall either deliver to the other, or destroy, all copies of any tangible Confidential Information (including digital copies thereof) of the other Party provided hereunder in its

possession or under its control, and, at the other Party's written request, shall furnish to the other Party an affidavit signed by an officer of its company certifying that such delivery or destruction has been fully effected.

(c) Payment of Unpaid Royalty and Fee. Within sixty (60) days of the expiration or termination of this Agreement, JD Finance shall pay, or cause to be paid, to the designated JD Group Company, all sums, if any, due and owing pursuant to the terms of this Agreement as of the date of expiration or termination of this Agreement.

Section 13.6 Survival. The respective rights and obligations of the Parties under Section 2.5 (clauses (a) and (b)), Section 4.1, Section 4.2, Section 5.4, Section 5.5, Section 7.2, Section 13.5, this Section 13.6, and Articles I, VIII, IX, X, XIV and XV of this Agreement will survive expiration or termination of this Agreement. No expiration or termination of this Agreement shall relieve either Party from any liability for any breach of or liability accruing prior to the effective date of expiration or termination.

ARTICLE XIV

OBLIGATION OF THE PARTIES REGARDING SUBSIDIARIES

Section 14.1 Obligations of the Parties Regarding Subsidiaries. Each Party shall require its respective Subsidiaries to fulfill each such Subsidiary's duties and comply with its obligations, all as set forth in this Agreement. Without limiting the generality of the foregoing, JD Finance shall cause its Subsidiaries to carry out all obligations, duties and responsibilities of JD Finance set forth in this Agreement, including all obligations to take any actions or refrain from taking any actions, and any act or failure to act by any Subsidiary of JD Finance shall be deemed an act or failure to act of JD Finance. JD Finance shall be liable for the performance of all obligations, duties and responsibilities of its Subsidiaries in this Agreement and for all actions or failures to act of its Subsidiaries, and any failure of JD Finance's Subsidiaries to perform any

32

obligation, duty or responsibility set forth in this Agreement, or to take or fail to take any action in accordance with this Agreement, shall be deemed a breach of this Agreement by JD Finance.

ARTICLE XV

GENERAL

Section 15.1 Relationship of the Parties as Independent Contractors. The Parties are and at all times will be and remain independent contractors as to each other, and at no time will either Party be deemed to be the agent or employee of the other. No joint venture, partnership, agency, or other relationship will be created or implied as a result of this Agreement. The applicable JD Group Companies perform the Software Technology Services as independent contractors of the JD Finance Companies and nothing in this Agreement will be construed as establishing an employment, agency, partnership or joint venture relationship between any of the JD Finance Companies, on the one hand, and any of the JD Group Companies or any of their personnel, on the other. None of the JD Group Companies have any authority to bind any JD Finance Company by contract or otherwise, and none of the JD Finance Companies have any authority to bind any JD Group Company by contract or otherwise. JD Group acknowledges and agrees that its and its Subsidiaries' personnel are not eligible for or entitled to receive any compensation, benefits or other incidents of employment that any of the JD Finance Companies make available to any employees of the JD Finance Companies. Except as explicitly set forth herein, the JD Group Companies are solely responsible for all taxes, expenses, withholdings and other similar statutory obligations arising out of the relationship between the JD Group Companies and their personnel and the performance of Software Technology Services by such personnel.

Section 15.2 Notices. All notices and other communications hereunder shall be in writing, shall be made by personal delivery, internationally recognized courier service, facsimile or electronic mail and shall be deemed received (a) on the date of delivery if delivered personally, (b) on the date of confirmation of receipt if delivered by an internationally recognized courier service (or, the first (1st) Business Day following such receipt if (i) the date is not a Business Day or (ii) receipt occurs after 5:00 p.m., local time of the recipient), or (c) on the date of receipt of transmission by facsimile or electronic mail (or, the first (1st) Business Day following such receipt if (i) the date is not a Business Day or (ii) receipt occurs after 5:00 p.m., local time of the recipient), to the Parties at the following addresses, facsimile numbers or email addresses (or at such other addresses or facsimile numbers or email addresses for a Party as shall be specified by like notice):

To JD Group:

JD.com, Inc.
20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China
Attention: Sidney Xuande Huang, Chief Financial Officer
E-mail: sidney.huang@jd.com

33

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
c/o 42/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Attention: Z. Julie Gao
Facsimile No.: +852 3910 4863
Email: julie.gao@skadden.com

To JD Finance:

14th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111

Section 15.3 Headings. The headings contained in this Agreement are for convenience of reference only, will not be deemed to be a part of this Agreement and will not be referred to in connection with the construction or interpretation of this Agreement.

Section 15.4 Counterparts and Exchanges by Electronic Transmission or Facsimile. This Agreement may be executed in several counterparts and such counterparts may be delivered in electronic format (including by email), all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that all Parties need not sign the same counterpart.

Section 15.5 Arbitration.

(a) Any dispute, controversy, difference or claim arising out of, relating to or in connection with this Agreement or the other Transaction Documents, or the transactions contemplated hereby or thereby, including the existence, validity, interpretation, performance, breach or termination hereof or thereof or any dispute regarding non-contractual obligations arising out of, relating to or in connection with this Agreement and/or the other Transaction Documents shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the "HKIAC") under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted, except as they may be modified by mutual agreement of the Parties. The seat of arbitration shall be Hong Kong; provided, that the arbitrators may hold hearings in such other locations as the arbitrators determine to be most convenient and efficient for all of the parties to such arbitration under the circumstances. The arbitration shall be conducted in the English language.

34

(b) The arbitration shall be conducted by three (3) arbitrators. The Party (or the parties, acting jointly, if there is more than one (1)) initiating arbitration (the "Claimant") shall appoint an arbitrator in its request for arbitration (the "Request"). The other Party (or the other parties, acting jointly, if there is more than one (1)) to the arbitration (the "Respondent") shall appoint an arbitrator within thirty (30) days of receipt of the Request and shall notify the Claimant of such appointment in writing. If, within thirty (30) days of receipt of the Request by the Respondent, either Party has not appointed an arbitrator, then that arbitrator shall be appointed by the HKIAC. The first two (2) arbitrators appointed in accordance with this provision shall appoint a third arbitrator within thirty (30) days after the Respondent has notified Claimant of the appointment of the Respondent's arbitrator or, in the event of a failure by a Party to appoint, within thirty (30) days after the HKIAC has notified the Parties and any arbitrator already appointed of the appointment of an arbitrator on behalf of the Party failing to appoint. When the third (3rd) arbitrator has accepted the appointment, the two (2) arbitrators making the appointment shall promptly notify the Parties of the appointment. If the first two (2) arbitrators appointed fail to appoint a third (3rd) arbitrator or so to notify the Parties within the time period prescribed above, then the HKIAC shall appoint the third (3rd) arbitrator and shall promptly notify the Parties of the appointment. The third (3rd) arbitrator shall act as chair of the tribunal.

(c) The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the Parties and the parties thereto. The award may include an award of costs, including reasonable attorneys' fees and disbursements. In addition to monetary damages, the arbitral tribunal shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitral tribunal is not empowered to award damages in excess of compensatory damages, and each Party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any dispute, except insofar as a claim is for indemnification for an award of punitive damages awarded against a Party in an action brought against it by an independent third Person. The arbitral tribunal shall be authorized in its discretion to grant pre-award and post-award interest at commercial rates. Any costs, fees or taxes incident to enforcing the award shall, to the maximum extent permitted by applicable Law, be charged against the Party resisting such enforcement. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets.

(d) In order to facilitate the comprehensive resolution of related disputes, and upon request of any Party to the arbitration Proceeding, the arbitration tribunal may, within ninety (90) days of its appointment, consolidate the arbitration Proceeding with any other arbitration Proceeding involving any of the Parties relating to the Transaction Documents. The arbitration tribunal shall not consolidate such arbitrations unless it determines that (i) there are issues of fact or law common to the Proceedings, so that a consolidated Proceeding would be more efficient than separate Proceedings and (ii) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the event of different rulings on this question by the arbitration tribunal constituted hereunder and any tribunal constituted under these Transaction Documents, the ruling of the tribunal constituted under the Framework Agreement shall govern, and that tribunal shall decide all disputes in the consolidated Proceeding.

(e) The Parties agree that the arbitration shall be kept confidential and that the existence of the Proceeding and any element of it (including any pleadings, briefs or

35

other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall not be disclosed beyond the tribunal, the HKIAC, the parties, their counsel and any person necessary to the conduct of the Proceeding, except as may be lawfully required in judicial Proceedings relating to the arbitration or otherwise, or as required by NASDAQ rules or the rules of any other quotation system or exchange on which the disclosing Party's Equity Securities are listed or applicable Laws.

(f) The costs of arbitration shall be borne by the losing Party unless otherwise determined by the arbitration award.

(g) All payments made pursuant to the arbitration decision or award and any judgment entered thereon shall be made in U.S. Dollars (or, if a payment in U.S. Dollars is not permitted by Law and if mutually agreed upon by the Parties, in Renminbi), free from any deduction, offset or withholding for taxes.

(h) Notwithstanding this Section 15.5 or any other provision to the contrary in this Agreement, no Party shall be obligated to follow the foregoing arbitration procedures where such Party intends to apply to any court of competent jurisdiction for an interim injunction or similar equitable relief against any other Party; provided, that there is no unreasonable delay in the prosecution of that application. Neither of the Parties shall institute a proceeding in any court or administrative agency to resolve a dispute arising out of, relating to or in connection with this Agreement or the other Transaction Documents, except for a court proceeding to compel arbitration or otherwise enforce this agreement to arbitrate, to enforce an order or award of the arbitration tribunal or petition for the provisional or emergency remedies provided for herein. The Parties waive objection to venue and consent to the nonexclusive personal jurisdiction of the courts of Singapore in any action to enforce this arbitration agreement, any order or award of the arbitration tribunal or the provisional or emergency remedies provided for herein. In any such permitted court action, the Parties agree that delivery of the complaint or petition by international courier, with proof of delivery, shall constitute valid and sufficient service, and they individually and collectively waive any objection to such service.

Section 15.6 Governing Law. THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 15.7 Assignment. No Party shall transfer this Agreement, or assign any rights or delegate any obligations hereunder, in whole or in part, whether voluntarily or by operation of law, without the prior written consent of the other Party. Any purported transfer, assignment or delegation by a Party without the appropriate prior written approval will be null and void and of no force or effect. Subject to the foregoing, this Agreement is binding upon the Parties' successors, heirs and assigns.

Section 15.8 Specific Performance. Each Party agrees that: (a) in the event of any breach or threatened breach by the other Party of any covenant, obligation or other provision set forth in this Agreement, such Party will be entitled (in addition to any other remedy that may be available to it) to seek (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision and (ii) an injunction restraining such breach or threatened breach and (b) no Party will be required to

36

provide any bond or other security in connection with any such decree, order or injunction or in connection with any related Proceeding.

Section 15.9 Waiver. No failure on the part of either Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Party in exercising any power, right, privilege or remedy under this Agreement, will operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy will preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Party will be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party; and any such waiver will not be applicable or have any effect except in the specific instance in which it is given.

Section 15.10 Amendments. No amendment, waiver, or discharge hereof (including any exhibit or schedule hereto) shall be valid unless in writing and signed (a) by the Party against which such amendment, waiver or discharge is sought to be enforced, and (b) in the case of JD Group, with respect to amendments of this Agreement (including any amendments to the JD Finance Royalty and the Software Technology Services Fee) and waivers or discharges of any material right of JD Group or obligations of JD Finance under this Agreement, including those pertaining to Article V, after obtaining consent of the JD Group Audit Committee.

Section 15.11 Severability. Each provision of this Agreement shall be deemed a material and integral part hereof. Except as otherwise provided in this Section 15.11, in the event of a final determination of invalidity, illegality or unenforceability of any provision of this Agreement, the Parties shall negotiate in good faith to amend this Agreement (and any other Transaction Documents, as applicable) or to enter into new agreements to replace such invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provisions providing the Parties with benefits, rights and obligations that are equivalent in all material respects as provided by the Agreement (and any other Transaction Documents, as applicable) as if the invalid, illegal or unenforceable provision(s) had been valid, legal and enforceable. In the event the Parties are not able to reach agreement on such amendments or new agreements, then the arbitrators (pursuant to the procedures set forth in Section 15.5 of this Agreement) shall determine, as part of their arbitral award, such amendments or new agreements such to provide the Parties with benefits, rights and obligations that are equivalent in all material respect as provided by the Agreement as if the stricken provision(s) had been valid, legal and enforceable. No Party shall, or shall permit any of its Related Parties to, directly or indirectly assert that any provision of any Transaction Document is invalid, illegal or unenforceable.

Section 15.12 Entire Agreement. This Agreement and all provisions of any Transaction Documents referred to herein, including all schedules and exhibits hereto and thereto, sets forth the entire understanding of the Parties relating to the subject matter hereof and thereof and supersedes all prior agreements and understandings among or between any of the Parties relating to the subject matter thereof. To the extent there is any inconsistency between (a) provision of the Framework Agreement or another Transaction Document that pertains to the subject matter of this Agreement and (b) a provision of this Agreement that is more specific or detailed with respect to such subject matter, then the provision of this Agreement shall govern and control.

37

Otherwise, the provision of the Framework Agreement, or of the other Transaction Document (provided it is not inconsistent with a more specific or detailed provision of the Framework Agreement), shall govern and control to the extent of such inconsistency.

Section 15.13 Further Assurances. During and after the Term, either Party shall, at the request of the other Party: (i) execute, deliver, or cause to be executed or delivered, all such assignments, consents, documents or further instruments of transfer or license consistent with the provisions of this Agreement and (ii) take, or cause to be taken, all such other actions that the requesting Party may reasonably deem necessary or desirable in order for such Party to obtain the full benefits of this Agreement and the transactions contemplated hereby.

[Remainder of page intentionally blank]

38

The Parties to this Agreement have caused this Agreement to be executed and delivered as of the Effective Date.

JD.COM, INC.

/s/ JD.COM, INC.

(Seal of JD.COM, INC.)

By: /s/ Sidney Xuande Huang

Name: Sidney Xuande Huang

Title: Chief Financial Officer

□□□□□□□□□□□□□□

(Beijing Jingdong Financial Technology Holding Co., Ltd.)

/s/ Beijing Jingdong Financial Technology Holding Co., Ltd.
(Seal of Beijing Jingdong Financial Technology Holding Co., Ltd.)

By: /s/ Richard Qiangdong Liu
Name: Richard Qiangdong Liu
Title: Legal Representative

[Signature Page to Intellectual Property License and Software Technology Services Agreement]

List of Principal Subsidiaries and Consolidated Variable Interest Entities

Place of Incorporation

Subsidiaries:

Jingdong Technology Group Corporation	Cayman Islands
Jingdong Logistics Group Corporation	Cayman Islands
Jingdong E-Commerce (Express) Hong Kong Co., Ltd.	Hong Kong
Jingdong E-Commerce (Trade) Hong Kong Co., Ltd.	Hong Kong
Jingdong E-Commerce (Logistics) Hong Kong Co., Ltd.	Hong Kong
JD.com International Limited	Hong Kong
Beijing Jingdong Century Trade Co., Ltd.	PRC
Beijing Jingdong Century Information Technology Co., Ltd.	PRC
Shanghai Yuanmai Trading Co., Ltd.	PRC
Guangzhou Jingdong Trading Co., Ltd.	PRC
Chengdu Jingdong Century Trading Co., Ltd.	PRC
Wuhan Jingdong Century Trading Co., Ltd.	PRC
Jiangsu Jingdong Information Technology Co., Ltd.	PRC
Beijing Jingdong Shangke Information Technology Co., Ltd.	PRC
Tianjin Star East Co., Ltd.	PRC
Beijing Jingbangda Trade Co., Ltd.	PRC
Shanghai Shengdayuan Information Technology Co., Ltd.	PRC
Chongqing Jingdong Haijia E-commerce Co., Ltd.	PRC
Beijing Jinghui Microcredit Co., Ltd.	PRC
Shanghai Jinghui Microcredit Co., Ltd.	PRC

Consolidated variable interest entities:

Beijing Jingdong 360 Degree E-commerce Co., Ltd.	PRC
Jiangsu Yuanzhou E-commerce Co., Ltd.	PRC
Suqian Limao Donghong Investment Management Co., Ltd.	PRC
Fortune Rising Holdings Limited	British Virgin Islands

Subsidiaries of consolidated variable interest entities:

Beijing Jingdong Financial Technology Holding Co., Ltd.	PRC
Chinabank Payment Technology Co., Ltd.	PRC
Shanghai Banghui Commercial Factoring Co., Ltd.	PRC

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Richard Qiangdong Liu, certify that:

1. I have reviewed this annual report on Form 20-F of JD.com, Inc. (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 Rules 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.

Date: May 1, 2017

By: /s/ Richard Qiangdong Liu

Name: Richard Qiangdong Liu
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sidney Xuande Huang, certify that:

1. I have reviewed this annual report on Form 20-F of JD.com, Inc. (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 function):

(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.

Date: May 1, 2017

By: /s/ Sidney Xuande Huang
Name: Sidney Xuande Huang
Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of JD.com, Inc. (the "Company") on Form 20-F for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Qiangdong Liu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2017

By: /s/ Richard Qiangdong Liu
Name: Richard Qiangdong Liu
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of JD.com, Inc. (the "Company") on Form 20-F for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sidney Xuande Huang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2017

By: /s/ Sidney Xuande Huang
Name: Sidney Xuande Huang
Title: Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-198578) and the Registration Statements on Form F-3 (File Nos. 333-206653 and 333-210795) of JD.com, Inc. of our report dated May 1, 2017 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

Beijing, the People's Republic of China
May 1, 2017

[Zhong Lun Law Firm Letterhead]

May 1, 2017

JD.com, Inc.
20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure” and “Item 4.C. Information on the Company—Organizational Structure” in JD.com, Inc.’s Annual Report on Form 20-F for the year ended December 31, 2016 (the “**Annual Report**”), which will be filed with the Securities and Exchange Commission (the “**SEC**”) on the date hereof, and further consent to the incorporation by reference into the Registration Statement on Form S-8 (File No. 333-198578) pertaining to JD.com, Inc.’s Share Incentive Plan and the Registration Statements on Form F-3 (File Nos. 333-206653 and 333-210795) of the summary of our opinion under the headings “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure” and “Item 4.C. Information on the Company—Organizational Structure” in the Annual Report. We also consent to the filing of this consent letter with the SEC 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.

Very truly yours,

/s/ Zhong Lun Law Firm
