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

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**FORM 20-F**

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(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, 2021.

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

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**JD.com, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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N/A

(Translation of Registrant's Name into English)

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Cayman Islands

(Jurisdiction of Incorporation or Organization)

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Daxing District, Beijing 101111  
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People's Republic of China

(Name, Telephone, E-mail 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	Trading Symbol(s)	Name of Each Exchange On Which Registered
American depositary shares (one American depositary share representing two Class A ordinary shares, par value US\$0.00002 per share)	JD	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)
Class A ordinary shares, par value US\$0.00002 per share	9618	The Stock Exchange of Hong Kong Limited

**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)

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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:

2,690,646,636 Class A ordinary shares (excluding the 40,476,694 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 our Share Incentive Plan) and 428,185,501 Class B ordinary shares, par value US\$0.00002 per share, as of December 31, 2021.

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 every Interactive Data File required to be submitted 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 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.

† 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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

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

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## 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 retail and online marketplace;
- “CCASS” are to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited;
- “China” 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;
- “Companies (WUMP) Ordinance” are to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time;
- “CSRC” are to the China Securities Regulatory Commission;
- “HFCAA” are to the Holding Foreign Companies Accountable Act;
- “HK\$” or “Hong Kong dollars” or “HK dollars” are to Hong Kong dollars, the lawful currency of Hong Kong;
- “Hong Kong” or “HK” or “Hong Kong S.A.R.” are to the Hong Kong Special Administrative Region of the PRC;
- “Hong Kong Listing Rules” are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
- “Hong Kong Share Registrar” are to Computershare Hong Kong Investor Services Limited;
- “Hong Kong Stock Exchange” are to The Stock Exchange of Hong Kong Limited;
- “JD Health” are to JD Health International Inc., a consolidated subsidiary of our company and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 6618), and, except where the context otherwise requires, its subsidiaries and its consolidated variable interest entities and their subsidiaries;
- “JD Logistics” are to JD Logistics, Inc., a consolidated subsidiary of our company and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2618), and, except where the context otherwise requires, its subsidiaries and its consolidated variable interest entities and their subsidiaries;
- “Main Board” are to the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market, or GEM, of the Hong Kong Stock Exchange;
- “ordinary shares” are to our Class A and Class B ordinary shares, par value US\$0.00002 per share;
- “PCAOB” are to the Public Company Accounting Oversight Board of the United States;
- “SEC” are to the United States Securities and Exchange Commission;
- “SFC” are to the Securities and Futures Commission of Hong Kong;

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- “SFO” are to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time; and
- “we,” “us,” “our company” or “our” are to JD.com, Inc., its subsidiaries, and, in the context of describing our operations and consolidated financial information, our consolidated variable interest entities and their subsidiaries. Our consolidated variable interest entities include, among others, Beijing Jingdong 360 Degree E-Commerce Co., Ltd., Jiangsu Yuanzhou E-Commerce Co., Ltd., Xi’an Jingdong Xincheng Information Technology Co., Ltd., Jiangsu Jingdong Bangneng Investment Management Co., Ltd., and Suqian Juhe Digital Enterprise Management Co., Ltd. References to our consolidated variable interest entities may include their subsidiaries, depending on the context as appropriate.

### **Summary of Risk Factors**

An investment in our ADSs or Class A ordinary shares involves significant risks. Below is a summary of material risks we face, organized under relevant headings. These risks are discussed more fully in Item 3.D. Key Information—Risk Factors.

#### ***Risks Related to Our Business***

Risks and uncertainties relating to our business include, but are not limited to, the following:

- If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected;
- We incurred net losses in the past and we may not be able to maintain profitability in the future;
- If we are unable to provide superior customer experience, our business and reputation may be materially and adversely affected;
- 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;
- Any harm to our JD brand or reputation may materially and adversely affect our business and results of operations;
- If we are unable to offer products that attract purchases from new and existing customers, our business, financial condition and results of operations may be materially and adversely affected;
- If we are unable to manage our nationwide fulfillment infrastructure efficiently and effectively, our business prospects and results of operations may be materially and adversely affected;
- We face intense competition. We may not be able to maintain or may lose market share and customers if we fail to compete effectively;
- Our expansion into new product categories and substantial increase in the number of products may expose us to new challenges and more risks;
- If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected;
- Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. 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;

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- The approval of the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval; and
- The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections.
- Our ADSs will be prohibited from trading in the United States under the HFCAA in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or in 2023 if proposed changes to the law are enacted. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely.

### ***Risks Related to Our Corporate Structure***

Risks and uncertainties relating to our corporate structure include, but are not limited to, the following:

- We are a Cayman Islands holding company with no equity ownership in our variable interest entities and we conduct certain of our operations through our variable interest entities, with which we have maintained contractual arrangements. Investors in our ADSs or Class A ordinary shares thus are not purchasing equity interest in our variable interest entities in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, variable interest entities and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with our variable interest entities and, consequently, significantly affect the financial performance of our variable interest entities and our company as a whole. The PRC regulatory authorities could disallow the variable interest entities structure, which would likely result in a material adverse change in our operations, and our ADSs or Class A ordinary shares may decline significantly in value.
- 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; and
- 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.

### ***Risks Related to Doing Business in China***

We are also subject to risks and uncertainties relating to doing business in China in general, including, but are not limited to, the following:

- PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline;
- Changes in China's or global economic, political or social conditions or government policies could have a material and adverse effect on our business and operations;
- Uncertainties with respect to the PRC legal system could adversely affect us;

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- We are subject to consumer protection laws that could require us to modify our current business practices and incur increased costs; and
- We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business and companies.

***Risks Related to Our ADSs and Class A Ordinary Shares***

In addition to the risks described above, we are subject to general risks relating to our ADSs and Class A ordinary shares, including, but not limited to, the following:

- The trading price of our ADSs and Class A ordinary shares have been and are likely to continue to be volatile, which could result in substantial losses to holders of our Class A ordinary shares and/or ADSs;
- We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange;
- We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the price of our Class A ordinary shares and/or ADSs and could diminish our cash reserves; and
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our Class A ordinary shares and/or ADSs and trading volume could decline.

## 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,” “future,” “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 merchants;
- 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 a rapidly 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.

Our reporting currency is the Renminbi, or RMB. This annual report contains translations of RMB and Hong Kong dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise stated, all translations of RMB and Hong Kong dollars into U.S. dollars and from U.S. dollars into RMB in this annual report were made at a rate of RMB6.3726 to US\$1.00 and HK\$7.7996 to US\$1.00, the respective exchange rates on December 30, 2021 set forth in the H.10 statistical release of the Federal Reserve Board. We make no representation that any RMB, Hong Kong dollar or U.S. dollar amounts referred to in this annual report could have been, or could be, converted into U.S. dollars, RMB or Hong Kong dollars, as the case may be, at any particular rate or at all.

**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**

**Our Holding Company Structure and Contractual Arrangements with Our Variable Interest Entities**

JD.com, Inc. is not a Chinese operating company but a Cayman Islands holding company with no equity ownership in its variable interest entities. We conduct our operations in China through (i) our PRC subsidiaries and (ii) our variable interest entities with which we have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign investment in certain value-added telecommunication services and certain other restricted services related to our businesses, such as domestic document delivery services. Accordingly, we operate these businesses in China through our variable interest entities, and rely on contractual arrangements among our PRC subsidiaries, our variable interest entities and their shareholders to control the business operations of our variable interest entities. The external revenues contributed by our variable interest entities accounted for 4.7%, 5.0% and 6.2% of our total revenues for the years of 2019, 2020 and 2021, respectively. As used in this annual report, “we,” “us,” “our company” and “our” refers to JD.com, Inc., its subsidiaries, and, in the context of describing our operations and consolidated financial information, our variable interest entities in China, including but not limited to 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 engages in the business of selling books, audio and video products; Xi’an Jingdong Xincheng Information Technology Co., Ltd., or Xi’an Jingdong Xincheng, which was established in June 2017 and primarily provides technology and consulting services relating to logistics services; Jiangsu Jingdong Bangneng Investment Management Co., Ltd., or Jiangsu Jingdong Bangneng, which was established in August 2015 and primarily engages in business of investment management; and Suqian Juhe Digital Enterprise Management Co., Ltd., or Suqian Juhe, which was established in June 2020 and primarily provides enterprise management services. Investors in our ADSs or Class A ordinary shares are not purchasing equity interest in our variable interest entities in China but instead are purchasing equity interest in a holding company incorporated in the Cayman Islands.

A series of contractual agreements, including loan agreements, exclusive purchase option agreements, exclusive technology consulting and services agreements or exclusive business cooperation agreements, as applicable, intellectual property rights license agreement, equity pledge agreements, powers of attorney, business cooperation agreement and business operations agreements, have been entered into by and among our subsidiaries, our variable interest entities and their respective shareholders. Terms contained in each set of contractual arrangements with our variable interest entities and their respective shareholders are substantially similar. As a result of the contractual arrangements, we have effective control over and are considered the primary beneficiary of these companies, and we have consolidated the financial results of these companies in our consolidated financial statements under the U.S. GAAP for accounting purposes. For more details of these contractual arrangements, see “Item 4.C. Information on the Company—Organizational Structure—Our Consolidated Variable Interest Entities.”

However, the contractual arrangements may not be as effective as direct ownership in providing us with control over our variable interest entities and we may incur substantial costs to enforce the terms of the arrangements. In addition, these agreements have not been tested in China courts. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure— We rely on contractual arrangements with our variable interest entities and their owners for a portion of our business operations, which may not be as effective as direct ownership in providing operational control” and “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure—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.”

Our corporate structure is subject to risks associated with our contractual arrangements with our variable interest entities. If the PRC government deems that our contractual arrangements with 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 or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiaries and variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with our variable interest entities and, consequently, significantly affect the financial performance of our variable interest entities and our company as a whole. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under “Item 3.D. Key Information—Risk Factors—Risks Related to Our Corporate Structure.” Specifically, there are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with our variable interest entities and their shareholders. It is uncertain whether any 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 is 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. 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 “—Our current corporate structure and business operations may be affected by the PRC Foreign Investment Law.”

#### ***Risks and Uncertainties Relating to Doing Business in China***

We face various risks and uncertainties related to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, as well as the lack of inspection by the PCAOB, on our auditor, which may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States stock exchange. These risks could result in a material adverse change in our operations and the value of our ADSs and Class A ordinary shares, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline. For a detailed description of risks related to doing business in China, please refer to risks disclosed under “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China.”

PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline. For more details, see “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs and Class A ordinary shares.”

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs and Class A ordinary shares. For more details, see “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us” and “—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business and companies such as e-commerce business and internet platforms.”

## **The Holding Foreign Companies Accountable Act**

The HFCAA, which was enacted on December 18, 2020, states that if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter market in the United States. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB, which may impact our ability to remain listed on a United States stock exchange. The related risks and uncertainties could cause the value of our ADSs and Class A ordinary shares to significantly decline. For more details, see “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business—The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections” and “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business—Our ADSs will be prohibited from trading in the United States under the HFCAA in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or in 2023 if proposed changes to the law are enacted. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

## **Permissions Required from the PRC Authorities for Our Operations**

We conduct our business primarily through our PRC subsidiaries and variable interest entities in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiaries and variable interest entities have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of our holding company and our variable interest entities in China, including, among others, ICP licenses, Courier Service Operation Permits and Practicing License for Medical Institutions. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. For more detailed information, see “Item 3.D. Key Information—Risk Factors—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 such as e-commerce business and internet platforms.”

Furthermore, in connection with our previous issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules, as of the date of this annual report, we, our PRC subsidiaries and our variable interest entities, (i) are not required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, (ii) are not required to go through cybersecurity review by the Cyberspace Administration of China, or the CAC, and (iii) have not been asked to obtain or were denied such permissions by any PRC authority.

However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For more detailed information, see “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”

## **Cash and Asset Flows through Our Organization**

JD.com, Inc. is a holding company with no operations of its own. We conduct our operations in China primarily through our subsidiaries and consolidated variable interest entities in China. As a result, although other means are available for us to obtain financing at the holding company level, JD.com, Inc.’s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries and license and service fees paid by our PRC consolidated variable interest entities. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to JD.com, Inc. In addition, our PRC subsidiaries are permitted to pay dividends to JD.com, Inc. only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Further, our PRC subsidiaries and consolidated variable interest entities are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Holding Company Structure.”

Under PRC laws and regulations, our PRC subsidiaries and consolidated variable interest entities are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to examination by the banks designated by State Administration of Foreign Exchange, or SAFE. The amounts restricted include the paid-in capital and the statutory reserve funds of our PRC subsidiaries and the net assets of our consolidated variable interest entities in which we have no legal ownership, totaling RMB24.2 billion, RMB28.9 billion and RMB46.4 billion (US\$7.3 billion) as of December 31, 2019, 2020 and 2021, respectively. For risks relating to the fund flows of our operations in China, see “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China— 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.”

Under PRC law, JD.com, Inc. may provide funding to our PRC subsidiaries only through capital contributions or loans, and to our PRC consolidated variable interest entities only through loans, subject to satisfaction of applicable government registration that we are not able to make direct capital contribution.

For the year ended December 31, 2019, JD.com, Inc. received repayment of loans of RMB5.2 billion from our intermediate holding companies and subsidiaries. For the years ended December 31, 2020 and 2021, JD.com, Inc. provided loans of RMB13.4 billion and RMB20.9 billion (US\$3.3 billion) to our intermediate holding companies and subsidiaries respectively.

Most of the time, our variable interest entities may be funded from intermediate holding companies, but certain VIE with function of comprehensive funds management, may also provide loan to other internal entities within our group. Since these VIEs belong to different business units, these funds transferred among business units can’t offset each other. Therefore, for the years ended December 31, 2019, 2020 and 2021, our consolidated variable interest entities received funding by loans and capital contribution of RMB5.6 billion, RMB3.4 billion and RMB11.7 billion (US\$1.8 billion) from our intermediate holding companies, respectively, and also provided loans of RMB1.4 billion for the year ended December 31, 2019 and received repayment of RMB0.3 billion and RMB1.1 billion (US\$0.2 billion) for the years ended December 2020 and 2021, respectively.

JD.com, Inc. has not declared or paid any cash dividends in the past. On April 21, 2022, we announced that our board of directors is considering the declaration and payment of a special dividend in cash. If the board decides to proceed, the declaration of dividend will be adopted by resolution on or about May 4, 2022. See “Item 8.A. Financial Information— Consolidated Statements and Other Financial Information—Dividend Policy.” For PRC and United States federal income tax considerations of an investment in our ADSs, see “Item 10.E. Additional Information—Taxation.”

#### **A. Selected Financial Data**

The following table presents the selected consolidated financial information of our company. As of June 30, 2017, we deconsolidated our finance business operated by Jingdong Digits Technology Holding Co., Ltd. (now known as Jingdong Technology Holding Co., Ltd., or JD Technology), as a result of the reorganization of JD Technology. Accordingly, the historical financial results of JD Technology are reflected as discontinued operations in our consolidated financial statements for period from January 1, 2017 to June 30, 2017. Please see “Item 4.A. Information on the Company—History and Development of the Company” for further information. The selected consolidated statements of operations data for the years ended December 31, 2019, 2020 and 2021, selected consolidated balance sheets data as of December 31, 2020 and 2021, selected consolidated cash flow data for the years ended December 31, 2019, 2020 and 2021 have been derived from our audited consolidated financial statements, which are included in this annual report.

The selected consolidated statements of operations data for the years ended December 31, 2017 and 2018, selected consolidated balance sheets data as of December 31, 2017, 2018 and 2019 and selected consolidated cash flow data for the years ended December 31, 2017 and 2018 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 “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,					
	2017	2018	2019	2020	2021	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions, except for share, per share and per ADS data)					
<b>Selected Consolidated Statements of Operations Data:</b>						
<b>Net Revenues<sup>(1)</sup>:</b>						
Net product revenues	331,824	416,109	510,734	651,879	815,655	127,994
Net service revenues	30,508	45,911	66,154	93,923	135,937	21,332
<b>Total net revenues</b>	<b>362,332</b>	<b>462,020</b>	<b>576,888</b>	<b>745,802</b>	<b>951,592</b>	<b>149,326</b>
Cost of revenues	(311,517)	(396,066)	(492,467)	(636,694)	(822,526)	(129,072)
Fulfillment	(25,865)	(32,010)	(36,968)	(48,700)	(59,055)	(9,267)
Marketing	(14,918)	(19,237)	(22,234)	(27,156)	(38,743)	(6,080)
Research and development	(6,652)	(12,144)	(14,619)	(16,149)	(16,332)	(2,563)
General and administrative	(4,215)	(5,160)	(5,490)	(6,409)	(11,562)	(1,814)
Impairment of goodwill and intangible assets	—	(22)	—	—	—	—
Gain on sale of development properties	—	—	3,885	1,649	767	120
<b>Income/(loss) from operations<sup>(2)(3)</sup></b>	<b>(835)</b>	<b>(2,619)</b>	<b>8,995</b>	<b>12,343</b>	<b>4,141</b>	<b>650</b>
<b>Other income/(expense):</b>						
Share of results of equity investees	(1,927)	(1,113)	(1,738)	4,291	(4,918)	(772)
Interest expense	(964)	(855)	(725)	(1,125)	(1,213)	(190)
Others, net <sup>(4)</sup>	3,847	2,213	7,161	35,310	(590)	(93)
Income/(loss) before tax	121	(2,374)	13,693	50,819	(2,580)	(405)
Income tax expenses	(140)	(427)	(1,803)	(1,482)	(1,887)	(296)
<b>Net income/(loss) from continuing operations</b>	<b>(19)</b>	<b>(2,801)</b>	<b>11,890</b>	<b>49,337</b>	<b>(4,467)</b>	<b>(701)</b>
<b>Net income from discontinued operations, net of tax</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net income/(loss)</b>	<b>(12)</b>	<b>(2,801)</b>	<b>11,890</b>	<b>49,337</b>	<b>(4,467)</b>	<b>(701)</b>
Net loss from continuing operations attributable to non-controlling interests shareholders	(135)	(311)	(297)	(75)	(923)	(145)
Net loss from discontinued operations attributable to non-controlling interests shareholders	(5)	—	—	—	—	—
Net income from continuing operations attributable to mezzanine equity classified as non-controlling interests shareholders	—	2	3	7	16	3
Net income from discontinued operations attributable to mezzanine equity classified as non-controlling interests shareholders	281	—	—	—	—	—
<b>Net income/(loss) attributable to ordinary shareholders</b>	<b>(153)</b>	<b>(2,492)</b>	<b>12,184</b>	<b>49,405</b>	<b>(3,560)</b>	<b>(559)</b>
<b>Including:</b>						
Net loss from discontinued operations attributable to ordinary shareholders	(269)	—	—	—	—	—
<b>Net income/(loss) from continuing operations attributable to ordinary shareholders</b>	<b>116</b>	<b>(2,492)</b>	<b>12,184</b>	<b>49,405</b>	<b>(3,560)</b>	<b>(559)</b>

	For the Year Ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021 RMB	US\$
Net income/(loss) per share	(in millions, except for share, per share and per ADS data)					
Basic						
Continuing operations	0.04	(0.87)	4.18	16.35	(1.15)	(0.18)
Discontinued operations	(0.09)	—	—	—	—	—
Net income/(loss) per share	(0.05)	(0.87)	4.18	16.35	(1.15)	(0.18)
Diluted						
Continuing operations	0.04	(0.87)	4.11	15.84	(1.15)	(0.18)
Discontinued operations	(0.09)	—	—	—	—	—
Net income/(loss) per share	(0.05)	(0.87)	4.11	15.84	(1.15)	(0.18)
Net income/(loss) per ADS <sup>(5)</sup>						
Basic						
Continuing operations	0.08	(1.73)	8.37	32.70	(2.29)	(0.36)
Discontinued operations	(0.19)	—	—	—	—	—
Net income/(loss) per ADS	(0.11)	(1.73)	8.37	32.70	(2.29)	(0.36)
Diluted						
Continuing operations	0.08	(1.73)	8.21	31.68	(2.29)	(0.36)
Discontinued operations	(0.18)	—	—	—	—	—
Net income/(loss) per ADS	(0.11)	(1.73)	8.21	31.68	(2.29)	(0.36)
Weighted average number of shares:						
Basic	2,844,826,014	2,877,902,678	2,912,637,241	3,021,808,985	3,107,436,665	3,107,436,665
Diluted	2,911,461,817	2,877,902,678	2,967,321,803	3,109,024,030	3,107,436,665	3,107,436,665

- (1) Our net revenues include net product revenues and net service revenues. Product sales is further divided into sales of electronics and home appliances products and sales of 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. Net revenues from general merchandise products mainly include revenues from sales of food, beverage and fresh produce, baby and maternity products, furniture and household goods, cosmetics and other personal care items, pharmaceutical and healthcare products, books, automobile accessories, apparel and footwear, bags and jewelry. Net service revenues are further divided into revenues from online marketplace and marketing and revenues from logistics and other services. The following table breaks down our total net revenues by these categories, by amounts and as percentages of total net revenues:

	For the Year Ended December 31,										
	2017		2018		2019		2020		2021		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)										
Electronics and home appliances revenues	236,269	65.2	280,059	60.6	328,703	57.0	400,927	53.8	492,592	77,298	51.8
General merchandise revenues	95,555	26.4	136,050	29.5	182,031	31.5	250,952	33.6	323,063	50,696	33.9
Net product revenues	331,824	91.6	416,109	90.1	510,734	88.5	651,879	87.4	815,655	127,994	85.7
Marketplace and marketing revenues	25,391	7.0	33,532	7.2	42,680	7.4	53,473	7.2	72,118	11,317	7.6
Logistics and other service revenues	5,117	1.4	12,379	2.7	23,474	4.1	40,450	5.4	63,819	10,015	6.7
Net service revenues	30,508	8.4	45,911	9.9	66,154	11.5	93,923	12.6	135,937	21,332	14.3
Total net revenues	362,332	100.0	462,020	100.0	576,888	100.0	745,802	100.0	951,592	149,326	100.0

- (2) Includes share-based compensation expenses as follows:

	For the Year Ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021	
			(in millions)		RMB	US\$
Cost of revenues	(28)	(72)	(82)	(98)	(102)	(16)
Fulfillment	(426)	(419)	(440)	(646)	(882)	(138)
Marketing	(136)	(190)	(259)	(347)	(586)	(92)
Research and development	(671)	(1,163)	(1,340)	(1,400)	(1,781)	(280)
General and administrative	(1,520)	(1,816)	(1,574)	(1,665)	(5,783)	(907)

(3) Includes amortization of business cooperation arrangement and intangible assets resulting from assets and business acquisitions as follows:

	For the Year Ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021	
			(in millions)		RMB	US\$
Fulfillment	(164)	(168)	(165)	(193)	(220)	(35)
Marketing	(1,222)	(1,232)	(637)	(692)	(854)	(134)
Research and development	(84)	(98)	(99)	(99)	(104)	(16)
General and administrative	(308)	(308)	(308)	(309)	(309)	(48)

(4) Interest income was included in Others, net since 2021, and the presentation of prior years was also updated to conform to current presentation.

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

	For the Year Ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021	
			(in millions, except for share data)		RMB	US\$
<b>Selected Consolidated Balance Sheets Data:</b>						
Cash and cash equivalents	25,688	34,262	36,971	86,085	70,767	11,105
Restricted cash	4,110	3,240	2,941	4,434	5,926	930
Short-term investments	8,588	2,036	24,603	60,577	114,564	17,978
Accounts receivable, net	16,359	11,110	6,191	7,112	11,900	1,867
Inventories, net	41,700	44,030	57,932	58,933	75,601	11,863
Property, equipment and software, net	12,574	21,083	20,654	22,597	32,944	5,170
Land use rights, net	7,051	10,476	10,892	11,125	14,328	2,248
Operating lease right-of-use assets	—	—	8,644	15,484	19,987	3,136
Investment in equity investees	18,551	31,357	35,576	58,501	63,222	9,921
Investment securities	10,028	15,902	21,417	39,085	19,088	2,995
Other non-current assets	2,228	5,284	6,806	13,316	21,804	3,423
Total assets	184,055	209,165	259,724	422,288	496,507	77,912
Accounts payable	74,338	79,985	90,428	106,818	140,484	22,045
Accrued expenses and other current liabilities	15,118	20,293	24,656	30,035	34,468	5,409
Non-recourse securitization debt	17,160	4,398	—	—	—	—
Unsecured senior notes	6,447	6,786	6,912	12,854	9,386	1,473
Long-term borrowings	—	3,088	3,139	2,936	—	—
Operating lease liabilities	—	—	8,717	15,763	20,386	3,199
Total liabilities	131,666	132,337	159,099	200,669	249,723	39,187
Total mezzanine equity	—	15,961	15,964	17,133	1,212	190
Total JD.com, Inc. shareholders' equity	52,041	59,771	81,856	187,543	208,911	32,782
Number of outstanding ordinary shares	2,852,663,429	2,894,296,355	2,924,315,263	3,103,499,039	3,110,791,649	3,110,791,649

	For the Year Ended December 31,					
	2017 RMB	2018 RMB	2019 RMB	2020 RMB	2021	
					RMB	US\$
	(in millions)					
<b>Selected Consolidated Cash Flows Data:</b>						
Net cash provided by continuing operating activities	29,342	20,881	24,781	42,544	42,301	6,638
Net cash used in discontinued operating activities	(2,486)	—	—	—	—	—
Net cash provided by operating activities <sup>(6)</sup>	26,856	20,881	24,781	42,544	42,301	6,638
Net cash used in continuing investing activities	(21,944)	(26,079)	(25,349)	(57,811)	(74,248)	(11,651)
Net cash used in discontinued investing activities	(17,871)	—	—	—	—	—
Net cash used in investing activities <sup>(6)</sup>	(39,815)	(26,079)	(25,349)	(57,811)	(74,248)	(11,651)
Net cash provided by continuing financing activities	5,180	11,220	2,572	71,072	19,503	3,060
Net cash provided by discontinued financing activities	14,055	—	—	—	—	—
Net cash provided by financing activities	19,235	11,220	2,572	71,072	19,503	3,060
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(642)	1,682	406	(5,082)	(1,498)	(235)
Net increase/(decrease) in cash, cash equivalents and restricted cash	5,634	7,704	2,410	50,723	(13,942)	(2,188)
Cash, cash equivalents, and restricted cash at beginning of year, including cash and cash equivalents classified within assets held for sale	24,164	29,798	37,502	39,912	90,635	14,223
Less: cash, cash equivalents, and restricted cash classified within assets held for sale at beginning of year	—	—	—	—	116	18
Cash, cash equivalents, and restricted cash at beginning of year	24,164	29,798	37,502	39,912	90,519	14,205
Cash, cash equivalents and restricted cash at end of year, including cash and cash equivalents classified within assets held for sale	29,798	37,502	39,912	90,635	76,693	12,035
Less: cash, cash equivalents, and restricted cash classified within assets held for sale at end of year	—	—	—	116	—	—
Cash, cash equivalents and restricted cash of continuing operations at end of year	29,798	37,502	39,912	90,519	76,693	12,035

(6) As a result of new accounting guidance adopted on January 1, 2018, the consolidated statements of cash flows were retrospectively adjusted to include restricted cash in cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the retrospective reclassification on cash flows of operating activities for the year ended December 31, 2017 was an increase of RMB2,035 million. The impact on cash flows of investing activities for the year ended December 31, 2017 was a decrease of RMB2,317 million.

## Financial Information Related to Our Consolidated Variable Interest Entities

The following table presents the condensed consolidating schedule of financial position for our consolidated variable interest entities and their subsidiaries (collectively, Consolidated Variable Interest Entities or VIEs) and other entities as of the dates presented.

### Selected Condensed Consolidated Statements of Income Information

	For the Year Ended December 31, 2021				
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
Net revenues	—	922,629	117,419	(88,456)	951,592
<i>Third-party revenues</i>	—	892,468	59,124	—	951,592
<i>Inter-company revenues</i>	—	30,161	58,295	(88,456)	—
Cost of revenues	—	(794,102)	(104,564)	76,140	(822,526)
Fulfillment	—	(59,682)	(4,657)	5,284	(59,055)
Marketing	(4)	(36,269)	(3,108)	638	(38,743)
Research and development	—	(17,282)	(5,420)	6,370	(16,332)
General and administrative	(465)	(8,764)	(2,357)	24	(11,562)
Gain on sale of development properties	—	767	—	—	767
<b>Income/(loss) from operations</b>	<b>(469)</b>	<b>7,297</b>	<b>(2,687)</b>	<b>—</b>	<b>4,141</b>
Income/(loss) from subsidiaries and VIEs	(2,708)	(3,226)	—	5,934	—
Other income/(expense), net	(376)	(5,997)	(348)	—	(6,721)
Income/(loss) before tax	(3,553)	(1,926)	(3,035)	5,934	(2,580)
Income tax expenses	(7)	(1,846)	(34)	—	(1,887)
<b>Net income/(loss)</b>	<b>(3,560)</b>	<b>(3,772)</b>	<b>(3,069)</b>	<b>5,934</b>	<b>(4,467)</b>

	For the Year Ended December 31, 2020				
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
Net revenues	—	729,906	86,054	(70,158)	745,802
<i>Third-party revenues</i>	—	708,826	36,976	—	745,802
<i>Inter-company revenues</i>	—	21,080	49,078	(70,158)	—
Cost of revenues	—	(621,000)	(74,425)	58,731	(636,694)
Fulfillment	—	(50,738)	(2,949)	4,987	(48,700)
Marketing	(11)	(25,673)	(1,886)	414	(27,156)
Research and development	—	(16,875)	(5,265)	5,991	(16,149)
General and administrative	(453)	(4,368)	(1,623)	35	(6,409)
Gain on sale of development properties	—	1,649	—	—	1,649
<b>Income/(loss) from operations</b>	<b>(464)</b>	<b>12,901</b>	<b>(94)</b>	<b>—</b>	<b>12,343</b>
Income/(loss) from subsidiaries and VIEs	50,154	(550)	—	(49,604)	—
Other income/(expense), net	(266)	39,018	(276)	—	38,476
Income/(loss) before tax	49,424	51,369	(370)	(49,604)	50,819
Income tax expenses	(19)	(1,411)	(52)	—	(1,482)
<b>Net income/(loss)</b>	<b>49,405</b>	<b>49,958</b>	<b>(422)</b>	<b>(49,604)</b>	<b>49,337</b>

For the Year Ended December 31, 2019					
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
Net revenues	—	565,095	59,306	(47,513)	576,888
<i>Third-party revenues</i>	—	550,043	26,845	—	576,888
<i>Inter-company revenues</i>	—	15,052	32,461	(47,513)	—
Cost of revenues	—	(481,740)	(52,379)	41,652	(492,467)
Fulfillment	—	(37,280)	(2,863)	3,175	(36,968)
Marketing	(301)	(21,119)	(891)	77	(22,234)
Research and development	—	(13,533)	(3,659)	2,573	(14,619)
General and administrative	(470)	(2,996)	(2,060)	36	(5,490)
Gain on sale of development properties	—	3,885	—	—	3,885
<b>Income/(loss) from operations</b>	<b>(771)</b>	<b>12,312</b>	<b>(2,546)</b>	<b>—</b>	<b>8,995</b>
Income/(loss) from subsidiaries and VIEs	12,576	(2,262)	—	(10,314)	—
Other income/(expense), net	379	3,961	358	—	4,698
Income/(loss) before tax	12,184	14,011	(2,188)	(10,314)	13,693
Income tax expenses	—	(1,723)	(80)	—	(1,803)
<b>Net income/(loss)</b>	<b>12,184</b>	<b>12,288</b>	<b>(2,268)</b>	<b>(10,314)</b>	<b>11,890</b>

#### Selected Condensed Consolidated Balance Sheets Information

As of December 31, 2021					
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
<b>Assets</b>					
Cash and cash equivalents	7,417	57,799	5,551	—	70,767
Restricted cash	—	5,917	9	—	5,926
Short-term investments	1	108,837	5,726	—	114,564
Accounts receivable, net	—	7,601	4,299	—	11,900
Inventories, net	—	71,765	3,836	—	75,601
Internal balance	65,120	42,751	—	(107,871)	—
Investment in equity investees	—	40,475	22,747	—	63,222
Investments in subsidiaries and VIEs	148,607	1,138	—	(149,745)	—
Investment securities	—	15,881	3,207	—	19,088
Property, equipment and software, net	—	24,376	8,568	—	32,944
Operating lease right-of-use assets	—	7,922	14,472	(2,407)	19,987
Prepayments and other assets	419	70,441	11,723	(75)	82,508
<b>Total assets</b>	<b>221,564</b>	<b>454,903</b>	<b>80,138</b>	<b>(260,098)</b>	<b>496,507</b>
<b>Liabilities</b>					
Short-term debts	2,869	1,499	—	—	4,368
Accounts payable	—	132,638	7,846	—	140,484
Internal balance	—	65,120	42,787	(107,907)	—
Operating lease liabilities	—	8,034	14,785	(2,433)	20,386
Unsecured senior notes	9,461	—	—	(75)	9,386
Accrued expenses and other liabilities	323	62,336	12,440	—	75,099
<b>Total liabilities</b>	<b>12,653</b>	<b>269,627</b>	<b>77,858</b>	<b>(110,415)</b>	<b>249,723</b>
Convertible redeemable non-controlling interests	—	467	745	—	1,212
<b>Total shareholders' equity</b>	<b>208,911</b>	<b>184,809</b>	<b>1,535</b>	<b>(149,683)</b>	<b>245,572</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>221,564</b>	<b>454,903</b>	<b>80,138</b>	<b>(260,098)</b>	<b>496,507</b>

	As of December 31, 2020				Consolidated Total
	Parent	Subsidiaries	Consolidated Variable Interest Entities	Eliminations	
	(RMB in millions)				
<b>Assets</b>					
Cash and cash equivalents	25,544	58,159	2,382	—	86,085
Restricted cash	—	4,371	63	—	4,434
Short-term investments	3,437	52,792	4,348	—	60,577
Accounts receivable, net	—	3,768	3,344	—	7,112
Inventories, net	—	55,377	3,556	—	58,933
Internal balance	49,555	28,586	—	(78,141)	—
Investment in equity investees	—	38,237	20,264	—	58,501
Investments in subsidiaries and VIEs	121,231	—	—	(121,231)	—
Investment securities	—	35,455	3,630	—	39,085
Property, equipment and software, net	—	16,033	6,564	—	22,597
Operating lease right-of-use assets	—	4,316	12,282	(1,114)	15,484
Prepayments and other assets	3,889	56,508	9,161	(78)	69,480
<b>Total assets</b>	<b>203,656</b>	<b>353,602</b>	<b>65,594</b>	<b>(200,564)</b>	<b>422,288</b>
<b>Liabilities</b>					
Accounts payable	—	99,444	7,374	—	106,818
Internal balance	—	49,555	28,571	(78,126)	—
Operating lease liabilities	—	4,408	12,472	(1,117)	15,763
Unsecured senior notes	12,932	—	—	(78)	12,854
Long-term borrowings	2,936	—	—	—	2,936
Accrued expenses and other liabilities	245	51,172	10,881	—	62,298
<b>Total liabilities</b>	<b>16,113</b>	<b>204,579</b>	<b>59,298</b>	<b>(79,321)</b>	<b>200,669</b>
Convertible redeemable non-controlling interests	—	16,407	726	—	17,133
<b>Total shareholders' equity</b>	<b>187,543</b>	<b>132,616</b>	<b>5,570</b>	<b>(121,243)</b>	<b>204,486</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>203,656</b>	<b>353,602</b>	<b>65,594</b>	<b>(200,564)</b>	<b>422,288</b>

#### Selected Condensed Consolidated Cash Flows Information

	For the Year Ended December 31, 2021				Consolidated Total
	Parent	Subsidiaries	Consolidated Variable Interest Entities	Eliminations	
	(RMB in millions)				
<b>Net cash provided by/(used in) operating activities</b>	<b>(411)</b>	<b>41,119</b>	<b>1,593</b>	<b>—</b>	<b>42,301</b>
<b>Cash flows from investing activities</b>					
(Increase)/decrease in short-term investments, net	3,357	(56,448)	(1,231)	—	(54,322)
Prepayments and investments in equity investees	—	(6,356)	(5,220)	—	(11,576)
Loans (provided to)/settled by internal companies	(20,900)	(11,717)	1,122	31,495	—
Cash paid for property, equipment, software and construction in progress	—	(9,848)	(4,582)	—	(14,430)
Other investing activities	3,147	3,111	(178)	—	6,080
<b>Net cash used in investing activities</b>	<b>(14,396)</b>	<b>(81,258)</b>	<b>(10,089)</b>	<b>31,495</b>	<b>(74,248)</b>
<b>Cash flows from financing activities</b>					
Capital injection from non-controlling interest shareholders	—	27,600	62	—	27,662
Increase/(decrease) in short-term borrowings, net	—	1,251	(100)	—	1,151
Net proceeds from internal companies	—	19,778	11,717	(31,495)	—
Repayment of unsecured senior notes	(3,246)	—	—	—	(3,246)
Other financing activities	62	(6,058)	(68)	—	(6,064)
<b>Net cash provided by/(used in) financing activities</b>	<b>(3,184)</b>	<b>42,571</b>	<b>11,611</b>	<b>(31,495)</b>	<b>19,503</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(136)	(1,362)	—	—	(1,498)
<b>Net increase/(decrease) in cash, cash equivalents and restricted cash</b>	<b>(18,127)</b>	<b>1,070</b>	<b>3,115</b>	<b>—</b>	<b>(13,942)</b>
Cash, cash equivalents and restricted cash at beginning of year, including cash and cash equivalents classified within assets held for sale	25,544	62,646	2,445	—	90,635
Less: cash, cash equivalents and restricted cash classified within assets held for sale at beginning of year	—	116	—	—	116
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<b>25,544</b>	<b>62,530</b>	<b>2,445</b>	<b>—</b>	<b>90,519</b>
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>7,417</b>	<b>63,716</b>	<b>5,560</b>	<b>—</b>	<b>76,693</b>

For the Year Ended December 31, 2020					
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
<b>Net cash provided by/(used in) operating activities</b>	(243)	32,875	9,912	—	42,544
<b>Cash flows from investing activities</b>					
Increase in short-term investments, net	(3,421)	(30,493)	(1,685)	—	(35,599)
Investment in subsidiaries	—	(2,000)	—	2,000	—
Prepayments and investments in equity investees	—	(12,317)	(4,622)	—	(16,939)
Loans (provided to)/settled by internal companies	(13,421)	(1,428)	306	14,543	—
Cash paid for property, equipment, software and construction in progress	—	(7,477)	(3,442)	—	(10,919)
Other investing activities	40	7,216	(1,610)	—	5,646
<b>Net cash used in investing activities</b>	<b>(16,802)</b>	<b>(46,499)</b>	<b>(11,053)</b>	<b>16,543</b>	<b>(57,811)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of ordinary shares	31,342	—	—	—	31,342
Capital injection from controlling shareholders	—	—	2,000	(2,000)	—
Capital injection from non-controlling interest shareholders	—	34,564	15	—	34,579
Increase in short-term borrowings, net	—	(932)	(884)	—	(1,816)
Net proceeds from internal companies	—	13,115	1,428	(14,543)	—
Proceeds from unsecured senior notes	6,804	—	—	—	6,804
Other financing activities	236	(173)	100	—	163
<b>Net cash provided by financing activities</b>	<b>38,382</b>	<b>46,574</b>	<b>2,659</b>	<b>(16,543)</b>	<b>71,072</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,369)	(2,713)	—	—	(5,082)
Net increase in cash, cash equivalents and restricted cash	18,968	30,237	1,518	—	50,723
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<b>6,576</b>	<b>32,409</b>	<b>927</b>	<b>—</b>	<b>39,912</b>
Cash, cash equivalents and restricted cash at end of year, including cash and cash equivalents classified within assets held for sale	25,544	62,646	2,445	—	90,635
Less: cash, cash equivalents and restricted cash classified within assets held for sale at end of year	—	116	—	—	116
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>25,544</b>	<b>62,530</b>	<b>2,445</b>	<b>—</b>	<b>90,519</b>

For the Year Ended December 31, 2019					
	Parent	Subsidiaries	Consolidated Variable Interest Entities (RMB in millions)	Eliminations	Consolidated Total
<b>Net cash provided by operating activities</b>	698	23,129	954	—	24,781
<b>Cash flows from investing activities</b>					
Increase in short-term investments, net	—	(20,493)	(1,990)	—	(22,483)
Prepayments and investments in equity investees	—	(9,164)	(1,344)	—	(10,508)
Loans (provided to)/settled by internal companies	5,203	(5,589)	(1,428)	1,814	—
Cash paid for property, equipment, software and construction in progress	—	(6,240)	(1,679)	—	(7,919)
Other investing activities	(1,632)	17,202	(9)	—	15,561
<b>Net cash provided by/(used in) investing activities</b>	<b>3,571</b>	<b>(24,284)</b>	<b>(6,450)</b>	<b>1,814</b>	<b>(25,349)</b>
<b>Cash flows from financing activities</b>					
Capital injection from non-controlling interest shareholders	—	6,557	92	—	6,649
Increase in short-term borrowings, net	—	(29)	(137)	—	(166)
Proceeds from/(repayment to) internal companies	—	(3,774)	5,588	(1,814)	—
Other financing activities	(19)	(3,892)	—	—	(3,911)
<b>Net cash provided by/(used in) financing activities</b>	<b>(19)</b>	<b>(1,138)</b>	<b>5,543</b>	<b>(1,814)</b>	<b>2,572</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	129	277	—	—	406
Net increase/(decrease) in cash, cash equivalents and restricted cash	4,379	(2,016)	47	—	2,410
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<b>2,197</b>	<b>34,425</b>	<b>880</b>	<b>—</b>	<b>37,502</b>
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>6,576</b>	<b>32,409</b>	<b>927</b>	<b>—</b>	<b>39,912</b>

**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 continued to grow in recent years, and we expect continued growth in our business and revenues. We plan to further invest in technologies, expand our fulfillment infrastructure and increase our product and service offerings. For example, in 2021, we recruited new employees in connection with the expansion of our fulfillment infrastructure and strengthening of our supply chain-based technology and service capability. We will continue to invest resources in training, managing and motivating our workforce. We also plan to continue to build our warehouses and establish new fulfillment facilities in additional locations across China, including smaller, less developed areas. In addition, as we continue to increase our product and service offerings, we will need to work with a large number of new suppliers and third-party merchants efficiently and establish and maintain mutually beneficial relationships with our existing and new suppliers and third-party merchants. 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. 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.

*We incurred net losses in the past and we may not be able to maintain profitability in the future.*

We had net income of RMB11,890 million, net income of RMB49,337 million and net loss of RMB4,467 million (US\$701 million) in 2019, 2020 and 2021, respectively. We had an accumulated deficit of RMB11,913 million, retained earnings of RMB37,418 million and retained earnings of RMB33,805 million (US\$5,305 million) as of December 31, 2019, 2020 and 2021, respectively.

We cannot assure you that we will be able to generate net income in the future. Our ability to achieve and maintain 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 for the foreseeable future in our technology platform and fulfillment infrastructure to support an even larger selection of products and to offer additional value-added services. As a result of the foregoing, we may not be able to maintain our profitability 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, attract and regulate third-party merchants on our online marketplace, 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 third-party couriers, to deliver our products. Interruptions or failures in our delivery services or third-party couriers 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, virus outbreaks, 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 third-party couriers act on our behalf and, in most instances, 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. If we are not able to manage our logistics services successfully, opening these services to third parties could divert the resources available to our retail business and affect customer experience. 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. In certain instances, our customers may be referred to our affiliates when using our services. Even though we do not necessarily have control over these affiliates, any negative customer experience associated with them may adversely affect our brand and reputation.

We operate three 24-7 customer service centers in Suqian, Yangzhou and Chengdu, handling all kinds of customer queries and complaints regarding our products and services. As of December 31, 2021, we had over 14,000 customer service representatives at these three centers. There is no assurance that we will be able to maintain a low turnover rate of existing employees and 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.

***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 business, prospects and results of operations.***

We generate the majority 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:

- the growth of internet, broadband, personal computer and mobile penetration and usage in China, and the rate of any such growth;

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- the consumers' trust and confidence level towards online retail in China, as well as changes in customer demographics and consumer tastes and preferences;
- the selection, price and popularity of products as well as promotions 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 mobile apps and websites and to 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. The majority 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.

### ***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 merchants 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:

- provide a compelling 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;
- support third-party merchants to provide satisfactory customer experience through our online marketplace;
- increase brand awareness through marketing and brand promotion activities; and
- preserve our reputation and goodwill in the event of any negative publicity, including those on customer service, customer and supplier relationships, 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 mobile apps and 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, as well as products sold by third-party merchants through our online marketplace, it may be difficult to maintain and grow our customer base, and our business and growth prospects may be materially and adversely affected.

Any actual or alleged illegal activities by our employees (including our senior management) could subject us to liability or negative publicity. These activities may also affect our employees' ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

***If we are unable to offer products that attract purchases from new and 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 purchases from new customers and existing customers. Constantly changing consumer preferences have affected and will continue to affect the retail industry, in particular the online retail industry. We must stay abreast of emerging consumer preferences and anticipate product trends that will appeal to existing and potential customers. We have been making progress in leveraging artificial intelligence, or AI, technologies to generate personalized recommendations to customers for products in which they may be interested. Each product page typically has recommendations of similar products or other products that are often purchased together with that product. In addition, our mobile apps and websites make recommendations to customers according to a comprehensive dataset compiled based on customers' shopping behavior. 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 products on our mobile apps and 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, or if we cannot maintain a steady supply of products they desire. If our customers cannot find their desired products on our mobile apps and websites at attractive prices, they may lose interest in us and visit our mobile apps and websites less frequently or even stop visiting our mobile apps and websites altogether, which in turn may materially and adversely affect our business, financial condition and results of operations.

***If we are unable to manage our nationwide fulfillment infrastructure efficiently and effectively, our business prospects 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, 2021, our warehouse network covered almost all counties and districts across China, consisting of over 1,300 warehouses operated by us and over 1,700 cloud warehouses operated by third-party warehouse owner-operators under JD Logistics Open Warehouse Platform. As of December 31, 2021, our warehouse network had an aggregate gross floor area, or GFA, of over 24 million square meters, including the GFA of the cloud warehouses under JD Logistics Open Warehouse Platform.

Our comprehensive fulfillment facilities covered almost all the counties and districts across China, and we had 298,717 warehouse and delivery personnel as of December 31, 2021. We are constructing our warehouses to increase our storage capacity and to restructure and reorganize our fulfillment workflow and processes. In April 2017, we opened up our fulfillment infrastructure to third-parties and established a new business group, JD Logistics, to provide integrated supply chain solutions and logistics services to third-party businesses across a wide range of industries. JD Logistics provides these businesses with comprehensive supply chain solutions, including warehousing and distribution services, express and freight services and other value-added services. In October 2018, JD Logistics opened up its leading logistics network to consumers, offering parcel delivery service to users in certain regions. Leveraging our extensive delivery network, users in these areas can conveniently send items intra-city and throughout most of mainland China with our same fast and reliable delivery service. In April 2019, JD Logistics introduced its new cold chain service which utilizes idle capacity in the industry to offer cold chain transport services. Combined with JD Logistics's previously launched cold chain services, it has formed a one-stop shop from Factory to Business to Customer (F2B2C) cold chain delivery system to meet the service demands of manufacturers, third-party merchants, and consumers. JD Logistics has experienced rapid growth since its inception. However, the increase in demand for our logistics services may result in additional challenges in operating our fulfillment infrastructure. For example, increasing volume of parcels may cause delay for our delivery services, or we may be required to make significant capital expenditure to further expand our existing fulfillment facilities to handle the increasing orders both from our online marketplace and from third-party businesses. In addition, the development of logistics business is capital intensive. To address such capital requirement, in February 2018, we entered into definitive agreements with third-party investors for the financing of JD Logistics. JD Logistics raised a total amount of US\$2.5 billion by issuing series A preference shares to third-party investors, who owned an aggregate of approximately 19% stake in JD Logistics on a fully diluted basis. On May 28, 2021, shares of JD Logistics commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "2618." Net proceeds of this global offering, including proceeds from exercise of the over-allotment options by the underwriters, amounted to RMB22.9 billion (after deducting underwriting commissions, share issuance costs and the offering expenses). However, JD Logistics may require additional capital resources due to further developments or changed business conditions. JD Logistics 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 Logistics, and the investors may have a strategy or objective different from ours with respect to JD Logistics or impose conditions that could restrict the operations of JD Logistics. 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. In addition, JD Logistics may from time to time need to adjust certain elements of its operations in response to evolving economic conditions and business needs. These adjustments, however, may not be sufficient to allow JD Logistics to address the various challenges it faces or improve its results of operations and financial performance as expected. Furthermore, if the compensation package offered is not competitive in the market, JD Logistics may not be able to provide sufficient incentives to maintain stable and dedicated warehousing, delivery personnel and other labor support, which may result in disruption to or delay in its delivery services. Any failure to address these risks and uncertainties could materially and adversely affect JD Logistics's results of operations and financial performance and its prospects of achieving profitability, which could have a material adverse impact on our business development, financial conditions and results of operations.

We also plan to continue the establishment of fulfillment facilities at additional locations, including those smaller and less developed areas, to further enhance our ability to deliver products to customers directly ourselves. 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.

***We face intense competition. We may not be able to maintain or may lose market share and customers if we fail to compete effectively.***

The retail industry in China, in particular the online retail industry, is intensely competitive. We compete for customers, orders, products and third-party merchants. 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, 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 "Information on the Company—Business Overview—Competition." In addition, new and enhanced technologies may increase the competition in the 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 and market share and impact 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, higher penetration in certain regions 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 websites, mobile apps 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.

***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 apparel and footwear, bags, watches, jewelry, household goods, cosmetics, personal care products, baby and maternity products, food and beverages, fresh produce, fitness equipment, autoparts, pharmaceutical products, nutritional supplements, healthcare equipment, industrial products, and books and virtual goods. Expansion into diverse new product categories and substantially increased number of products and stock keeping units 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 target 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.

Our net inventories have increased significantly in recent periods, from RMB57,932 million as of December 31, 2019, to RMB58,933 million as of December 31, 2020, and further to RMB75,601 million (US\$11,863 million) as of December 31, 2021. Our annual inventory turnover days were 35.8 days in 2019, 33.3 days in 2020 and 30.3 days in 2021. Annual inventory turnover days are the quotient of average inventory over the immediately preceding five quarters, up to and including the last quarter of the annual period, to cost of revenues of retail business for that annual period, and then multiplied by 360 days. 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. 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, such as decreased consumer spending, increased competition, slowdown in the growth or contraction of the retail or online retail industry in China, fulfillment bottlenecks, emergence of alternative business models, changes in government policies or general economic conditions, and natural disasters or virus outbreaks. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the market price of our Class A ordinary shares and/or ADSs could decline.

***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 RMB22,234 million and RMB27,156 million and RMB38,743 million (US\$6,080 million) of marketing expenses in 2019, 2020 and 2021, 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 on favorable terms, our business and growth prospects may suffer.***

We source products from third-party suppliers for our retail business. We had over 40,000 suppliers as of December 31, 2021. Our suppliers include domestic and cross-border 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 relationships 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, customs and import restrictions, 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 retail business were 54.5 days in 2019, 47.1 days in 2020 and 45.3 days in 2021, respectively. Annual accounts payable turnover days are the quotient of average accounts payable for retail business over the immediately preceding five quarters, up to and including the last quarter of the annual period, to cost of revenues of retail business for that annual period, and then multiplied by 360 days. 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. Any disputes with suppliers could adversely affect our reputation and subject us to damages and negative publicity. 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 regional fulfillment centers, front distribution centers, other additional 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 and safe operation of our regional fulfillment centers, front distribution centers, other additional 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 regional fulfillment centers were to operate at a lower capacity or rendered incapable of operations, then we may be unable to fulfill any orders in a timely manner or at all in any of the provinces that rely on that center. For example, business operations at our fulfillment centers could be disrupted if any of our employees working therein are suspected of being infected with the COVID-19, since it could require our employees to be quarantined and/or our offices to be disinfected. 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 other than in connection with the fixed business premises of our 7FRESH business, 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.

Safe operations are critical to us. Our operations of warehouses and delivery services are also subject to various laws and regulations on safety, such as the Work Safety Law which requires, among other things, that the production and operation entities in emerging industries and fields such as platform economy shall, based on the characteristics of their respective industries and fields, establish, improve and implement a responsibility system for the work safety of employees, as well as strengthen the education and training on work safety for employees. See “Item 4.B. Business Overview—Regulations—Regulations Relating to Product Quality, Consumer Protection and Operation Safety” for more details. If we fail to ensure safety in the operations of our fulfillment infrastructure or road transportation, we may suffer from the adverse impact of accidents happened in our workspace or in transit, which could result in personal injury and loss of property and subject us to fines, penalties or mandatory corrective measures imposed by government authorities for violation of laws and regulations on safety. The occurrence of such accidents could materially and adversely affect our business, reputation, financial condition and results of operations.

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

We have invested significant resources in expanding and will continue to expand our fulfillment infrastructure and upgrade our technology platform. In connection with our expansion of our fulfillment infrastructure, we had paid an aggregate of approximately RMB35.2 billion (US\$5.5 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2021. We sold certain of our development properties since 2019 and had received an aggregate of proceeds of RMB16.2 billion (US\$2.5 billion) as of December 31, 2021. We seek to realize development profits and recycle capital from development properties to fund new developments and scale the business. This initiative, however, may not always be successful. See “Item 4.A. Information on the Company—History and Development of the Company” for further information. We also paid significant amounts for upgrading our technology platform during the same periods. We expect to continue to invest in our fulfillment and technology capabilities for a number of years. We also intend to continue to add resources to our fulfillment infrastructure and upgrade our 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 businesses. 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 merchants 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 regional fulfillment centers or front distribution centers to delivery stations or to deliver bulky item products. Third-party merchants 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, virus outbreaks, 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 may be materially and adversely affected.

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

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 merchants 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 mobile apps and websites. If any third-party merchant does not control the quality of the products that it sells on our mobile apps and websites, fails to timely deliver the products to customers, delivers products that are faulty or materially different from description, sells counterfeit or unlicensed products, or sells 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 merchant, the reputation of our online marketplace and our JD brand may be materially and adversely affected and we could face claims to hold us liable for the losses. 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 retail. 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 retail 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 merchants, and we may not be successful in this regard.

***Failure to deal effectively with any fictitious transactions or other fraudulent conduct 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 merchants 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 transaction volume from our online marketplace. Moreover, illegal, fraudulent or collusive activities by our employees, such as fraud, bribery or corruption, could also subject us to liability or negative publicity or cause losses. 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 merchants 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 facilitate the achievement of 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 our investments in and consolidation of Dada Nexus Limited, or Dada Group, a Nasdaq-listed company and a leading local on-demand delivery and retail platform in China, our acquisition of Yihaodian marketplace platform assets from Wal-Mart Stores, Inc., or Walmart, a NYSE-listed company, including the Yihaodian brand, mobile apps and websites, and our investments in Yonghui Superstores Co., Ltd., or Yonghui, a company listed on the Shanghai Stock Exchange and a leading hypermarket and supermarket operator in China, China United Network Communications Limited, or China Unicom, a company listed on the Shanghai Stock Exchange and a Chinese telecommunications operator, Vipshop Holdings Limited, or Vipshop, a NYSE-listed online discount retailer for brands in China, Dalian Wanda Commercial Properties Co., Ltd., or Wanda Commercial Properties, a leading developer, owner and operator of commercial properties in China, ATRenew Inc. (formerly known as AiHuiShou International Co. Ltd.), or ATRenew, a NYSE-listed company which operates an online second-hand consumer electronics trading platform, Xingsheng Preference Electronic Business Limited, or Xingsheng, a leading community group buying e-commerce platform that serves community families with fresh foods and daily necessities, and our acquisition of Jiangsu Five Star Appliance Co., Ltd., or Jiangsu Five Star, one of the leading offline retailers of home appliances and consumer electronics in China, Kuayue-Express Group Co., LTD., or Kuayue Express, a renowned modern integrated express transportation enterprise specializing in “limited-time express service” in China, and China Logistics Property Holdings Co., Ltd., or CNLP, a company listed on the Hong Kong Stock Exchange primarily engaged in the leasing of storage facilities and the related management services in the PRC. See “Item 4.A. Information on the Company—History and Development of the Company—Our Major Investments.” We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets, as well as strategic investments, joint ventures and alliances.

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.

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. As of December 31, 2021, we had net intangible assets of RMB5.8 billion (US\$0.9 billion) and goodwill of RMB12.4 billion (US\$2.0 billion). In the event that a decline in fair value below the carrying value of our equity method investments is other-than-temporary, or the carrying amount of a reporting unit to which goodwill is allocated exceeds its fair value, we may have to record actual or potential impairment charges of investments in equity investees or intangible assets and goodwill recorded in connection with invested businesses. 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 2021, our share of results of equity investees was a loss of RMB4.9 billion (US\$0.8 billion), primarily consisting of non-cash impairments and partially offset by the net picked up gains recognized from our equity method investments. We may not always be able to obtain gains from the 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. When our share of losses in the equity investees equals or exceeds our interest in the equity investees, we do not recognize further losses, unless we have incurred obligations or made payments or guarantees on behalf of the equity investees or unless we have other investments in the equity investees. We may continue to incur impairment charges in connection with our investments or acquisitions and pick up the losses by our equity investments, especially due to the significant uncertainties of COVID-19’s future impact, which could depress our profitability and have a material adverse impact on our financial results. We measure long-term investments other than equity method investments at fair value through earnings, which could vary significantly year to year. We recorded a gain of RMB3.5 billion, a gain of RMB29.5 billion and a loss of RMB7.3 billion (US\$1.1 billion) resulting from the fair value change in long-term investments in 2019, 2020 and 2021, respectively.

These and other risks could also lead to negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses, and may force us to incur significant additional expenses and allocate significant management and human resources to rectify or improve these companies' corporate governance standards or internal controls and systems.

***We may be subject to legal, regulatory and/or administrative proceedings.***

We may be subject to litigation and regulatory proceedings inside and outside China relating to third-party and principal intellectual property infringement claims, contract disputes involving third-party merchants and consumers on our platforms, consumer protection claims, claims relating to data and privacy protection, employment related cases, cross-border payment and settlement disputes and other matters in the ordinary course of our business. As we routinely enter into business contracts with our suppliers, third-party merchants and consumers on our platform, we have been and may continue to be involved in legal proceedings arising from contract disputes, including being named as a co-defendant in lawsuits filed against our suppliers by third parties. For example, between July and August 2019, two lawsuits were filed against us involving claims plus damages due to late payments as well as litigation related expenses. The plaintiffs in these two lawsuits are seeking damages in an aggregate amount of approximately RMB5 billion. We believe these lawsuits are without merit and we are defending ourselves vigorously. However, there is uncertainty regarding the timing or ultimate resolution of these two lawsuits and the other legal proceedings in which we are involved. We anticipate that we will continue to be subject to legal, regulatory and/or administrative proceedings in the future incidental to our ordinary course of business. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. In addition, we may decide to enter into settlements that may adversely affect our results of operations and financial condition.

As our digital economy expands, including across jurisdictions and through the addition of new businesses, we may encounter a variety of these claims, including those brought against us pursuant to anti-monopoly or unfair competitions laws or involving higher amounts of alleged damages. Laws, rules and regulations may vary in their scope and overseas laws and regulations may impose requirements that are more stringent than, or which conflict with, those in China. We have acquired and may acquire companies that may become subject to litigation, as well as regulatory proceedings. In addition, in connection with litigation or regulatory proceedings we may be subject to in various jurisdictions, we may be prohibited by laws, regulations or government authorities in one jurisdiction from complying with subpoenas, orders or other requests from courts or regulators of other jurisdictions, including those relating to data held in or with respect to persons in these jurisdictions. Our failure or inability to comply with the subpoenas, orders or requests could subject us to fines, penalties or other legal liability, which could have a material adverse effect on our reputation, business, results of operations and the trading price of our Class A ordinary shares and/or ADSs.

As a publicly-listed company, we may face additional exposure to claims and lawsuits inside and outside China, including securities law class actions. We will need to defend against these lawsuits, including any appeals should our initial defense be successful. The litigation process may utilize a material portion of our cash resources and divert management's attention away from the day-to-day operations of our company, all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material adverse effect on our reputation, business and results of operations. In addition, although we have obtained directors' and officers' liability insurance, the insurance coverage may not be adequate to cover our obligations to indemnify our directors and officers, fund a settlement of litigation in excess of insurance coverage or pay an adverse judgment in litigation. Certain of our directors may be subject to alleged class actions due to their current or previous directorships in other listed companies. Our directors and executive officers may also face litigation or proceedings (including alleged or future securities class action) unrelated to their respective capacity as a director or executive officer of our company, and such litigation or proceedings may adversely affect our public image and reputation.

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

***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 our 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. In addition, we do not have key-man insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

***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.***

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. 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, 2021, we employed a total of 298,717 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 personnel 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 regional 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 workforce, our cost structure is more vulnerable to labor costs than that of many of our competitors, which may put us at a competitive disadvantage. Therefore, to maintain and enhance our competitiveness, we may from time to time need to adjust certain elements of our operations in response to evolving economic conditions and business needs. These adjustments, however, may not be sufficient to allow JD Logistics to address the various challenges it faces or improve its results of operations and financial performance as expected. Furthermore, if the compensation package offered is not competitive in the market, JD Logistics may not be able to provide sufficient incentives to or maintain stable and dedicated warehousing, delivery personnel and other labor support. Any failure to address these risks and uncertainties could materially and adversely affect JD Logistics's results of operations and financial performance and its prospects of achieving profitability, which could have a material adverse impact on our business development, financial conditions and results of operations. 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 have conflicts of interest with our subsidiaries that are stand-alone public companies.***

Certain of our subsidiaries have become stand-alone public companies. On December 8, 2020, shares of JD Health, our consolidated subsidiary, commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "6618." On May 28, 2021, shares of JD Logistics, our consolidated subsidiary, commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "2618."

We currently offer different types of support to JD Health and JD Logistics to facilitate the marketing and implementation of their services. We have entered into and may, in the future, enter into various transactions and agreements with JD Health and JD Logistics. JD Health and JD Logistics have their respective audit committee, each consisting of independent non-executive directors, to review and approve all proposed connected transactions as defined in the listing rules of the Hong Kong Stock Exchange, including any transactions between us and JD Health or JD Logistics, as applicable. We have an audit committee, consisting of independent directors, to review and approve all material related party transactions, including any material transactions between us and JD Health or JD Logistics, as applicable. We believe that the transactions and agreements that we have entered into with JD Health and JD Logistics are on terms that are negotiated on an arm's length basis.

In addition, we may acquire or invest in publicly traded companies from time to time. For example, following the closing of our share subscription with Dada Group, a Nasdaq-listed company and a leading local on-demand delivery and retail platform in China, on February 28, 2022, we held approximately 52% of Dada Group's issued and outstanding shares and began to consolidate the financial results of Dada Group into ours.

However, as we remain a controlling shareholder of these stand-alone public companies, we may from time to time make strategic decisions that we believe are in the best interests of our business and shareholders as a whole, which may create conflicts of interest with these companies, such as resolution of any dispute arising from the agreements, allocation of business opportunities, and employee recruiting and retention between us and these companies. We may not be able to resolve all potential misalignments in interests with these public companies and the existence of such misalignments in interests may affect the results of operation of these companies, which may, in turn, affect our results of operations as a whole. The conflicts of interest described above may also arise when we acquire or invest in other publicly traded companies from time to time.

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

We sourced our products from over 40,000 suppliers as of December 31, 2021. Third-party merchants on our online marketplace are separately responsible for sourcing the products they sell on our mobile apps and websites. Although we have adopted measures to verify the authenticity and authorization of products sold on our mobile apps and 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 mobile apps and websites or infringing content is posted on our mobile apps and 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 merchants 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 merchants. However, not all of our agreements with suppliers and third-party merchants 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.”

***We may be subject to product liability claims.***

The products sold by us through our online retail business may be defective. 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, mobile apps 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. Almost all of our sales of products are made online through our mobile apps and websites, and the fulfillment services we provide to third-party merchants are related to sales of their products through our mobile apps and websites. 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 mobile apps and websites or reduced order fulfillment performance could reduce the volume of products sold and the attractiveness of product offerings on our mobile apps and 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 or when the execution of these system upgrades and improvement strategies will be effective. 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 mobile apps and websites, which could cause us to lose customers and harm our operating results.***

Almost all of our sales of products are made online through our mobile apps and websites, and the fulfillment services we provide to third-party merchants are related to sales of their products through our mobile apps and websites. Our business depends on the performance and reliability of the internet infrastructure in China. The availability of our mobile apps and 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 mobile apps and 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 receive services. Service interruptions prevent consumers from accessing our mobile apps and websites 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.

***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 or ineffective, 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 mobile apps and websites. The industries we operate in 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 AI, 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.

***Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. 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. Almost 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 third-party couriers, such as their names, addresses, phone numbers and transaction records. In addition, with the rapid development of our AI, big data and cloud technologies and services, we have accumulated a large volume of data, which covers customer's browsing and consumption behavior information, product manufacturing and sales information, warehousing and distribution information, customer service information, among others. We also formed strategic partnerships with some leading mobile internet companies to leverage their powerful big data resources, massive user bases and AI-driven technologies. Maintaining complete security for the storage and transmission of confidential information on our technology platform is essential to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards.

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, improper use or sharing of data, 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 business partners including strategic partners or third-party providers of online payment services through which some of our customers may choose to make payment for purchases. The 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 merchants 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 third-party couriers or third-party online payment service providers or other business partners 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 the regulations regarding data privacy and cybersecurity are quickly evolving in China and globally, 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 merchants.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which took effect in September 2021. The Data Security Law, among others, provides for a security review procedure for the data activities that may affect national security. Furthermore, the Cybersecurity Review Measures (2020), which became effective on June 1, 2020, set forth the cybersecurity review mechanism for critical information infrastructure operators, and provided that critical information infrastructure operators who intend to purchase internet products and services that affect or may affect national security shall be subject to a cybersecurity review. On July 30, 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. In addition, relevant administration departments of each critical industry and sector, shall be responsible to formulate eligibility criteria and determine the critical information infrastructure operator in the respective industry or sector. Furthermore, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. Therefore, it is uncertain whether we would be deemed as a critical information infrastructure operator under PRC law.

On December 28, 2021, the CAC, the National Development and Reform Commission, or NDRC, the Ministry of Industry and Information Technology, or MIIT, and several other PRC government authorities jointly issued the Cybersecurity Review Measures, or the Cybersecurity Review Measures, which took effect on February 15, 2022 and replaced the Cybersecurity Review Measures (2020). Such Measures further restate and expand the applicable scope of the cybersecurity review. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities must be subject to the cybersecurity review if their activities affect or may affect national security. Since the Cybersecurity Review Measures are relatively new and provide no further explanation or interpretation on the determination of “affecting national security”, there remain uncertainties as to whether our data processing activities may be deemed to affect national security.

If we are deemed as a critical information infrastructure operator under the PRC cybersecurity laws and regulations, we must fulfill certain obligations as required under the PRC cybersecurity laws and regulations, including, among others, storing personal information and important data collected and produced within the PRC territory during our operations in China, which we have fulfilled in our business, and we may be subject to review when purchasing internet products and services.

Further, the Cybersecurity Review Measures stipulate that network platform operators holding personal information of over one million users must apply to the Cybersecurity Review Office for a cybersecurity review before public offering on a foreign stock exchange. Although our securities have been listed on the Nasdaq Global Select Market and the Hong Kong Stock Exchange, given the Cybersecurity Review Measures was recently promulgated, there are substantial uncertainties as to the interpretation, application, and enforcement of the Cybersecurity Review Measures and how it will affect our business.

On November 14, 2021, the CAC published a discussion draft of the Administrative Measures for Internet Data Security, or the Draft Measures for Internet Data Security. The Draft Measures for Internet Data Security provides that data processors refer to individuals or organizations that autonomously determine the purpose and the manner of processing data. In accordance with the Draft Measures for Internet Data Security, data processors shall apply for a cybersecurity review for certain activities. See “Item 4.B. Information on the Company—Business Overview—Regulation—Regulations Relating to Information Security” for details. The Draft Measures for Internet Data Security remains unclear on whether the relevant requirements will be applicable to companies that have been listed in the United States and Hong Kong, such as us. There is no timetable as to when the Draft Measures for Internet Data Security will be enacted. We cannot predict the impact of the Draft Measures for Internet Data Security, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the enacted versions of the Draft Measures for Internet Data Security mandate clearance of cybersecurity review and other specific actions to be completed by China-based companies listed on a U.S. stock exchange and Hong Kong Exchanges, such as us, we face uncertainties as to whether such clearance can be timely obtained, or at all. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC based on the Draft Measures for Internet Data Security. However, if we are not able to comply with the cybersecurity and network data security requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could materially and adversely affect our business and results of operations. In addition to the cybersecurity review, the Draft Measures for Internet Data Security requires that data processors processing “important data” or listed overseas shall conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. If a final version of the Draft Measures for Internet Data Security is adopted, we may be subject to review when conducting data processing activities and annual data security assessment and may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing.

On August 20, 2021, the Standing Committee of the National People’s Congress of China promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. Our mobile apps and websites only collect basic user personal information that is necessary to provide the corresponding services. We do not collect any sensitive personal information or other excessive personal information that is not related to the corresponding services. We update our privacy policies from time to time to meet the latest regulatory requirements of the CAC and other authorities and adopt technical measures to protect data and ensure cybersecurity in a systematic way. Nonetheless, the Personal Information Protection Law raises the protection requirements for processing personal information, and many specific requirements of the Personal Information Protection Law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations. See “Item 4.B. Information on the Company—Business Overview—Regulations.”

The PRC Cyber Security Law, the Data Security Law and Civil Code are relatively new and subject to interpretation by the regulators. Although we only gain access to user information that is necessary for, and relevant to, the services provided, the data we obtain and use may include information that is deemed as “personal information”, “network data” or “important data” under the PRC Cyber Security Law, the Civil Code and related data privacy and protection laws and regulations. As such, we have adopted a series of measures to ensure that we comply with relevant laws and regulations in the collection, use, disclosure, sharing, storage, and security of user information and other data. The Data Security Law also stipulates that the relevant authorities will formulate the catalogues for important data and strengthen the protection of important data, and state core data, i.e. data having a bearing on national security, the lifelines of national economy, people’s key livelihood and major public interests, shall be subject to stricter management system. “Information on the Company—Business Overview—Regulations.” The exact scopes of important data and state core data remain unclear and may be subject to further interpretation. If any data that we are in possession of constitutes important data or state core data, we may be required to adopt stricter measures for protection and management of such data.

In addition, we may need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

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, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental authorities or other authorities, damage to our reputation and credibility and could have a negative impact on revenues and profits.

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.

***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 Weixin Pay, UnionPay and JD Pay. 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 third-party couriers during peak seasons to supplement our delivery force. Given some customers choose the cash-on-delivery option when they place their orders online, the delivery personnel of our third-party couriers collect payments on our behalf, and we require the 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 governing electronic funds transfers, both in China and globally, which could change or be reinterpreted to make it difficult or impossible for us to comply with. 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, except for certain types of products, such as custom-made goods, fresh and perishable goods, 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, Consumer Protection and Operation Safety.” 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.

***The offline fresh food markets operated under our 7FRESH brand rely heavily on sales of perishable products, and ordering errors or product supply disruptions may have an adverse impact on its profitability and operating results.***

Our offline fresh food markets rely on various suppliers and vendors to provide and deliver our perishable product inventory promptly on an ongoing basis. We could suffer significant product inventory losses in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. We have implemented certain systems to ensure our ordering is in line with demand. We cannot assure you, however, that our ordering system will always work efficiently, in particular in connection with the opening of new stores, which have no, or a limited, ordering history. If we were to over-order, we could suffer inventory losses, which would negatively impact our operating results.

***We may experience negative impact on our reputation due to real or perceived quality or health issues with the food products sold at our offline fresh food markets, which could have an adverse impact on our operating results.***

Customers of our offline fresh food markets expect us to provide them with fresh, high-quality food products. Concerns regarding the safety of our food products or the safety and quality of our food supply chain could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources of food, even if the basis for the concern is outside of our control. Negative publicity about these concerns, whether or not ultimately based on facts, and whether or not involving products sold at our stores, could discourage consumers from buying our products and have an adverse impact on our operating results. Furthermore, sales of food products entails inherent risks of product liability claims, product recall and the resulting negative publicity. Food products containing contaminants could be inadvertently distributed by us and, if processing by the consumers level does not eliminate them, these contaminants could result in illness or death. We cannot assure you that product liability claims will not be asserted against us or that we will not be obligated to perform product recalls or held liable in the future.

Any loss in confidence on the part of our customers would be difficult and costly to reestablish. Any such adverse impact could be exacerbated by our position in the market as a purveyor of fresh, high-quality food products and could significantly reduce our brand value. Issues regarding the safety of any food items sold by us, regardless of the cause, could have a material and adverse impact on our sales and operating results.

***Our 7FRESH brand may be unable to keep existing store locations, open new stores in desirable places on favorable terms or compete successfully with other retailers, which could materially and adversely affect its results of operations.***

Our 7FRESH brand's growth strategy includes opening and operating offline fresh food stores at suitable locations. The implementation of this strategy depends on finding suitable locations. In addition, we compete with other retailers and businesses for suitable locations. Local land use and zoning regulations, environmental regulations and other regulatory requirements may affect our ability to find suitable locations and have an impact on the cost of constructing, renovating and operating our stores. Real estate, zoning, construction and other delays may adversely affect store openings and renovations and increase our costs. Moreover, changing local demographics at existing store locations may adversely affect revenue and profitability levels at those stores. The termination or expiration of leases at existing store locations may adversely affect us if the renewal terms of those leases are unacceptable to us and we are forced to close or relocate stores. If we determine to close or relocate a store subject to a lease, we may remain obligated under the lease for the remainder of the lease term.

Furthermore, our offline fresh food stores face increasing competition from other retailers in various aspects, including, among others, pricing, selection, quality and availability of product offering, store hours, in-store amenities, shopping convenience and overall shopping experience. If we operate our stores at locations not suitable for our growth strategy, or if we are unable to maintain our existing store locations, open new stores in desirable places and on favorable terms or compete successfully with other retailers, the results of operations of our 7FRESH brand could be materially and adversely affected.

***If JD Technology is unable to successfully manage its business or conflicts that could arise between us and JD Technology are not resolved in our favor, our business, financial condition, results of operations and prospects could be materially and adversely affected as a result.***

In June 2020, we entered into agreements with JD Technology, pursuant to which we have, through a consolidated PRC domestic company, acquired an aggregate of 36.8% equity interest in JD Technology by converting our profit sharing right pursuant to the framework between us and JD Technology and investing additional RMB1.78 billion in cash in JD Technology. The framework agreement, including the profit-sharing arrangement between JD Technology and us, was terminated, and JD Technology has become our equity method investee. In connection with the acquisition of equity interests in JD Technology, we have entered into a series of agreements with JD Technology which set forth the rights of JD as a shareholder. On March 31, 2021, we entered into definitive agreements with JD Technology relating to the reorganization of our cloud computing and artificial intelligence business. Upon completion of this transactions on March 31, 2021, our equity interest in JD Technology has increased to 41.7%.

JD Technology currently provides us with certain payment services on a non-exclusive basis and may provide additional services to us in the future. If JD Technology will not be able to successfully manage its risks such as credit risks, its ability to continue to deliver payment and other services to us may be undermined. In such event, JD Technology 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 Technology may arise relating to commercial or strategic opportunities or initiatives. Although we and JD Technology have each agreed to certain non-competition undertakings, we cannot assure you that JD Technology would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If JD Technology is unable to successfully manage its business or conflicts of interest that could arise between us and JD Technology are not resolved in our favor, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, we continue to license certain of our intellectual properties, including our "JD" brand and related trademarks and domain names to JD Technology. Because of JD Technology's ability to continue to use our brand, our close association with JD Technology and overlapping user base, events that negatively affect JD Technology, 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.

***JD Logistics, our subsidiary that is a technology-driven supply chain solutions and logistics services provider, is subject to risks associated with provision of integrated supply chain solutions and logistics services and operations.***

JD Logistics, our subsidiary that is a technology-driven supply chain solutions and logistics services provider, is subject to risks associated with provision of integrated supply chain solutions and logistics services and operations, including, but not limited to, the following:

- potential disruptions to the operation of the warehousing and logistics facilities operated by us or other third-party transportation companies and couriers that facilitate our logistics services, or to the development of new warehousing and logistics facilities;
- risk that our customers may reduce their expenditure on third-party supply chain solutions and logistics services or increase utilization of their internal solutions;
- tightening of the labor market, increases in labor costs or any labor unrest, as we operate in a labor-intensive industry;
- failure to maintain positive relationships with our third-party logistics service providers;
- risks associated with the items we deliver and the contents of shipments and inventories handled through our logistics networks, including real or perceived quality or health issues with the products that are handled through our logistics networks; and
- risks inherent in the logistics industry, including personal injury, product damage, and transportation-related incidents.

The occurrence of any such risks may damage the business and reputation of JD Logistics, and may have a material and adverse impact on our financial condition and results of operations.

***JD Health, our healthcare subsidiary, is subject to risks associated with the marketing, distributing, selling and regulation of pharmaceutical and healthcare products.***

JD Health, our healthcare subsidiary, is subject to certain risks associated with the marketing, distributing and selling of pharmaceutical and other health and wellness products, as well as provision of medical and related services, including, but not limited to, the following:

- inability to successfully execute effective advertising, marketing and promotional activities necessary to maintain and increase the awareness of JD Health and the products and services it offers;
- failure to implement effective pricing and other strategies in response to intense market competition in the pharmaceutical industry in China;
- inability to upgrade intelligent healthcare solutions in response to changing consumer demand and preference;
- inability to stock adequate supply of pharmaceutical and healthcare products that customers desire;
- potential medical liability claims in connection with our online healthcare services;
- potential penalties or disputes against us for failure to manage our in-house medical team and external doctors;
- failure of in-house medical team or external doctors to provide adequate and proper medical services on our platform;
- inability to obtain and maintain regulatory or governmental permits, approvals and clearances, or to pass PRC government inspections; and

- the risk of, and resulting liability from, any contamination, injury or other harm caused by any use, misuse, misdiagnosis or side-effects involving products distributed or services provided by JD Health.

The occurrence of any such risks may damage the business and reputation of JD Health, and may have a material and adverse impact on our financial condition and results of operations.

Furthermore, laws and regulations regarding pharmaceutical and healthcare industry in China are strict and extensive. Violation of relevant laws and regulations may result in harsh penalties and, under certain circumstances, lead to criminal prosecution. Meanwhile, regulations of both internet industry and its internet healthcare sector are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, it may be difficult to determine what actions or omissions would be deemed in violation of applicable laws and regulations. Due to the uncertainty and complexity of the regulatory environment, we cannot assure you that JD Health would always be in full compliance with applicable laws and regulations, the violation of which may have adverse effect on its brand reputation and business. Compliance with future laws and regulations may require JD Health to change its business models and practices at an undeterminable and possibly significant financial cost. These additional monetary expenditures may increase future overhead, which may, in turn, have a material adverse effect on our business, financial condition and results of operations.

***JD Property Group Corporation, or JD Property, faces challenges relating to the macroeconomic environment, the market condition and its own business development.***

JD Property, our subsidiary that owns, develops and manages our logistics facilities and other real estate properties, faces challenges relating to the macroeconomic environment, the market condition and certain characteristics of its current operations. These challenges include, but are not limited to:

- *impact on business growth due to the COVID-19 pandemic.* We expect JD Property's progress on land procurement and property development to be adversely affected so long as local government authorities continue to prioritize the fight against COVID-19 over economic development;
- *fluctuations in the macroeconomic environment.* The market demand for logistics facilities generally reflects conditions in the Chinese economy. If the general economy slows, the demand for logistics properties will decrease and the vacancy rate will increase, resulting in a more competitive market environment for JD Property;
- *concentration risk of business operations.* External clients currently account for a relatively small portion of JD Property's client base. Its business growth largely depends on the demand of JD Logistics and other affiliated companies. Moreover, because the primary business focus of JD Property is on industrial park and logistics properties, slowdown in such business area may have a greater impact on its business than if JD Property had more diversified operation in the development of different types of properties; and
- *uncertainties in the overseas market.* JD Property's venture into the overseas market, such as the Southeast Asian market, faces challenges inherent in conducting cross-board business, including cultural differences, complexity of local regulatory environment, political stability and communication with local clients and business partners, among other things.

If JD Property's business cannot continue to grow despite these challenges, our financial condition and results of operations may be materially and adversely affected.

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

A small portion of the lessors of our leased warehouses, leased offices, and 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 (including the lessors of our 7FRESH offline fresh food stores) 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. Such 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. Also, in the event that the actual use of our leased properties is inconsistent with the use registered on the land use right certificate or our leased properties are on allocated land, the competent authorities may require the lessors to return the land and impose fines on the lessors, or confiscate the proceeds from the leasing of the properties and impose fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. Therefore, the relevant lease agreements may be deemed to be in breach of the law and therefore be void.

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.

***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.

***We are subject to a broad range of laws and regulations. Any lack of requisite approvals, licenses or permits applicable to our business or any failure to comply with applicable laws or regulations 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 State Administration for Market Regulation (formerly known as the State Administration for Industry and Commerce), or SAMR, the NDRC, the Ministry of Commerce, the MIIT, the CAC, the Ministry of Transport, the State Post Bureau and the People's Bank of China, or the PBOC, among others. Together, these government authorities promulgate and enforce regulations that cover many aspects of the operation of the online retail, courier and road freight transportation 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 December 31, 2021, we have Courier Service Operation Permits that allow Beijing Jingbangda Trade Co., Ltd. (Jingbangda), a subsidiary of Xi'an Jingdong Xincheng, one of our consolidated variable interest entities providing logistics services, and the subsidiaries of Jingbangda, to operate an express delivery business in 31 provinces and 448 cities in China. As of December 31, 2021, Jingbangda and its relevant subsidiaries had obtained Courier Service Operation Permits. As of the same date, among other entities, Xi'an Jingdong Xincheng and its relevant branches and subsidiaries, and Jingbangda and its relevant branches and subsidiaries had obtained Road Transportation Operation Permits that allow these entities to provide road freight transportation services. We are in the process of making filings with local postal administrations for express delivery terminal outlets of the subsidiaries of Jingbangda. 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 may be used to buy the products and services sold on our mobile apps and websites. Due to licensing requirements, currently such prepaid cards can only be used to purchase products and services directly sold by us.

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 to certain qualified customers for purchasing relevant products sold on our websites. 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. For example, the Price Law of the People's Republic of China prohibits a business operator from committing the specified unlawful pricing activities, such as dumping products at price below cost for the purpose of driving out rivals or monopolizing the market, using false or misleading prices to deceive consumers to transact, colluding with others to manipulate the market price, or conducting price discrimination against other business operators. We are required to obtain various licenses and permits from different regulatory authorities in order to distribute certain categories of products on our mobile apps and 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 mobile apps and 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 is 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 August 2018, the Standing Committee of the National People's Congress promulgated the E-Commerce Law, which became effective on January 1, 2019. The E-Commerce Law imposes a number of new requirements and obligations on e-commerce platform operators. In addition, on March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Trading, which took effect from May 1, 2021 and became an important departmental regulation for the implementation of the E-commerce Law. We have adopted a series of measures to comply with such requires under the E-Commerce Law. We cannot assure you, however, that our current business operations meet the requirements under the E-Commerce Law in all respects. If the PRC governmental authorities determine that we are not in compliance with all the requirements under the E-Commerce Law and other applicable laws and rules, we may be subject to fines and/or other sanctions. As a result, substantial uncertainties exist regarding the interpretation and implementation of PRC laws and regulations applicable to online retail 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. If the PRC government requires additional licenses or permits or provides stricter 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 and our consolidated subsidiaries' share incentive plans, which may result in increased share-based compensation expenses.***

We have adopted a share incentive plan, or our Share Incentive Plan, to provide additional incentives to employees, directors and consultants. In May 2015, with approval of our board of directors, 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 incurred share-based compensation expenses of RMB134 million, RMB104 million and RMB73 million (US\$11 million) in connection with this grant of option to Mr. Liu in 2019, 2020 and 2021, respectively. In addition, with the approvals of our board of directors and the board of directors of JD Logistics, JD Health, JD Property and JD Industry, respectively, each of these companies approved and adopted their own share incentive plans, under which certain share-based awards were granted to Mr. Liu. See "Item 6.B. Directors, Senior Management and Employees—Compensation—Share Incentive Plan" for a detailed discussion.

For the years ended December 31, 2019, 2020 and 2021, we recorded an aggregate of RMB3,695 million, RMB4,156 million and RMB9,134 million (US\$1,433 million), respectively, in share-based compensation expenses. As of December 31, 2021, the awards in our Share Incentive Plan that had been granted to our directors, officers, employees and consultants and remained outstanding included (i) restricted share units to receive an aggregate of 95,108,866 ordinary shares, excluding restricted share units that were forfeited, cancelled, or vested after the relevant grant date, and (ii) options to purchase an aggregate of 28,937,112 ordinary shares, excluding options that were forfeited, cancelled, or exercised after the relevant grant date. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards 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.

***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 Class A ordinary shares and/or 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 recorded net current liabilities of RMB0.9 billion, net current assets of RMB60.8 billion and RMB78.0 billion (US\$12.2 billion) as of December 31, 2019, 2020 and 2021, respectively. Although 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 also 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 and January 2020 both contain covenants including limitation on liens and restriction on consolidation, merger and sale of all or substantially all of our assets, and our term and revolving credit facilities we entered into in 2017 and 2021 contain covenants that impose certain minimum financial performance requirements on us and that might restrict our ability to raise additional debt. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. In addition, any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects. A large balance of indebtedness may require that we devote our financial resources to servicing such debt rather than funding our operating activities, which constrains our capital flexibility and may in turn adversely affect our results of operation. It may also be a challenge for us to service our interest and principal repayments in a timely manner or at all, which could trigger cross-defaults with other debt, as applicable, as well as limit our ability to obtain further debt financing.

***Failure to comply with the terms of our indebtedness or enforcement of our obligations under any guarantee or other similar arrangement could have an adverse effect on our cash flow and liquidity.***

As of December 31, 2021, we had long-term debt obligations of RMB12.3 billion (US\$1.9 billion). Under the terms of our indebtedness and under any debt financing arrangement that we may enter into in the future, we are, and may be in the future, subject to covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, our lenders under our credit facilities and holders of our unsecured senior notes will be entitled to accelerate our debt obligations. Any default under our credit facilities or unsecured senior notes could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. In addition, enforcement against us under any guarantee and other similar arrangements we may enter into in the future could materially and adversely affect our cash flow and liquidity.

***Changes affecting the availability of the London Inter-bank Offered Rate (LIBOR) may have consequences for us that cannot yet be reasonably predicted.***

We have outstanding debt with variable interest rates based on LIBOR. In December 2017, we entered into a five-year US\$1.0 billion term and revolving credit facility with a group of 24 arrangers. This credit facility was priced at 115 basis points over LIBOR. As of the date of this annual report, US\$0.45 billion of this credit facility had been drawn down and outstanding. In December 2021, we entered into a five-year US\$2.0 billion unsecured term and revolving loan facility with five lead arrangers. The term and revolving loans under this loan facility were priced at 85 basis points over LIBOR. As of the date of this annual report, none of this loan facility had been drawn down and outstanding.

The LIBOR benchmark has been the subject of national, international and other regulatory guidance and proposals to reform. On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. On March 5, 2021, the Financial Conduct Authority, and administrator, ICE Benchmark Administration, Limited, announced that the publication of the one-week and two-month USD LIBOR maturities and non-USD LIBOR maturities will cease immediately after December 31, 2021, with the remaining USD LIBOR maturities ceasing immediately after June 30, 2023. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of, among other entities, large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index that measures the cost of borrowing cash overnight, backed by U.S. Treasury securities ("SOFR"). SOFR is observed and backward-looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Whether or not SOFR attains market traction as a LIBOR replacement rate remains in question. Since LIBOR will no longer exist, we will need to renegotiate the applicable interest rates under our existing credit facilities going forward. In addition, any changes to benchmark rates may have an uncertain impact on our cost of funds and our access to the capital markets, which could impact our results of operations and cash flows. Uncertainty as to the nature of such potential changes may also adversely affect the trading market for our securities.

***Fluctuation of items that are non-recurring in nature and fluctuation of fair value change of the wealth management products we invested in have affected our results of operations during 2019, 2020 and 2021 and may continue to affect our results of operations in the future.***

The fluctuation of items that are non-recurring in nature, primarily gains on sale of development properties and others, net, significantly affected our results of operations during 2019, 2020 and 2021. We recorded a gain of RMB3,885 million, RMB1,649 million and RMB767 million (US\$120 million) in 2019, 2020 and 2021, respectively, for selling certain of our development properties. Others, net are other non-operating income/(loss), primarily consist of gains/(losses) from fair value change of long-term investments, gains/(losses) from business and investment disposals, impairment of investments, government incentives, interest income and foreign exchange gains/(losses). For others, net, we recorded an income of RMB7.2 billion, an income of RMB35.3 billion and a loss of RMB0.6 billion (US\$0.1 billion) in 2019, 2020 and 2021, respectively. We identify these items as non-recurring in nature as they are not indicative of our core operating results and business outlook. We cannot assure you that we will be able to continue to generate net profits and maintain profitability in the future after excluding the impact of such non-recurring items. The significant fluctuation of these non-recurring items may continue to affect our results of operations and result in fluctuation of net income/(loss) in the future.

During 2019, 2020 and 2021, we made investments in wealth management products and recorded a fair value of wealth management products of RMB23.2 billion, RMB24.3 billion and RMB77.0 billion (US\$12.1 billion) as of December 31, 2019, 2020 and 2021, respectively. For the years ended December 31, 2019, 2020 and 2021, gross unrealized gains of RMB54.8 million, RMB0.01 million and RMB474.0 million (US\$74.4 million) were recorded on wealth management products, respectively. No impairment charges were recorded for the years ended December 31, 2019, 2020 and 2021, respectively. Those wealth management products were certain deposits with variable interest rates or principal not-guaranteed with certain financial institutions, and usually have maturities of less than one year. We are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect our net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our investments in wealth management products at fair value through profit or loss in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

***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 macroeconomic environment is facing numerous challenges. The growth rate of the Chinese economy has gradually slowed since 2010 and the trend may continue in the foreseeable future, especially in light of the challenges the global economy is facing due to the COVID-19 global pandemic. See “— We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations.” Any slowdown could significantly reduce domestic commerce in China, including through the internet generally and through us. In addition, there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. The conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

***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 or services, the products or services provided by third-party merchants on our marketplace, 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.

***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 66 locations. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity 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 other than in connection with the fixed business premises of our 7FRESH business, 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, 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/or our ADSs may view as beneficial.***

Our company is controlled through a dual class voting structure. Our chairman, 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 direct or indirect transfer of Class B ordinary shares or associated voting power 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 March 31, 2022, Mr. Liu beneficially owned 76.1% of the aggregate voting power of our company, including 3.5% 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 19,873,672 Class B ordinary shares, representing 3.5% 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 Share Incentive Plan, and administers the awards and acts according to our instruction. Fortune Rising Holdings Limited can exercise the 3.5% of the aggregate voting power of our company following our instruction. Mr. Liu, as the representative of Fortune Rising Holdings Limited, can exercise this 3.5% 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. 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.

***Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.***

The U.S. government has made statements and taken certain actions that may lead to changes in U.S. and international trade policies towards China. In January 2020, the “Phase One” agreement was signed between the United States and China on trade matters. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters. While cross-border business may not be an area of focus for us, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to recent U.S.-China trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations.

In addition, we have been closely monitoring domestic policies in the United States designed to restrict certain Chinese companies from supplying or operating in the U.S. market. These policies include the Clean Network project initiated by the U.S. Department of State in August 2020 and new authorities granted to the Department of Commerce to prohibit or restrict the use of information and communications technology and services, or ICTS. While a substantial majority of our business is conducted in China, policies like these may deter U.S. users from accessing and/or using our apps, products and services, which could adversely impact our user experience and reputation.

Likewise, we are monitoring policies in the United States that are aimed at restricting U.S. persons from investing in or supplying certain Chinese companies. The United States and various foreign governments have imposed controls, license requirements and restrictions on the import or export of technologies and products (or voiced the intention to do so). For instance, the United States is in the process of developing new export controls with respect to “emerging and foundational” technologies, which may include certain AI and semiconductor technologies. In addition, the U.S. government may potentially impose a ban prohibiting U.S. persons from making investments in or engaging in transactions with certain Chinese companies. Measures such as these could deter suppliers in the United States and/or other countries that impose export controls and other restrictions from providing technologies and products to, making investments in, or otherwise engaging in transactions with Chinese companies. As a result, Chinese companies would have to identify and secure alternative supplies or sources of financing, while they may not be able to do so in a timely manner and at commercially acceptable terms, or at all. In addition, Chinese companies may have to limit and reduce their research and development and other business activities, or cease conducting transactions with parties, in the United States and other countries that impose export controls or other restrictions. Like other Chinese companies, our business, financial condition and results of operations could be adversely affected as a result.

***Disruptions in the financial markets and economic conditions could affect our ability to raise capital.***

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. For example, the current COVID-19 pandemic has caused significant volatility in financial markets across the world. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

***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 Class A ordinary shares and/or 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 Class A ordinary shares and/or ADSs.

***We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations.***

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome, (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 recent years, there have been outbreaks of epidemics in China and globally. For example, in early 2020, in connection with the intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. The COVID-19 has also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees and temporarily allowing the government to utilize our fulfillment infrastructure and logistics services for crisis relief. These measures could reduce the capacity and efficiency of our operations and negatively impact the procurement of products, which in turn could negatively affect our results of operations. Since the second half of 2020, many of the quarantine measures within China have been relaxed, and we have resumed normal operations since the second half of 2020. After the initial outbreak of the COVID-19, some instances of COVID-19 infections have emerged in various regions of China from time to time, including the infections caused by the Omicron variants since early 2022, and varying levels of temporary restrictions and other measures are reinstated to contain the infections, such as those in Shanghai since March 2022.

The extent to which COVID-19 impacts our results of operations will depend on the future developments of the outbreak, including new information concerning the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this annual report, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

We are also vulnerable to natural disasters and other calamities. If any such 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 Class A ordinary shares and/or 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, 2021. 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 Class A ordinary shares and 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.

***The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.***

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As a follow-up, on December 24, 2021, the State Council issued a draft of the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Provisions, and the CSRC issued a draft of Administration Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Administration Measures, for public comments.

The Draft Provisions and the Draft Administration Measures propose to establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. According to the Draft Provisions and the Draft Administration Measures, an overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC. Specifically, the examination and determination of an indirect offering and listing will be conducted on a substance-over-form basis, and an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year was more than 50% of the relevant line item in the issuer's audited consolidated financial statement for that year; and (ii) senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in the PRC, and the main place of business operations is in the PRC or carried out in the PRC. According to the Draft Administration Measures, the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering and other equivalent offering activities. Particularly, the issuer shall submit the filing with respect to its initial public offering and listing within three business days after its initial filing of the listing application, and submit the filing with respect to its follow-on offering within three business days after completion of the follow-on offering. Failure to comply with the filing requirements may result in fines to the relevant domestic companies, suspension of their businesses, revocation of their business licenses and operation permits and fines on the controlling shareholder and other responsible persons. The Draft Provisions also sets forth certain regulatory red lines for overseas offerings and listings by domestic enterprises. For more details of the Draft Provisions and the Draft Administration Measures, please refer to "Item 4.B. Information on the Company—Business Overview—Regulation—Regulations Relating to Overseas Listing and M&A."

As of the date of this annual report, the Draft Provisions and the Draft Administration Measures were released for public comment only. There are uncertainties as to whether the Draft Provisions and the Draft Administration Measures would be further amended, revised or updated. Substantial uncertainties exist with respect to the enactment timetable and final content of the Draft Provisions and the Draft Administration Measures. In a Q&A released on its official website, the respondent CSRC official indicated that the proposed new filing requirement will start with new companies and the existing companies seeking to carry out activities like follow-on financing. As for the filings for the existing companies, the regulator will grant adequate transition period and apply separate arrangements. The Q&A also addressed the contractual arrangements and pointed out that if relevant domestic laws and regulations have been observed, companies with compliant VIE structure may seek overseas listing after completion of the CSRC filings. Nevertheless, it does not specify what qualify as compliant VIE structures and what relevant domestic laws and regulations are required to be complied with. Given the substantial uncertainties surrounding the latest CSRC filing requirements at this stage, we cannot assure you that we will be able to complete the filings and fully comply with the relevant new rules on a timely basis, if at all.

Relatedly, on December 27, 2021, the NDRC and the Ministry of Commerce jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which took effect on January 1, 2022. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. In a press conference held on January 18, 2022, officials from the NDRC clarified that the aforementioned requirements only apply to direct overseas offering and listing by a PRC domestic company, and the requirements for indirect overseas offering and listing by a PRC domestic company should be subject to the official enactment of relevant laws and regulations. As the 2021 Negative List is relatively new, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operation, financial conditions and business prospect may be adversely and materially affected.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the revised Measures for Cybersecurity Review and the draft of Regulations on the Network Data Security, are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

***The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections.***

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB. As a result, we and investors in our ordinary shares or ADSs are 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 the PCAOB inspections, which could cause investors and potential investors in our ordinary shares or ADSs to lose confidence in our auditor's auditing procedures and our reported financial information and the quality of our financial statements.

***Our ADSs will be prohibited from trading in the United States under the HFCAA in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or in 2023 if proposed changes to the law are enacted. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.***

The HFCAA, which was signed into law on December 18, 2020, states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 2, 2021, the SEC adopted final amendments implementing the disclosure and submission requirements of the HFCAA, pursuant to which the SEC will identify an issuer as a "Commission-Identified Issuer" if the issuer has filed an annual report containing an audit report issued by a registered public accounting firm that the PCAOB has determined it is unable to inspect or investigate completely, and will then impose a trading prohibition on an issuer after it is identified as a Commission-Identified Issuer for three consecutive years. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely. Therefore, we expect to be identified as a "Commission-Identified Issuer" shortly after the filing of this annual report on Form 20-F.

Whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on the annual report on Form 20-F for the year ending December 31, 2023 which is due by April 30, 2024, or at all, is subject to substantial uncertainty and depends on a number of factors out of our and our auditor's control. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on additional non-U.S. exchange to facilitate the trading in our securities. Such a prohibition would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs and Class A ordinary shares. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

On June 22, 2021, the U.S. Senate passed a bill which would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two. On February 4, 2022, the U.S. House of Representatives passed a bill which contained, among other things, an identical provision. If this provision is enacted into law and the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA is reduced from three years to two, then our shares and ADSs could be prohibited from trading in the United States in 2023.

***We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.***

We are subject to rules and regulations by various governing bodies, including, for example, the SEC, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

***Our international expansion strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.***

International expansion is a significant component of our growth strategy and may require significant capital investment, which could strain our resources and adversely impact current performance, while adding complexity to our current operations. We are subject to PRC law in addition to the laws of the foreign countries in which we operate. If any of our overseas operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results.

In addition, we may face operational issues that could have a material adverse effect on our reputation, business and results of operations, if we fail to address certain factors including, but not limited to, the following:

- difficulties in developing, staffing and simultaneously managing a foreign operation as a result of distance, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures, who have a diverse range of preferences and demands;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- dependence on local platforms in marketing our international products and services overseas;
- challenges in selecting suitable geographical regions for international business;
- longer customer payment cycles;
- currency exchange rate fluctuations;
- political or social unrest or economic instability;
- protectionist or national security policies that restrict our ability to invest in or acquire companies; develop, import or export certain technologies, such as the national AI initiative proposed by the U.S. government; or utilize technologies that are deemed by local governmental regulators to pose a threat to their national security;
- compliance with applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with privacy laws and data security laws, including the European Union General Data Protection Regulation, or GDPR, and compliance costs across different legal systems;
- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions which may be applicable to transactions conducted through our international and cross-border platforms, related compliance obligations and consequences of non-compliance, and any new developments in these areas; and
- increased costs associated with doing business in foreign jurisdictions.

One or more of these factors could harm our overseas operations and consequently, could harm our overall results of operations.

### **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, domestic multi-party communications, data collection and transmission services and call centers).

We are a Cayman Islands exempted company and our PRC subsidiaries Jingdong Century, Shanghai Shengdayuan and Xi'an Jingxundi are considered foreign-invested enterprises. Accordingly, none of these PRC subsidiaries is eligible to provide value-added telecommunication services or provide certain other restricted services related to our businesses, such as domestic document delivery services. As a result, we conduct or will conduct such business activities through our variable interest entities and their subsidiaries in PRC, including Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng and Jingbangda. Jingdong 360 holds our ICP license as an internet information provider. Xi'an Jingdong Xincheng primarily provides courier services through Jingbangda and its subsidiaries.

We entered into a series of contractual arrangements with Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng and other variable interest entities in China and their respective shareholders, which enable us to:

- exercise effective control over Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng and other variable interest entities in China;
- receive substantially all of the economic benefits of Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng 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, Xi'an Jingdong Xincheng 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, Xi'an Jingdong Xincheng 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 Shihui Partners, 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, we are a Cayman Islands holding company with no equity ownership in our variable interest entities and we conduct certain of our operations in China through our variable interest entities with which we have maintained contractual arrangements. Investors in our ADSs or Class A ordinary shares thus are not purchasing equity interest in our variable interest entities in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government deems that our contractual arrangements with 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 or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. We may not be able to repay the notes and other indebtedness, and our shares may decline in value or become worthless, if we are unable to assert our contractual control rights over the assets of our variable interest entities. Our holding company in the Cayman Islands, our variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with our variable interest entities and, consequently, significantly affect the financial performance of our variable interest entities and our company as a group.

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. 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; or
- restricting or prohibiting our use of the proceeds of any of our financing outside China 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.

Although we believe we, our PRC subsidiaries and our variable interest entities comply with current PRC laws and regulations, we cannot assure you that the PRC government would agree that our contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. The PRC government has broad discretion in determining rectifiable or punitive measures for non-compliance with or violations of PRC laws and regulations. If the PRC government determines that we or our variable interest entities do not comply with applicable law, it could revoke our variable interest entities' business and operating licenses, require our variable interest entities to discontinue or restrict our variable interest entities' operations, restrict our variable interest entities' right to collect revenues, block our variable interest entities' websites, require our variable interest entities to restructure our operations, impose additional conditions or requirements with which our variable interest entities may not be able to comply, impose restrictions on our variable interest entities' business operations or on their customers, or take other regulatory or enforcement actions against our variable interest entities that could be harmful to their business. Any of these or similar occurrences could significantly disrupt our or our variable interest entities' business operations or restrict our variable interest entities from conducting a substantial portion of their business operations, which could materially and adversely affect our variable interest entities' business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of any of our variable interest entities that most significantly impact its economic performance, and/or our failure to receive the economic benefits from any of our variable interest entities, we may not be able to consolidate these entities in our consolidated financial statements in accordance with U.S. GAAP.

***We rely on contractual arrangements with our variable interest entities and their owners 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 distribution of books and audio and video products and contractual arrangements with other variable interest entities for the relevant restricted businesses. 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.

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, including their subsidiaries, hold our necessary licenses and permits, including ICP licenses, Courier Service Operation Permits and Practicing License for Medical Institutions, 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 the majority of our revenues from products and services that are offered to customers through our mobile apps and websites and any interruption in our ability to use our mobile apps and websites 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 principal variable interest entities, including Jingdong 360, Jiangsu Yuanzhou and Xi'an Jingdong Xincheng, among others. Mr. Richard Qiangdong Liu is our chairman of board of directors, Ms. Yayun Li is chief executive officer of JD Technology, a significant investee of our company, and Ms. Pang Zhang is our chief human resources officer.

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 a director 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 affect our financial condition and the value of your investment.”

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 PRC 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.

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, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets, the cross-border financing leverage ratio and the macro prudential coefficient (“Macro-prudential Management Mode”) under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also provide loans to our variable interest entities or other domestic PRC entities under the Macro-prudential Management Mode. According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on January 7, 2021, the limit for the total amount of foreign debt under the Macro-prudential Management Mode is adjusted to two times of their respective net assets.

Moreover, any medium or long-term loan to be provided by us to our variable interest entities or other domestic PRC entities must also be registered with the NDRC.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, NDRC, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we may not be able to make such loans to the subsidiaries of our wholly foreign-owned subsidiaries in China and our consolidated variable interest entities in China. Meanwhile, we may not be able 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, we cannot assure you that we will be able to complete the necessary government registrations or record-filings 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 record-filings, 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, transactions among related parties may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities deem the transactions between the PRC subsidiaries and our variable interest entities in China, and their respective shareholders were not entered into on an arm's-length basis and resulted in deferral or underpayment in taxes, they are entitled to make special tax adjustments which might result in the increase of the variable interest entities' tax liabilities. If the tax authorities conduct special tax adjustments, they might impose interest charges for the underpaid taxes. Our financial position could be adversely affected if our variable interest entities' tax liabilities increase or if they are required to pay interest charge.

***Our current corporate structure and business operations may be affected by the PRC Foreign Investment Law.***

On March 15, 2019, the National People's Congress promulgated the PRC Foreign Investment Law or the FIL, which has become effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, or the Outgoing FIE Laws. See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulation on Foreign Investment."

Meanwhile, the Implementation Rules to the FIL came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the FIL. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of variable interest entities contractual arrangements and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our consolidated variable interest entities through contractual arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of our operations through contractual arrangements is classified in the "restricted" or "prohibited" industry in the future "negative list" under the FIL, our contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind the variable interest entity contractual arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in such transition period. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

## Risks Related to Doing Business in China

### ***Changes in China's or global 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.

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.

In addition, the global macroeconomic environment is facing challenges. For example, the COVID-19 pandemic has caused significant downward pressure for the global economy. In addition, the impact of the decision by the United Kingdom to withdraw from the European Union, commonly referred to as "Brexit", and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. Furthermore, the conflicts in Ukraine and the imposition of broad economic sanctions on Russia, the potential end of quantitative easing, interest rate increase, and reduction in bond holdings by the U.S. Federal Reserve in 2022 impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

### ***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.

PRC government has significant oversight over the conduct of our business and it has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

***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 merchants 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 mobile apps and 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, except for certain types of products, such as custom-made goods, fresh and perishable goods, 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 merchants 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 merchants 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 merchants 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 merchants 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.

***We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business and companies such as e-commerce business and internet platforms.***

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 Cyberspace Administration of China (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](http://www.jd.com) website. Jingdong 360 owns the relevant domain names and registered trademarks and has the necessary personnel to operate such website.

On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. Pursuant to an official interpretation from the Anti-monopoly Commission of the State Council, the Anti-Monopoly Guidelines for Internet Platforms mainly covers five aspects, including general provisions, monopoly agreements, abuse of market dominance, concentration of undertakings, and abuse of administrative powers that eliminate or restrict competition. The Anti-Monopoly Guidelines for Internet Platforms prohibit certain monopolistic acts of internet platforms to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance. Notably, the Anti-Monopoly Guidelines for Internet Platforms provides that any concentration of undertakings involving variable interest entities fall within the scope of anti-monopoly review. If a concentration of undertakings meets the criteria for declaration as stipulated by the State Council, an operator must report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance. Therefore, acquisitions of other entities that we have made before or may make in the future (whether by ourselves, our subsidiaries or through our variable interest entities) and that meet the criteria for declaration, may be required to be reported to and approved by the anti-monopoly law enforcement agency, and we may be subject to penalty including, but not limited to, a fine of no more than RMB500,000 if we fail to comply with such requirement, and in extreme case may be ordered to terminate the contemplated concentration, to dispose of our equity or asset within a prescribed period, to transfer the business within a prescribed time or to take any other necessary measures to return to the pre-concentration status. In March 2021, SAMR imposed on us a fine of RMB500,000 for failing to file a prior notification of concentrations of undertaking for a prior acquisition we did. In addition, SAMR has conducted a survey of prior acquisitions by internet platforms that may involve failure to file prior notifications of concentrations of undertaking, and imposed on us a fine of RMB500,000 for each of the four additional instances on such basis. We cooperated with SAMR on this front and kept written and oral correspondence with SAMR. In April 2021, the SAMR, together with certain other PRC government authorities convened an administrative guidance meeting, focusing on certain unfair competition acts, self-inspection and rectification by major internet companies of possible violations of anti-monopoly, anti-unfair competition, tax and other related laws and regulations, and requesting such companies to comply with relevant laws and regulations strictly and be subject to public supervision. In addition, many internet companies, including the over 30 companies which attended such administrative guidance meeting, are required to conduct a comprehensive self-inspection and make necessary rectification accordingly. The SAMR has stated it will organize and conduct inspections on the companies' rectification results. If the companies are found to conduct illegal activities, more severe penalties are expected to be imposed on them in accordance with the laws. As of the date of this annual report, we have completed such self-inspection and have not received any further inquiry from the relevant governmental authorities. As the Anti-Monopoly Guidelines for Internet Platforms was newly promulgated, it would be difficult to estimate its specific impact on our business, financial condition, result of operations and prospects. We may receive more similar inquiries going forward and cannot assure you that our business operations comply with the regulations and authorities' requirements in all respects. If any non-compliance is raised by relevant authorities and determined against us, we may be subject to fines and other penalties. On October 23, 2021, the Standing Committee of the National People's Congress issued a second draft amendment to the amended Anti-Monopoly Law for public comments, which proposes to increase the fines on business operators for illegal concentration to "no more than ten percent of the preceding year's sales revenue of the business operators if the concentration of business operators has or may have an effect of excluding or limiting competition; or a fine of up to RMB5 million if the concentration of business operators does not have an effect of excluding or limiting competition." The draft also proposes for the relevant authority to investigate transaction where there is evidence that the concentration has or may have the effect of eliminating or restricting competition, even if such concentration does not reach the filing threshold. Due to the enhanced enforcement of the Anti-Monopoly Law, we may receive greater scrutiny and attention from regulators and more frequent and rigid investigation or review by regulators, which will increase our compliance costs and subject us to heightened risks and challenges. In addition, there are significant uncertainties on the evolving legislative activities and varied local implementation practices of anti-monopoly and competition laws and regulations in China, especially with respect to the enactment timetable, final content, interpretation and implementation of the amended Anti-Monopoly Law. If it is enacted as proposed, it will impose a higher regulatory requirement to complete an acquisition transaction. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these regulations. Any failure or perceived failure by us to comply with the Anti-Monopoly Guidelines for Internet Platforms and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against us and could have an adverse effect on our business, financial condition and results of operations.

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.

***The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs and Class A ordinary shares.***

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight over the conduct of our business, and may intervene or influence our operations, which could result in a material adverse change in our operation and/or the value of our ADSs and Class A ordinary shares. Also, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, on July 6, 2021, the relevant PRC government authorities made public the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On December 28, 2021, the NDRC, the MIIT, and several other administrations jointly published the Measures for Cybersecurity Review, effective on February 15, 2022, which required that, among others, operators of “critical information infrastructure” purchasing network products and services or network platform operators carrying out data processing activities, that affect or may affect national security, shall apply with the Cybersecurity Review Office for a cybersecurity review. In addition, a network platform operator holding over one million users’ personal information shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. On November 14, 2021, the CAC released the Draft Measures for Internet Data Security for public comments, which stipulates, among others, that a prior cybersecurity review is required for listing abroad of data processors which process over one million users’ personal information, and the listing of data processors in Hong Kong which affects or may affect national security. It remains uncertain how PRC governmental authorities will regulate overseas listing in general and whether we are required to obtain any specific regulatory approvals from the CSRC, CAC or any other PRC governmental authorities for our offshore offerings. If the CSRC, CAC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for our future offshore offerings, we may be unable to obtain such approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

***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. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. Although almost all of our PRC operating entities incorporated in various locations in China have made the required employee benefit payments, we cannot assure you that we are able to make adequate contribution in a timely manner at all time. 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 some operating offices 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 market regulation bureau at the place where the premises are located and obtain business licenses for them as branch offices. As of December 31, 2021, our comprehensive fulfillment facilities cover almost all the counties and districts across China. We may be required to register those operating offices outside of the residence addresses of our relevant PRC entities as branch offices under PRC law. As of the date of this annual report, we were able to register branch offices in all of the important locations where we had meaningful presence. 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 came into effect 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 conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of 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. We cannot assure you that 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 RMB and the U.S. dollar in the future.

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Class A ordinary shares and/or ADSs. For example, to the extent that we need to convert U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Class A ordinary shares and/or ADSs.

We adopt a risk-neutral strategy to manage foreign exchange risks. For each entity with foreign exchange exposure, relevant currency position or accounts balance are reallocated to achieve natural hedging. While we may enter into hedging transactions, 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. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

***It may be difficult for overseas regulators to conduct investigation or collect evidence within China.***

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

***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 or delegated banks 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 famous trademarks or PRC time-honored brands.

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. These laws and regulations are continually evolving as newly enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by the NDRC and Ministry of Commerce and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. As these measures are recently promulgated, official guidance has not been issued by the designated office in charge of such security review yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute “important information technology and internet services and products” and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures. 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 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, NDRC 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.

***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 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 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 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 37 as a “special purpose vehicle.” The term “control” under SAFE Circular 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 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 the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents’ investment in “special purpose vehicle” pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 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.

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 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 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 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.

***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 RMB2,222 million, RMB2,545 million and RMB2,482 million (US\$389 million) financial incentives from local governments relating to our business operations in 2019, 2020 and 2021, 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.

*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 Taxation Administration, or the STA, 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 STA’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 “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.

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. 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 STA 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. In February 2018, the STA issued a new circular (Circular 9) to replace Circular 601, which came into effect on April 1, 2018. Circular 9 provides a more flexible framework in determining whether an applicant engages in substantive business activities. In addition, in the event that an enterprise does not satisfy the criteria for “beneficial owner,” but the person who holds 100% ownership interests in the enterprise directly or indirectly satisfies the criteria for “beneficial owner” and the circumstances fall under Circular 9, the enterprise will be deemed as a “beneficial owner.” If our Hong Kong subsidiaries are, in the light of Circular 9, 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 STA 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 STA Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises promulgated issued in March 2011, or STA 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 STA 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, 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%. STA 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 STA 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 STA Circular 7, public market trading and tax treaty exemptions.

In October 2017, the STA released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or STA Public Notice 37, effective from December 2017. STA Public Notice 37 replaced a series of important circulars, including but not limited to STA Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a nonresident enterprise. STA Public Notice 37 provides for certain key changes to the previous withholding regime. For example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under STA Circular 7 and STA Public Notice 37, 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 STA Circular 7 and STA Public Notice 37, 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 STA Circular 7.

However, as 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 and Class A Ordinary Shares**

***The trading price of our ADSs and Class A ordinary shares have been and are likely to continue to be volatile, which could result in substantial losses to holders of our Class A ordinary shares and/or ADSs.***

The trading prices of our ADSs and Class A ordinary shares have been and are likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. For example, the highest and lowest closing prices of our ADSs on Nasdaq in 2021 were US\$106.88 and US\$62.19, respectively. Likewise, the highest and lowest closing prices of our Class A ordinary shares on the Hong Kong Stock Exchange in 2021 were HK\$416.8 and HK\$241.4, respectively. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong and/or the United States may affect the volatility in the prices of and trading volumes for our Class A ordinary shares and/or ADSs. 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 Hong Kong and/or the United States, which consequently may impact the trading performance of our Class A ordinary shares and/or 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. Furthermore, 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 in early 2020, which may have a material and adverse effect on the trading price of our Class A ordinary shares and/or ADSs.

In addition to the above factors, the price and trading volume of our Class A ordinary shares and/or ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry, customers, suppliers or third-party merchants;
- 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;
- 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;
- political or market instability or disruptions, and actual or perceived social unrest in the United States, Hong Kong or other jurisdictions;
- fluctuations of exchange rates among RMB, the Hong Kong dollar and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our Class A ordinary shares or ADSs;
- sales or perceived potential sales of additional Class A ordinary shares or ADSs;
- any actual or alleged illegal acts of our senior management or other key employees;
- any share repurchase program; and
- proceedings instituted by the SEC against PRC-based accounting firms, including our independent registered public accounting firm.

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

We completed our public offering in Hong Kong in June 2020 and the trading of our Class A ordinary shares on the Hong Kong Stock Exchange commenced on June 18, 2020 under the stock code “9618.” As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO. As a result, we will adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our Class A ordinary shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO, which could result in us having to amend our corporate structure and articles of association and our incurring of incremental compliance costs.

***We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the price of our Class A ordinary shares and/or ADSs and could diminish our cash reserves.***

On March 17, 2020, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$2.0 billion of our ADSs or ordinary shares over the next 24 months through March 17, 2022. The share repurchase program was publicly announced on March 17, 2020. On December 29, 2021, our board of directors approved modifications to the share repurchase program adopted in March 2020, pursuant to which the repurchase authorization has increased from US\$2.0 billion to US\$3.0 billion and has been extended until March 17, 2024. From March 17, 2020 to the date of this annual report, we repurchased approximately 16.4 million ADSs at a weighted average price of US\$69.23 per ADS. Our share repurchase program could affect the price of our stock and increase volatility and may be suspended or terminated at any time.

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

The trading market for our Class A ordinary shares and/or 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 Class A ordinary shares and/or ADSs or publishes inaccurate or unfavorable research about our business, the market price for our Class A ordinary shares and/or 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 of or trading volume for our Class A ordinary shares and/or ADSs to decline.

***You may need to rely on price appreciation of our Class A ordinary shares and/or ADSs for return on your investment due to our dividend policy.***

Our board of directors has complete discretion as to whether to distribute dividends subject to our current memorandum and articles of association, which were adopted by a special resolution passed at the annual general meeting of our company held on June 23, 2021, and certain restrictions under Cayman Islands law. In addition, 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 Class A ordinary shares and/or ADSs will likely depend entirely upon any future price appreciation of our Class A ordinary shares and/or ADSs. There is no guarantee that our Class A ordinary shares and/or ADSs will appreciate in value or even maintain the price at which you purchased the Class A ordinary shares and/or ADSs. You may not realize a return on your investment in our Class A ordinary shares and/or ADSs and you may even lose your entire investment in our Class A ordinary shares and/or ADSs.

***Substantial future sales or perceived potential sales of our Class A ordinary shares and/or ADSs in the public market could cause the price of our Class A ordinary shares and/or ADSs to decline.***

Sales of our Class A ordinary shares and/or ADSs in the public market, or the perception that these sales could occur, could cause the market price of our Class A ordinary shares and/or ADSs to decline. As of March 31, 2022, we had 3,123,495,189 ordinary shares issued and outstanding, comprising of (i) 2,695,614,094 Class A ordinary shares (excluding the 35,813,642 Class A ordinary shares issued to our depositary 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) 427,881,095 Class B ordinary shares. The remaining authorized but unissued Class A ordinary shares 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 Class A ordinary shares and/or ADSs to decline.

***Holders of our ADSs may have fewer rights than holders of our ordinary shares and must act through the depositary 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 represented by the ADSs in accordance with the provisions of the deposit agreement. Pursuant to the second amended and restated memorandum of association and articles of association of our company, or our current memorandum of association and articles of association, adopted on June 23, 2021, the minimum notice period required to convene a general meeting is 14 days, for as long as our Class A shares remain listed on the Hong Kong Stock Exchange. When a general meeting is convened, holders of ADSs may not receive sufficient notice of a shareholders' meeting to permit withdrawal of the underlying Class A ordinary shares represented by their ADSs to allow them to cast their votes with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of ADSs or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of ADSs in a timely manner, but we cannot assure that holders of ADSs will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote and may lack recourse if the underlying ordinary shares represented by their ADSs are not voted as they requested. In addition, holders of ADSs will not be able to call a shareholders' meeting.

***Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote the Class A ordinary shares underlying the ADSs if holders of these ADSs do not vote at shareholders' meetings, which could adversely affect the interests of the holders of our Class A ordinary shares and/or ADSs.***

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

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that holders of ADSs cannot prevent our underlying Class A ordinary shares represented by their 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.

***The right of our ADS holders to participate in any future rights offerings may be limited, which may cause dilution to holdings of our ADS holders.***

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders of our ADSs 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 depositary will not make rights available to ADS holders 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, our ADS holders may be unable to participate in our rights offerings and may experience dilution in their holdings.

***Holders of our ADSs may not receive cash dividends if the depositary decides it is impractical to make them available to them.***

The depositary 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. To the extent that there is a distribution, the depositary of our ADSs has agreed to pay to holders of our ADSs 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. ADS holders will receive these distributions in proportion to the number of Class A ordinary shares their ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary 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 depositary may decide not to distribute such property to holders of our ADSs.

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

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

***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 our experts 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 or Hong Kong upon us or these persons, or to bring an action against us or against these persons in the United States or Hong Kong in the event that you believe that your rights have been infringed under the U.S. federal securities laws, Hong Kong 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 Hong Kong courts or 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. or Hong Kong courts under civil liability provisions of the U.S. federal securities law or Hong Kong 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. or Hong Kong 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.

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

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 Hong Kong law or 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 shareholders' 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.

Furthermore, our articles of association are specific to us and include certain provisions that may be different from common practices in Hong Kong, such as the absence of requirements that the appointment, removal and remuneration of auditors must be approved by a majority of our shareholders.

***Our current 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/or ADSs.***

Our current 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 beneficially owned through a trust wholly-owned by our chairman, 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 March 31, 2022, Mr. Liu beneficially owned 76.1% of the aggregate voting power of our company, including 3.5% 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. In addition, our current 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.

We are required to file an annual report 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 exempted 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 exempted 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 Act (As Revised) of the Cayman Islands nor our current 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. If we choose to follow certain 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.***

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 (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income.

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, 2021 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, 2021, and we do not expect to be classified as a PFIC in the current taxable year or 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 composition of our income or assets, or fluctuations in the market price of our Class A ordinary shares and/or ADSs, 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.

If we were to be or become a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations”) holds our ADSs or ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations.”

***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. We will also incur additional costs as a result of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange. 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.

***The different characteristics of the capital markets in Hong Kong and the U.S. may negatively affect the trading prices of our ADSs and Class A ordinary shares.***

As a dual-listed company, we are subject to Hong Kong and Nasdaq listing and regulatory requirements concurrently. The Hong Kong Stock Exchange and Nasdaq have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our ADSs and our Class A ordinary shares may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of our Class A ordinary shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our Class A ordinary shares notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong generally or to the same extent, or vice versa.

***Exchange between our Class A ordinary shares and our ADSs may adversely affect the liquidity and/or trading price of each other.***

Our ADSs are currently traded on Nasdaq. Subject to compliance with U.S. securities law and the terms of the deposit agreement, holders of our Class A ordinary shares may deposit Class A ordinary shares with the depository in exchange for the issuance of our ADSs. Any holder of ADSs may also withdraw the underlying Class A ordinary shares represented by the ADSs pursuant to the terms of the deposit agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of Class A ordinary shares are deposited with the depository in exchange for ADSs or vice versa, the liquidity and trading price of our Class A ordinary shares on the Hong Kong Stock Exchange and our ADSs on Nasdaq may be adversely affected.

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

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

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

***We are exposed to risks associated with the potential spin-off of one or more of our businesses.***

We are exposed to risks associated with the potential spin-off of one or more of our businesses. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to spin-off a subsidiary entity and list it on the Hong Kong Stock Exchange within three years of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange. On December 8, 2020, we completed the spin-off and listing of JD Health, a consolidated subsidiary of our company, on the Main Board of the Hong Kong Stock Exchange. On May 28, 2021, we completed the spin-off and listing of JD Logistics, a consolidated subsidiary of our company, on the Main Board of the Hong Kong Stock Exchange. We may continue to explore the ongoing financing requirements for our various other businesses and may consider a spin-off listing on the Hong Kong Stock Exchange for one or more of those businesses within the three-year period subsequent to the listing of our Class A ordinary shares on the Hong Kong Stock Exchange. The waiver granted by the Hong Kong Stock Exchange is conditional upon us confirming to the Hong Kong Stock Exchange in advance of any spin-off that it would not render our company, excluding the businesses to be spun off, incapable of fulfilling either the eligibility or suitability requirements under Rules 19C.02 and 19C.05 of the Hong Kong Listing Rules. We cannot assure you that any spin-off will ultimately be consummated, whether within the three-year period after the listing of our Class A ordinary shares on the Hong Kong Stock Exchange or otherwise, and any such spin-off will be subject to market conditions at the time and approval by the listing committee of the Hong Kong Stock Exchange. In the event that we proceed with a spin-off, the company's interest in the entity to be spun-off (and its corresponding contribution to the financial results of our company) will be reduced accordingly.

***An active trading market for our Class A ordinary shares on the Hong Kong Stock Exchange might not develop or be sustained and trading prices of our Class A ordinary shares might fluctuate significantly.***

Since the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, we have consistently been an actively-traded company on the Hong Kong Stock Exchange. However, we cannot assure you that an active trading market for our ordinary shares on the Hong Kong Stock Exchange will be sustained. The trading price or liquidity for our ADSs on Nasdaq might not be indicative of those of our Class A ordinary shares on the Hong Kong Stock Exchange. If an active trading market of our ordinary shares on the Hong Kong Stock Exchange is not sustained, the market price and liquidity of our ordinary shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai and Shenzhen Stock Exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect currently covers over 2,000 equity securities trading in the Hong Kong, Shanghai and Shenzhen markets. Stock Connect allows mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading; without Stock Connect, mainland Chinese investors would not otherwise have a direct and established means of engaging in Southbound Trading. In October 2019, the Shanghai and Shenzhen Stock Exchanges separately announced their amended implementation rules in connection with Southbound Trading to include shares of companies of a dual-class voting structure to be traded through Stock Connect. However, since these rules are relatively new, there remains uncertainty as to the implementation details, especially with respect to shares of those companies with a secondary listing on the Hong Kong Stock Exchange. It is unclear whether and when the Class A ordinary shares of our company, which has a dual-class voting structure with a secondary listing in Hong Kong, will be eligible to be traded through Stock Connect, if at all. The ineligibility or any delay of our Class A ordinary shares for trading through Stock Connect will affect mainland Chinese investors' ability to trade our Class A ordinary shares and therefore may limit the liquidity of the trading of our Class A ordinary shares on the Hong Kong Stock Exchange.

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

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

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.2% of the greater of the consideration for, or the value of, shares transferred, with 0.1% payable by each of the buyer and the seller.

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

#### **Item 4. Information on the Company**

##### **A. History and Development of the Company**

###### **Our Corporate History**

Our chairman, 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 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, among others, 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; and
- Xi'an Jingxundi Supply Chain Technology Co., Ltd., or Xi'an Jingxundi, which was established in May 2017 and primarily provides technology and consulting services relating to logistics services.

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

- Jingdong 360, which was established in April 2007 and holds our ICP license as an internet information provider and operates our [www.jd.com](http://www.jd.com) website;
- Jiangsu Yuanzhou, which was established in September 2010 and primarily engages in the business of selling books, audio and video products;
- Xi'an Jingdong Xincheng, which was established in June 2017 and primarily provides technology and consulting services relating to logistics services;
- Jiangsu Jingdong Bangneng, which was established in August 2015 and primarily engages in business of investment management; and
- Suqian Juhe, which was established in June 2020 and primarily provides enterprise management services.

We also conduct certain of our business operations through other consolidated variable interest entities and their subsidiaries, including Suqian Jingdong Tianning Jiankang Technology Co., Ltd., or Suqian Jingdong Tianning, which was established in June 2019 and primarily provides pharmacy sales and healthcare services in connection with JD Health's operations.

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, share issuance costs and the offering expenses.

On June 18, 2020, our Class A ordinary shares commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "9618." We raised from our global offering in connection with the listing in Hong Kong approximately RMB31.3 billion in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.

## **Our Strategic Cooperations**

### *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 social communications, online games and digital content and payment. Tencent has a large mobile internet user base, as evidenced by the combined monthly active user accounts of 1,268 million on Tencent's mobile apps Weixin and WeChat as of December 31, 2021 based on publicly available data.

Under the strategic partnership, Tencent offers us prominent access points in its mobile apps Weixin and Mobile QQ and provide us with traffic and other support from other key platforms, which 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 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 retail 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, were online marketplaces in China that brought 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 closed it down in 2016. 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. In April 2016, we exercised the right paying RMB800 million and acquired the remaining equity interest in Shanghai Ictson. Shanghai Ictson operated a B2C e-commerce platform in China.

Concurrent with the above transactions, the execution of the strategic cooperation agreement and for US\$215 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 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 raised US\$1.3 billion from Huang River Investment Limited, our existing shareholder and an affiliate of Tencent, by issuing 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.

In October 2015, we expanded partnership with Tencent to provide third-party merchants with innovative mobile marketing solutions. On May 10, 2019, we renewed the strategic cooperation agreement with Tencent for a period of three years starting from May 27, 2019. Tencent will continue to offer us prominent level 1 and level 2 access points on its Weixin platform to provide traffic support, and the two companies also intend to continue to cooperate in a number of areas including communications, advertising and membership services, among others. It is estimated that such traffic support, advertising spending and other cooperation will amount to over US\$800 million, which will be paid or spent over the next three years. We agreed to issue to Tencent a certain number of our Class A ordinary shares for a total consideration of approximately US\$250 million at prevailing market prices at certain pre-determined dates during the subsequent three-year period, of which 8,127,302, 2,938,584 and 1,914,998 of our Class A ordinary shares were issued in May 2019, May 2020 and June 2021, respectively. The issuance of Class A ordinary shares of US\$250 million formed part of the total estimated amount of US\$800 million that will be paid or spent for the traffic support, advertising and other cooperation from Tencent under the strategic cooperation agreement.

On March 25, 2022, Tencent completed a distribution of approximately 460 million Class A ordinary shares of our company owned by Tencent to its shareholders. As of March 31, 2022, Tencent's shareholding in us was approximately 2.3%, and the shareholders of Tencent who receive our shares in the distribution have become our shareholders. We and Tencent will continue to maintain our mutually beneficial business relationship, including our ongoing strategic partnership agreement.

#### *Strategic Cooperation with Walmart*

In June 2016, we entered into a series of agreements with Walmart Inc., or Walmart, in relation to our strategic alliance, pursuant to which Walmart subscribed for 144,952,250 of our newly issued Class A ordinary shares, representing approximately 5% of our total issued and outstanding shares on a fully diluted basis at the time. As of March 31, 2022, Walmart held Class A ordinary shares representing approximately 9.3% of our total issued and outstanding shares. As part of our strategic alliance with Walmart, we acquired ownership of the Yihaodian marketplace platform assets, including the Yihaodian brand, mobile apps and websites. We have collaborated with Walmart on e-commerce, including launching Sam's Club Flagship Store and Walmart Flagship Store on www.jd.com website, as well as Sam's Club Global Flagship Store, Walmart Global Flagship Store, ASDA Flagship Store and several category global stores to sell specific category products (for example Walmart Beauty and Personal Care Global Store) on JD Worldwide and a one-hour delivery service from Walmart Stores and Sam's Clubs in select cities through the JD Daojia app. As part of the strategic alliance, we also entered into an eight-year non-compete arrangement with Walmart, subject to certain conditions and exceptions.

## Developments of Our Subsidiaries

### *JD Logistics.*

JD Logistics has been operating as an internal logistics department of us since 2007 and as a stand-alone business segment since April 2017. JD Logistics offers a full spectrum of supply chain solutions and high-quality logistics services enabled by technology, ranging from warehousing to distribution, spanning across manufacturing to end-customers, covering regular and specialized items. In February 2018, we entered into definitive agreements with third-party investors for the financing of JD Logistics, and JD Logistics raised a total amount of US\$2.5 billion by issuing series A preference shares to third-party investors, who owned an aggregate of approximately 19% stake in JD Logistics on a fully diluted basis at the time. On May 28, 2021, shares of JD Logistics commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code “2618.” JD Logistics raised from the global offering in connection with the listing in Hong Kong approximately RMB22.9 billion (US\$3.6 billion) in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.

In August 2020, JD Logistics acquired a controlling interest in Kuayue-Express Group Co., LTD., or Kuayue Express, a renowned modern integrated express transportation enterprise specializing in “limited-time express service” in China, for a total consideration of approximately RMB3 billion through a combination of acquiring existing shares and subscribing for newly issued shares of Kuayue Express.

In March 2022, JD Logistics entered into a series of agreements in relation to the proposed acquisition of Deppon Logistics Co., Ltd (“Deppon”, Shanghai Stock Exchange stock code: 603056). Pursuant to the transaction agreements, JD Logistics will acquire approximately 99.99% of the equity interest in Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited, or Deppon Holdco, which in turn holds a total of approximately 66.50% of the issued share capital of Deppon, for a total consideration of approximately RMB9.0 billion. The transactions are subject to a staggered acquisition arrangement and certain customary closing conditions, including relevant regulatory approvals. Upon completion of the proposed transactions, Deppon Holdco (including Deppon and its subsidiaries) will become a subsidiary of JD Logistics, and its financial results will be consolidated into JD Logistics’s consolidated financial statements. As Deppon is listed on the Shanghai Stock Exchange, subject to the satisfaction of the conditions set out in the agreements and the completion of the proposed transactions, JD Logistics will make a mandatory general offer for all the issued, unrestricted and tradable shares of Deppon (excluding the issued and unrestricted shares of Deppon held by Deppon Holdco) at a price of RMB13.15 per share.

On March 25, 2022, JD Logistics entered into a placing agreement, pursuant to which JD Logistics had agreed to issue 150,500,000 of its ordinary shares to a group of third-party investors for a total purchase price of approximately US\$398 million in a placement (the “JDL Placement”). Concurrently, through our wholly-owned subsidiary, we had entered into a subscription agreement with JD Logistics, pursuant to which the subsidiary had agreed to subscribe for, and JD Logistics had agreed to issue 261,400,000 ordinary shares of JD Logistics, at the same per share price for the JDL Placement, for a total purchase price of approximately US\$692 million in cash (the “JD Subscription”). The JDL Placement and JD Subscription are not inter-conditional, and both are subject to certain customary closing conditions, including the approval of the Hong Kong Stock Exchange for the listing of the newly issued shares, and the closing conditions for the JD Subscription also include the approval of JD Logistics’s independent shareholders. Upon completion of the JDL Placement and the JD Subscription, through the subsidiary, we will maintain our shareholding in JD Logistics at approximately 63.5%, and continue to consolidate JD Logistics’s financial results into our financial statements.

On April 1, 2022, the JDL Placement was completed in accordance with the terms and conditions of the placing agreement, where an aggregate of 150,500,000 placing shares had been successfully placed by the placing agents to no less than six places at a placing price of HK\$20.71 for each placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK\$3,102 million.

### *JD Health*

In November 2019, our healthcare subsidiary, JD Health, completed the non-redeemable series A preference share financing with a group of third-party investors. The total amount of financing raised was US\$931 million, representing 13.5% of the ownership of JD Health on a fully diluted basis upon the completion of this transaction. In August 2020, JD Health completed the non-redeemable series B preference share financing with a group of third-party investors. The total amount of financing raised was US\$914 million, representing 4.5% of the ownership of JD Health on a fully diluted basis. Over the past few years, JD Health is building a comprehensive “Internet + healthcare” ecosystem, providing pharmaceutical and healthcare products and internet healthcare services to the customers. On December 8, 2020, shares of JD Health commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code “6618.” JD Health raised from the global offering in connection with the listing in Hong Kong approximately RMB25.7 billion in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.

### *JD Property*

In 2018, we established JD Property, our infrastructure asset management and integrated service platform, which owns, develops and manages our logistics facilities and other real estate properties to support JD Logistics and third parties.

On March 10, 2021, JD Property entered into definitive agreements for its non-redeemable series A preference share financing with co-lead investors Hillhouse Investment and Warburg Pincus, among others. The total amount raised was US\$703 million. We have remained the majority shareholder of JD Property after the completion of this transaction. On March 28, 2022, JD Property entered into definitive agreements for its non-redeemable series B preferred share financing with investors led by Hillhouse Investment, Warburg Pincus, and one leading global institutional investor, among others. The total amount raised in this round is expected to be approximately US\$800 million. The transaction is subject to customary closing conditions. We will remain the majority shareholder of JD Property after the completion of this transaction. It is expected that the financing will facilitate JD Property’s business expansion and model transformation, and further strengthen its infrastructure property management capabilities, so as to further enhance its leading position in China’s modern logistics infrastructure industry.

### *CNLP*

On September 1, 2021, JD Property entered into a sale and purchase agreement in relation to the proposed acquisition of CNLP (HKEX: 1589), pursuant to which JD Property conditionally agreed to acquire 916,488,000 shares of CNLP, representing approximately 26.38% of the issued share capital of CNLP, for a total consideration of approximately HK\$3,986.7 million in cash, representing a value of HK\$4.35 per share. CNLP is principally engaged in the leasing of storage facilities and the related management services in the PRC. The transaction was completed on January 28, 2022, upon which JD Property had accumulatively acquired 1,286,011,999 shares of CNLP, representing approximately 37.02% of the issued share capital of CNLP.

In addition, pursuant to the Hong Kong Code on Takeovers and Mergers, JD Property was required to (i) make an offer for all other issued shares of CNLP at HK\$4.35 in cash per share (the “Share Offer”); and (ii) make an offer for all other outstanding convertible bonds of CNLP (the “Convertible Bond Offer”, together with the Share Offer, the “Offers”). The maximum cash consideration for the Offers and the transaction contemplated thereunder would be approximately HK\$12,151.4 million. The Offers became unconditional on February 8, 2022.

Subject to certain acceptance threshold, JD Property intends to privatize CNLP by exercising its right to compulsorily acquire those shares not already acquired by JD Property under the Share Offer, after which CNLP will become a direct wholly-owned subsidiary of JD Property and an application will be made for the withdrawal of the listing of the shares of CNLP from the Hong Kong Stock Exchange.

As of April 22, 2022, taking into account the acceptance shares and the acceptance convertible bonds, JD Property and parties acting in concert with it held an aggregate of 2,786,897,806 shares of CNLP, representing approximately 80.22% of the issued share capital of CNLP, and 100% of the aggregate outstanding principal amounts of the convertible bonds. As disclosed in the joint announcement of CNLP and JD Property on April 22, 2022, the Offers have been extended to May 6, 2022 and further announcement(s) on the results of the Offers will be made in accordance with the Takeovers Code.

*JD Industry*

In April and December 2020, JD Industrial Technology Inc. (“JD Industry”), our subsidiary dedicated to empowering industrial development by supply chain, technology and services, entered into definitive agreements for non-redeemable series A and series A-1 preference share financing (“JD Industry Series A and A-1 Preference Shares”) with a group of third-party investors. The total amount of financing arising from JD Industry Series A and A-1 Preference Shares was approximately US\$335 million. Upon completion of such financing, we still hold more than 80% of the issued and outstanding shares of JD Industry.

*Jiangsu Five Star*

In April 2019, we completed an investment in Jiangsu Five Star Appliance Co., Ltd., or Jiangsu Five Star, one of the leading offline retailers of home appliances and consumer electronics in China. We acquired 46% of Jiangsu Five Star’s total shares from its existing shareholder for a total purchase price of RMB1.27 billion with a combination of cash and assumption of the seller’s debt. Following this investment, we and Jiangsu Five Star leverage each other’s industry expertise and strength to explore new growth opportunities in the area of omni-channel strategy and aim to provide consumers with a fully-integrated, smart online and offline shopping experience. In addition, we provided a loan of approximately RMB1.02 billion to the seller. We are also entitled to certain collateral and investor rights pursuant to the related definitive agreements. In the second quarter of 2020, we further acquired 54% equity interest and consolidated Jiangsu Five Star by converting the loan of RMB1.02 billion and assuming the seller’s RMB428 million debt owed to Jiangsu Five Star.

*Dada Group*

In April 2016, we completed the transaction with Dada Group, a leading local on-demand delivery and retail platform in China, pursuant to which our online-to-offline business, JD Daojia, became a subsidiary of Dada Group and we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada Group. In December 2017, we exercised our warrant to acquire additional preferred shares of Dada Group. In August 2018, in conjunction of Dada Group’s Series F round financing with Walmart, we further invested US\$180 million to acquire the newly issued preferred shares of Dada Group. We have formed an extensive cooperation relationship with Dada Group, as its local on-demand delivery and retail capabilities support our innovative projects and omni-channel strategy, together bringing consumers the most convenient and advanced shopping experience. In June 2020, the ADSs of Dada Group commenced trading on the Nasdaq Global Select Market under the symbol “DADA.” As of December 31, 2021, we owned approximately 47% issued and outstanding of Dada Group.

On March 22, 2021, we, through a subsidiary, entered into a share subscription agreement with Dada Group, and further entered into an amendment to share subscription agreement on February 25, 2022, under which Dada Group issued to us 109,215,017 ordinary shares, for a total consideration of (i) an aggregate purchase price of US\$546 million in cash, and (ii) our signing and delivery of a business cooperation agreement to Dada Group, pursuant to which we will provide certain strategic resources to Dada Group, at a closing that occurred on February 28, 2022. Immediately following the closing, we held approximately 52% of Dada Group’s issued and outstanding shares and began to consolidate the financial results of Dada Group into ours.

## Our Major Investments

### *JD Technology*

Since 2017, JD Technology (formerly known as Jingdong Digits Technology Holding Co., Ltd. and renamed as Jingdong Technology Holding Co., Ltd. in May 2021) has made remarkable progress in the field of digital technology and is now a leading technology service provider in China, enabling corporates and organizations across industries to achieve digitalization and intelligentization and fueling their growth through accessible financial solutions. In June 2020, we entered into agreements with JD Technology, pursuant to which we have, through a consolidated PRC domestic company, acquired an aggregate of 36.8% equity interest in JD Technology by converting our profit sharing right pursuant to the framework agreement between us and JD Technology and investing additional RMB1.78 billion in cash in JD Technology. The framework agreement, including the profit-sharing arrangement between JD Technology and us, was terminated, and JD Technology has become our equity method investee. In connection with the acquisition of equity interests in JD Technology, we have entered into a series of agreements with JD Technology which set forth the rights of JD as a shareholder. Pursuant to these agreements, we continue to enjoy substantially all the rights that we had under the framework agreement; provided that certain rights such as the right to liquidity event payment had been terminated upon our conversion of the profit sharing right into equity interest in JD Technology. Pursuant to these agreements, certain of our rights under these agreements should be terminated immediately the day before JD Technology submits its application for an initial public offering. These rights, however, will be restored in the event the initial public offering application is rejected by the relevant authorities or withdrawn by JD Technology.

In addition, on June 20, 2020, the shareholders of JD Technology passed a unanimous resolution to restructure JD Technology as a company limited by shares and adopt the dual class voting structure. The shares held by Mr. Richard Qiangdong Liu and Suqian Linghang Fangyuan Equity Investment Center (Limited Partnership), or Suqian Linghang Fangyuan, an entity controlled by Mr. Liu, were entitled to ten votes per share, while Mr. Liu and Suqian Linghang Fangyuan must abstain from voting on any related party transaction with JD Technology. As a result of this dual class voting structure, as of March 31, 2022, we held approximately 22.1% voting power, and Mr. Richard Qiangdong Liu and Suqian Linghang Fangyuan together held 52.4% of the total voting power of JD Technology.

On March 31, 2021, we entered into definitive agreements with JD Technology relating to the reorganization of our cloud computing and artificial intelligence business (“JD Cloud & AI”). Pursuant to the definitive agreements, we transferred JD Cloud & AI and additional RMB4 billion in cash, as consideration in exchange for newly issued ordinary shares of JD Technology. To support the smooth business transition of JD Cloud & AI, we also transferred some equipment and reserved some restricted share units of us for the employees of JD Cloud & AI, for which JD Technology paid cash consideration. Upon completion of the transactions on March 31, 2021, JD Cloud & AI was deconsolidated from our consolidated financial statements, and our equity interest in JD Technology increased from 36.8% to 41.7%.

### *Yonghui*

In August 2015, we entered into definitive agreements with Yonghui Superstores Co., Ltd., or Yonghui, pursuant to which we subscribed for newly issued ordinary shares of Yonghui with a consideration of RMB4.23 billion. In May 2018, we made an additional investment of RMB1.2 billion to acquire additional ordinary shares from the existing shareholders of Yonghui. In 2020, we made further investment of RMB1.0 billion to acquire additional ordinary shares from the existing shareholders of Yonghui. As of December 31, 2021, we held approximately 13% of Yonghui’s issued and outstanding ordinary shares. 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 online-to-offline initiatives and other areas of potential strategic cooperation.

### *China Unicom*

In August 2017, we entered into a conditional share subscription agreement with China United Network Communications Limited, or China Unicom, a Chinese telecommunications operator in relation to our investment of approximately RMB5 billion in cash to subscribe for certain privately issued shares of China Unicom. Concurrently, we, through a PRC affiliate, also entered into a strategic business cooperation agreement with China Unicom.

### *Vipshop*

In December 2017, we, along with Tencent, entered into a share subscription agreement to subscribe for newly issued Class A ordinary shares of Vipshop Holdings Limited, or Vipshop, a NYSE-listed online discount retailer for brands in China. We also transacted the ADSs of Vipshop from the open market. As of April 14, 2022, we beneficially owned 8,593,189 Class A ordinary shares (including Class A ordinary shares in the form of ADSs) of Vipshop.

### *Wanda Commercial Properties*

In January 2018, we, along with Tencent, entered into a strategic partnership agreement with Dalian Wanda Commercial Properties Co., Ltd., or Wanda Commercial Properties, a leading developer, owner and operator of commercial properties in China, and its major shareholder, Dalian Wanda Group Co., Ltd. Pursuant to the agreement, we invested RMB5 billion to purchase the shares of Wanda Commercial Properties from its existing shareholders.

### *ATRenew (formerly known as AiHuiShou)*

In June 2019, we completed an investment of approximately RMB3.38 billion in ATRenew Inc. (formerly known as AiHuiShou International Co. Ltd.), or ATRenew, a technology-driven pre-owned consumer electronics transactions and services platform. In connection with this investment, we merged our Paipai Secondhand business with and into ATRenew with certain exclusive traffic resources for the next five years, and additionally invested a certain amount of cash in exchange for additional preferred shares of ATRenew. In September and December 2020, we completed additional investments of RMB401 million in cash in ATRenew. In addition, we made an additional investment of RMB129 million in ATRenew in April 2021 and RMB321 million to acquire its ADSs in connection with its initial public offering in June 2021. The ADSs of ATRenew commenced trading on the New York Stock Exchange in June 2021. As of December 31, 2021, we owned approximately 33% issued and outstanding shares of ATRenew.

### *Xingsheng*

In December 2020, we invested approximately US\$700 million to purchase newly issued preferred shares of Xingsheng Preference Electronic Business Limited, or Xingsheng. Xingsheng is a leading community group buying e-commerce platform that serves community families with fresh foods and daily necessities.

## **B. Business Overview**

### **Overview**

We are a leading supply chain-based technology and service provider. We generated total net revenues of RMB576.9 billion, RMB745.8 billion and RMB951.6 billion (US\$149.3 billion) in 2019, 2020 and 2021, respectively. We generated net income of RMB11.9 billion and RMB49.3 billion in 2019 and 2020, respectively, and incurred net loss of RMB4.5 billion (US\$0.7 billion) in 2021.

### **Overview of Our E-commerce Business**

We believe our scale and market leadership are built upon our competitive edge in customer experience and operational efficiency, as well as our commitment to strategically invest in technology and logistics infrastructure for the long term.

Providing superior customer experience is our top priority. Our e-commerce business offers customers a wide selection of authentic products at competitive prices. We have built and operate our own nationwide fulfillment infrastructure that supports our e-commerce business. Our speedy, efficient and reliable fulfillment services ensure a high degree of customer satisfaction. We offer an enjoyable online shopping experience mainly through our content-rich, user-friendly and highly personalized mobile apps and website [www.jd.com](http://www.jd.com). We also provide comprehensive customer services and convenient payment options. Owing to the superior customer experience we provide, our loyal customer base has expanded rapidly. We had 362.0 million, 471.9 million and 569.7 million annual active customer accounts in 2019, 2020 and 2021, respectively.

We operate online retail and marketplace e-commerce businesses. In our online retail business, we purchase products from suppliers and sell them directly to our customers. We offer a wide range of product categories through our online retail business, including electronics products, home appliances and a large variety of other general merchandise categories. We have established strong relationships with our suppliers as our online retail business grows rapidly over time. As of December 31, 2021, we sourced products from over 40,000 suppliers.

Timely and reliable fulfillment is critical to our success. Leveraging this nationwide fulfillment capability, we deliver a majority of the orders to customers by ourselves. Since 2020, we further improved our efficiency in more cities, especially the less developed areas, as we continued to expand our same day and next day delivery service in these areas. Our fulfillment services have been proven to be highly reliable in response to customer needs, particularly in the event of business disruptions, such as during the COVID-19 outbreak.

We launched our online marketplace in October 2010, and have since then been continually adding third-party merchants and introducing new products and services, including premium international brands, to our customers. Merchants on our online marketplace are held to high standards for transacting with our customers. We aim to offer our customers with consistently high-quality online shopping experience regardless they purchase from us or third-party merchants. To this end, we require all third-party merchants to meet our strict standards for product authenticity and service reliability, and closely monitor their performance and activities on our online marketplace.

We provide a variety of digital marketing services to marketers on our e-commerce platform, including suppliers to our online retail business, third-party merchants on our online marketplace and other partners. Powered by AI technology, our digital marketing platform provides our marketing customers with comprehensive digital branding and performance-based marketing solutions and various effective measurement tools, which help them reach targeted audiences, attract and retain customers and improve their returns. Our digital marketing platform also features automatic marketing operation including online marketing message creation, targeting, bidding, deployment and budget allocation, which enables marketers to manage their digital marketing strategy and spending in a convenient and efficient manner.

We are exploring a variety of omni-channel initiatives to meet our customers' ever-growing demand. We believe we are well-positioned to empower traditional offline retailers by capitalizing on our strong online presence, industry know-how and omni-channel technology and systems. We collaborate with Walmart on e-commerce by launching Walmart and Sam's Club Flagship Stores on our platform and providing fulfillment solutions to them. Through our strategic partnership with Dada Group, a leading local on-demand delivery and retail platform in China, whose financial results were recently consolidated by us since February 28, 2022, Dada Group has been cooperating with JD Logistics to provide our customers with on-demand and last-mile delivery services of a wide selection of grocery and other fresh products through JD Daojia. We are also exploring in the offline retail market through 7FRESH, our offline fresh food markets, experimenting on the omni-channel model.

Our proprietary and scalable technology platform enhances user experience, improves operating efficiency and supports the growth in our e-commerce business. Leveraging machine-learning technology and massive data sets amassed from online purchase behaviors, we curate personalized product recommendations and push targeted promotions. We utilize AI technology to refine our merchandise sourcing strategy, allowing us to efficiently manage our inventory and control cost. With consumer insights generated from big data analytics, we provide tailor-made products through customer-to-manufacturer production, which increase sales and enhance customer satisfaction.

#### ***Overview of Our Supply Chain-based Technologies and Services***

We are a leading supply chain-based technology and service provider. We take a holistic view on the supply chain covering from upstream manufacturing and procurement, logistics, distribution and retail to end customers.

With our leading position in the retail industry, we have established strong relationships with numerous suppliers, brands and partners. We leverage such relationships and our retail technology capability to provide them with a variety of service solutions. Over the past decade, we have also built a highly scalable and reliable logistics infrastructure and technology platform for our retail business. We are opening up logistics infrastructure and technology platform to third parties with comprehensive logistic services and technology solutions.

Technology is crucial to our achievements today and continued success in the future. It enables better customer experience, more customer cost savings and higher efficiency, while it also serves as a foundation to export our capabilities to enhance productivity and innovation across a multitude of industries in China.

### Logistics Services

We made our strategic decision in 2007 to invest in and build our own nationwide fulfillment infrastructure. As of December 31, 2021, our nationwide fulfillment infrastructure covered almost all counties and districts across China, with a network of over 1,300 warehouses with an aggregate gross floor area of over 24 million square meters, including warehouse space managed under the JD Logistics Open Warehouse Platform. In addition, we had a team of 298,717 warehouse and delivery personnel as of December 31, 2021. Our value proposition is to empower our customers' supply chains and substantially improve their operational efficiencies, which in turn enhance their own customer experience and stickiness. We help our customers reduce redundant distribution layers, improve the agility of their supply chains, and optimize inventory management. Our solutions are powered by our proprietary technology, industry know-how and insights of product merchandizing. In 2021, we served more than 300,000 corporate customers across a wide array of industries, such as FMCG (fast-moving consumer goods), apparel, home appliances, home furniture, 3C, automotive and fresh produce, among others.

### Our Retail Technology Services and Other Technology Initiatives

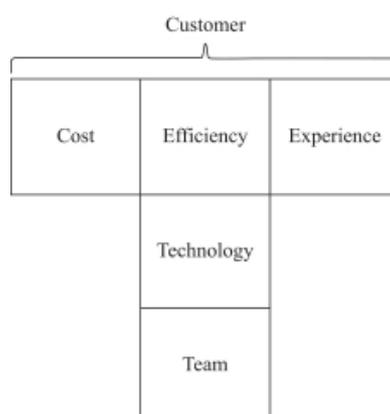
Capitalizing on our retail data, infrastructure and technology, we commercialize our retail capability into services we offer to brands and partners in the retail industry. Through such services, we believe we can create, together with our partners, a more advanced and comprehensive retail ecosystem to reach and serve more consumers, wherever and whenever they shop.

We operate a technology service platform Kepler which provides comprehensive services for our partners to conduct online retail leveraging traffic on third-party channels. For example, we help brands set up mini programs on Tencent's Weixin and provide one-stop services including mini-program creation, product selection and pricing, digital marketing, inventory management, fulfillment and customer services. Such services are especially valuable for brands with less sophisticated online retail experience but wish to boost sales through emerging mobile internet channels. In addition, powered by predictive analytics utilizing AI and big data, we also offer services to traditional brick-and-mortar retailers to optimize offline stores' operation by recommending product selection based on local consumers' preferences while managing stocks at optimum inventory level.

We have developed robust supply-chain based technology in three key areas, namely AI, Big data analytics and Cloud computing. We have world-class scientists and a large team of AI engineers. Our technology achievements have been well recognized globally. For example, we built a smart supply-chain platform that includes application-level products supporting many use cases that are applicable to our business as well as the ecosystem.

### Core Philosophy

Putting customers first is always our core philosophy, as 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 the best talent.
- Technology is a key contributor to maintaining our competitive advantage. Upgrading core technologies can effectively reduce cost, improve operating efficiency, and deliver best-in-class customer experience. In order to achieve sustainable future growth, we have been heavily investing in technology innovation and will continue to do so. Our technology strategy focuses on three key areas, namely: AI, Big Data and Cloud. By adopting a middle platform model and compartmentalizing the IT components and standard APIs in our IT architecture, we have greatly enhanced R&D efficiency, and accelerated business innovation. More importantly, this has enabled us to offer more value-added technology services to our clients across a wide spectrum of industries.

- To create value for our customers, partners and society, we make continuous efforts to reduce cost, improve efficiency, and deliver better customer experiences:
- Our technology and data-driven management employ an array of key performance indicators to minimize costs and maximize efficiency in our operations;
- We continue to encourage innovation with our partners in order to offer customers a holistic shopping experience through both online and offline channels, thereby increasing customer loyalty; and
- We continuously open up our infrastructure, such as logistics, systems and technologies, to our business partners to develop more innovative solutions that could reduce cost and/or enhance efficiency for society as a whole.
- As a result, we are able to offer a broad selection of products, services and solutions at competitive prices as well as excellent experiences. We strive to deliver a sustainable best-in-class customer experience that leads to more loyalty and commitment.

### **Our Growth Strategies**

Our strategies are centered on sustainable and quality growth, which we expect to achieve by further solidifying the market leadership of our e-commerce business, and developing our supply chain-based technology service capabilities to empower the players across the industry value chain. Our team, organization structure and corporate culture undergird the successful execution of our growth strategies.

We will further grow our scale to strengthen our competitive advantages and achieve even greater economies of scale. With our continuous growth in scale and further enhancement of our procurement capabilities and partnerships with our third-party merchants, we can deliver stronger value propositions to our customers, especially everyday low price, wider selection, and better quality. We will continue our commitment to technology development, investment in logistics infrastructure and supply chain platforms, to fuel our growth and eventually strengthen our self-reinforcing virtuous cycle.

To further enhance customer engagement and customer experience, we will continue to widen our product selection and improve personalization and other features on our platform. We plan to extend online and offline retail scenarios and develop innovative retail channels to better meet evolving customer demand, enhance our touch points with customers and increase our wallet share over time. In addition, we will further penetrate into lower-tier cities where hundreds of millions of consumers have growing but underserved demand for quality products and upgraded services. We will continue to execute tailor-made customer acquisition strategy and offer compelling value-for-money products through more targeted channels. For example, we launched Jingxi in 2019, an online marketplace channel, featuring rich social attributes and curated products that cater to the demand of customers in lower-tier cities. We will continue to invest in our fulfillment infrastructure to better serve customers in lower-tier cities. We also plan to prudently explore growth opportunities in overseas markets to grow overseas customer base through organic growth, strategic collaboration, and selective investments and acquisitions.

As a technology-driven company, we will continue to focus on the key areas of our technology initiatives, such as AI, big data and cloud computing, to strengthen our competitive advantage in technology. We will continue to invest in a holistic smart supply-chain technology platform and optimize our service capabilities. We will also open up our platform and offer supply chain-based technology services to customers and partners in various industries. We believe our focus on these technology initiatives will help digitalize and streamline the industry value chain, improve operational efficiency for our customers and partners, and create additional monetization opportunities for us.

We will continue to optimize our organizational structure and adapt to changing market conditions. By delegating decision-making power to managers in each business unit, we enable them to be closer to our customers and navigate through dynamic market environment. We will continue to enhance synergies between business units and encourage innovation. We believe our entrepreneurial corporate culture and our employees are instrumental to a prospering and enduring business. We are committed to attracting new talents by offering compelling incentive packages and encouraging them to achieve their career goals. At the same time, we will also strengthen our talents by instilling in them a sense of ownership and a result-oriented, problem-solving mindset. We are confident that a dedicated team, a well-structured organization and a solid corporate culture will ensure execution of our business strategies and drive growth for years to come.

## **Our Business**

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

Leveraging the significant scale of our business, cutting-edge technologies, and our well-established retail infrastructure, we have also begun to offer comprehensive supply chain-based services that complement our core business and create significant value for a wide range of business partners. Ultimately, this will boost business development and the overall customer experience.

## **JD Retail**

### *Online Retail*

In our online retail business, we acquire products from suppliers and sell them directly to customers. We believe we have the largest online product review database of any online retail company in China with approximately 8.9 billion product reviews generated by our customers as of December 31, 2021. As we now offer a wide range of product categories through our online retail business model, 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. As of December 31, 2021, we sourced products from over 40,000 suppliers. We believe that large scale and market leading position are critical to success in the online retail market in China and can provide important competitive advantages to us.

### *Online Marketplace*

In our online marketplace business, third-party merchants offer products to customers on our online marketplace and pay us sales commissions. We launched our online marketplace in October 2010 and have been adding new products and services, including premium international brands, since then.

We provide transaction processing and billing services on all orders placed on our online marketplace and require third-party merchants to meet our strict standards for authenticity and reliability. We monitor third-party merchants' performance and activities on our online marketplace closely to ensure that they meet our requirements for authentic products and high-quality customer service. We tag certain top stores on our platform as "JD Haodian (京东好店)," based on each third-party merchant's quality of service during the entire purchase process. Such certification can help the top third-party merchants improve their sales volumes on the platform. Furthermore, it sets a benchmark to encourage other third-party merchants to improve their quality of service. We aim to offer customers the same high-quality customer experience regardless of the source of the products they choose.

### *Omni-channel Initiatives*

We are exploring a variety of omni-channel integration opportunities and innovative business models.

We believe we are well-positioned to provide omni-channel solutions to customers and offline retailers in select locations in China by capitalizing on our strong online presence and leveraging our strategic partnership with Dada Group, a leading local on-demand delivery and retail platform in China. Dada Group has partnered with a large number of well-known chain retailers and many first-tier international and domestic FMCG (fast-moving consumer goods) brands by leveraging Dada Group's crowd-sourcing delivery network. Dada Group has been cooperating with JD Logistics to provide fast on-demand delivery services for merchants and consumers. In 2021, we and Dada Group formed a strategic partnership with ASUS, a global technology leader, launching more than 150 ASUS stores on JD Daojia (JDDJ) and "Shop Now", our new on-demand consumer retail section. Leveraging this partnership, we will further accelerate the digital transformation of physical stores to improve the offline shopping experience for computer and digital products, including the extension of "one-hour delivery" service to all ASUS offline stores in China.

On March 22, 2021, we, through a subsidiary, entered into a share subscription agreement with Dada Group, and further entered into an amendment to share subscription agreement on February 25, 2022, under which Dada Group issued to us 109,215,017 ordinary shares, for a total consideration of (i) an aggregate purchase price of US\$546 million in cash, and (ii) our signing and delivery of a business cooperation agreement to Dada Group, pursuant to which we will provide certain strategic resources to Dada Group, at a closing that occurred on February 28, 2022. Immediately following the closing, we held approximately 52% of Dada Group's issued and outstanding shares and began to consolidate the financial results of Dada Group into ours. Our increased investment in Dada Group will facilitate both sides to promote the expansion of on-demand delivery and retail, as well as omni-channel collaboration. This is expected to help our company to further diversify its retail services, enable its business partners to improve their operating efficiency, and deliver better services for its consumers.

In June 2016, we entered into a series of agreements in relation to our strategic alliance with Walmart. We have collaborated with Walmart on e-commerce, including launching a Sam's Club Flagship Store and Walmart China Flagship Store on www.jd.com website, Sam's Club Global Flagship Store, Walmart Global Flagship Store, and several category global stores to sell specific category products (for example Walmart Beauty and Personal Care Global Store) on JD Worldwide, and a one-hour delivery service from Walmart Stores and Sam's Clubs in selected cities through the JD Daojia app. We have also experimented with other omni-channel opportunities, aimed at offering shoppers across China faster and more convenient access to high-quality products through multiple channels.

To provide customers with a more dynamic and interactive integrated omni-channel shopping experience, we have enabled some of our offline partners with a variety of the latest technologies such as facial recognition, product recognition, and a tracking system for customers' in-store activities, among others. We have established a closed loop to accumulate a large volume of offline shopping data, and through further analysis of the integrated online and offline dataset, we can offer differentiated products that best suit potential customer demand in each offline franchise store.

7FRESH, our offline fresh food market brand, is part of our omni-channel strategy. In December 2017, we opened our first 7FRESH store in Yizhuang Economic and Technological Development Zone in Beijing. We integrated our advanced supply chain management know-how and cutting-edge storage technologies to 7FRESH stores to deliver a unique shopping experience. The application of our advanced supply chain management solution and technology on 7FRESH is part of our ongoing experiments to deploy our retail and supply chain service capabilities, which, once proven, will empower our potential offline partners to further expand our 7FRESH presence to pursue an enhanced shopping experience for our consumers.

In September 2021, we opened our first "JD MALL" offline store in Xi'an, Shaanxi Province, offering consumers an immersive omni-channel shopping experience. In addition to traditional electronic categories offered by JD Super Experience Store, JD MALL provides over 200,000 items from more than 150 brands, in categories including home, furniture, kids, smart healthcare products and auto accessories. Through its partnership with leading furniture makers, JD MALL meets the demand among younger consumers for bespoke one-stop-shop home design services that incorporate furniture and home appliances categories.

### *Marketing Services*

Leveraging our AI capabilities and our comprehensive dataset accumulated from a wide range of business scenarios along the entire value chain, we provide a variety of marketing services to suppliers, third-party merchants and other business partners through our proprietary advertisement technology platform. In 2019, through our greatly expanded development and investment in advanced advertising and marketing technology, we launched the JD Marketing 360 Platform. This platform employs sophisticated AI and big data technologies in exploiting our user behavior insights to provide brand marketers and third-party merchants with a one-stop brand building and sales growth solution. It integrates omni-channel marketing, rich marketing effectiveness measurements, and comprehensive consumer asset growth management to help our marketers to effectively acquire new users and increase shopping frequency from existing users. We provide native search ads and display ads on our main apps, and we also place display ads, search ads and affiliate ads on China's mainstream high traffic apps and video apps. In 2019, we also invested in automated marketing technologies, launching comprehensive products automating all aspects of marketing, including automatic bidding, targeting, creative generation of ads, and budget allocation to satisfy a broad range of marketing scenarios. These products not only reduce our marketers' labor in marketing campaigns, but also improve their ROI.

### *JD Logistics*

JD Logistics is the leading technology-driven supply chain solutions and logistics services provider in China. On May 28, 2021, shares of JD Logistics commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "2618." JD Logistics offers a full spectrum of supply chain solutions and high-quality logistics services enabled by technology, ranging from warehousing to distribution, spanning across manufacturing to end-customers, covering regular and specialized items. JD Logistics's value proposition is to empower customers' supply chains and substantially improve their operational efficiencies, which in turn enhance their own customer experience and stickiness. JD Logistics helps customers reduce redundant distribution layers, improve the agility of their supply chains, and optimize inventory management. The solutions are powered by proprietary technology, industry know-how and insights of product merchandizing. In 2021, JD Logistics served more than 300,000 corporate customers across a wide array of industries, such as FMCG (fast-moving consumer goods), apparel, home appliances, home furniture, 3C, automotive and fresh produce, among others. As of December 31, 2021, JD Logistics operated over 1,300 warehouses, which covered an aggregate gross floor area of over 24 million square meters, including warehouse space managed under the JD Logistics Open Warehouse Platform. In the second quarter of 2020, JD Logistics launched a new Asia No.1 warehouse in Langfang, Hebei Province, near Beijing, equipped with the first automated storage and retrieval system for bulky items in Asia's e-commerce industry, greatly improving efficiency in handling items including air conditioners, refrigerators and furniture. In 2021, approximately 90% of the total online retail orders processed through JD Logistics's network were delivered on the same day or the day after the order was placed, with approximately 60% of the total online retail orders covered by the 211 program.

On March 25, 2022, JD Logistics entered into a placing agreement, pursuant to which JD Logistics had agreed to issue 150,500,000 of its ordinary shares to a group of third-party investors for a total purchase price of approximately US\$398 million in a placement (the "JDL Placement"). Concurrently, through our wholly-owned subsidiary, we had entered into a subscription agreement with JD Logistics, pursuant to which the subsidiary had agreed to subscribe for, and JD Logistics had agreed to issue, 261,400,000 ordinary shares of JD Logistics, at the same per share price for the JDL Placement, for a total purchase price of approximately US\$692 million in cash (the "JD Subscription"). The JDL Placement and JD Subscription are not inter-conditional, and both are subject to certain customary closing conditions, including the approval of the Hong Kong Stock Exchange for the listing of the newly issued shares, and the closing conditions for the JD Subscription also include the approval of JD Logistics's independent shareholders. Upon completion of the JDL Placement and the JD Subscription, through the subsidiary, we will maintain our shareholding in JD Logistics at approximately 63.5%, and continue to consolidate JD Logistics's financial results into our financial statements.

On April 1, 2022, the JDL Placement was completed in accordance with the terms and conditions of the placing agreement, where an aggregate of 150,500,000 placing shares had been successfully placed by the placing agents to no less than six places at a placing price of HK\$20.71 for each placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK\$3,102 million.

### *JD Property*

JD Property, our infrastructure asset management and integrated service platform, owns, develops and manages our logistics facilities and other real estate properties, to support JD Logistics and third parties. JD Property has unique advantages to secure scarce land resources as we continue to help boost economies across China through creating employment opportunities and contributing tax, among others. JD Property aims to develop its logistics asset portfolios while maintaining strong capital discipline. With the expansion of our asset portfolios, we have adopted a capital recycling strategy through our fund management platform and other partnerships. We believe this strategy will help further expand our asset portfolios, minimize our related future capital expenditures and enhance our returns. As of December 31, 2021, JD Property manages properties with a total gross floor area of approximately 16 million square meters. On March 10, 2021, JD Property entered into definitive agreements for the non-redeemable series A preference share financing with co-lead investors Hillhouse Investment and Warburg Pincus, among others. The total amount raised was US\$703 million. We have remained the majority shareholder of JD Property after the completion of this transaction. On March 28, 2022, JD Property entered into definitive agreements for its non-redeemable series B preferred share financing with investors led by Hillhouse Investment, Warburg Pincus, and one leading global institutional investor, among others. The total amount raised in this round is expected to be approximately US\$800 million. The transaction is subject to customary closing conditions. We will remain the majority shareholder of JD Property after the completion of this transaction. It is expected that the financing will facilitate JD Property's business expansion and model transformation, and further strengthen its infrastructure property management capabilities, so as to further enhance its leading position in China's modern logistics infrastructure industry.

On September 1, 2021, we entered into definitive agreement and potential mandatory conditional cash offer to acquire CNLP. See “Item 4.A. Information on the Company—History and Development of the Company—Development of Our Subsidiaries—CNLP” for details.

### ***Technology Initiatives***

In November 2020, during our fourth annual tech summit “JD Discovery” in Beijing, we launched JD Retail Cloud, a technological ecosystem for the retail industry. JD Retail Cloud offers integrated data, technology, business, and user management industry solutions to support the digitization of enterprises and institutions. One solution provided by JD Retail Cloud is Shangling SaaS Mall, a comprehensive SaaS-based operational solution for manufacturers and offline retailers. Driven by our technology and services, Shangling SaaS Mall aims to help manufacturers and retailers to improve efficiency in omni-channel operation and marketing, as well as digitalization of offline store operation.

JD-Y, our supply chain R&D unit that focuses on supply chain innovation, launched its self-built industry-leading end-to-end replenishment model (E2E model), which provides an automatic and scalable inventory management solution and shortens the decision process in inventory management. Specifically, the model applies deep learning technology to enable our company to achieve automatic merchandise replenishment based on historical sales performance without the need for sales forecast. A paper on the model has been accepted and to be published soon by *Management Science*, a world-leading scholarly journal within INFORMS, an international association for professionals in operations research and analytics. We aim to build up and open our capabilities with industry partners. JD-Y also launched Intelligent Supply Chain initiative, which aims to increase automation of supply chain, improve logistics efficiency among industries, and promote environmentally friendly programs. At the same time, JD-Y also opened up its capabilities to the public and worked together with merchants in C2M customization.

On JD Logistics side, we have been strengthening our technological innovation and applications in various aspects of supply chain solutions and logistics services, including automation, digitalization and intelligentization. Our proprietary technologies include both hardware and software technologies that are seamlessly integrated. As of December 31, 2021, we were entitled to over 5,500 patents and computer software copyrights (including applications thereof), of which over 3,000 are related to our automation and unmanned technologies. We have also built a large team of over 3,800 research and development professionals. We apply technology to each key part of the supply chain, combining pre-planning, implementation, intelligent decision-making and post-operation management to deliver customer experience and overall efficiency. Equipped with these proprietary technologies, we have built a comprehensive smart logistics system capable of service automation, operation digitalization and intelligent decision-making. In January 2021, JD Logistics was selected by INFORMS as one of the seven finalists for the 50th annual Franz Edelman Award for Achievement in Advanced Analytics, Operations Research and Management Science, the world’s most prestigious award for achievements in the practice of analytics and operations research. Along with other seven world-leading enterprises including Amazon, JD.com, Inc. was recognized for its advanced research and self-developed “unmanned” warehouse scheduling system. JD.com, Inc. is among the few Chinese companies that were selected as finalists in the history of the award.

In December 2019, we formed JD Cloud & AI platform. We have a large team consisting of research and development professionals primarily covering areas of AI, big data analytics and cloud computing. We strive to deliver best-in-class services to our customers and become the most trusted technology service provider in the industry, powered by our large and sophisticated IT infrastructures. On March 31, 2021, we entered into definitive agreements with JD Technology relating to the reorganization of JD Cloud & AI. Pursuant to the definitive agreements, we transferred JD Cloud & AI and certain assets together valued at approximately RMB15.7 billion to JD Technology, in exchange for newly issued ordinary shares of JD Technology. Upon completion of the transactions on March 31, 2021, JD Cloud & AI was deconsolidated from our consolidated financial statements, and our equity interest in JD Technology increased from 36.8% to 41.7%. We believe that, through this transaction, we will continue to focus on our core competences and synergistic businesses to better serve customers, and JD Technology will be better positioned to deliver a suite of cutting-edge technology services to its business partners.

### ***JD Health***

In November 2019, our healthcare subsidiary, JD Health, completed the non-redeemable series A preference share financing with a group of third-party investors. In August 2020, JD Health completed the non-redeemable series B preference share financing with a group of third-party investors. On December 8, 2020, shares of JD Health commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code “6618.” JD Health raised from the global offering in connection with its listing in Hong Kong approximately RMB25.7 billion in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses. JD Health’s annual active user accounts reached 123.3 million in 2021, an increase of 33.5 million from 2020. The number of average daily consultations exceeded 190,000 in 2021, a solid growth momentum despite the high base from last year. As a leading online healthcare platform, JD Health’s mission is to become the go-to health management platform for everyone in China. Its strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and is strengthened by healthcare services, encompassing a user’s full life span for all healthcare needs. It is committed to offering users easily accessible, convenient, high-quality yet affordable pharmaceutical and healthcare products. To achieve this goal, JD Health has built a one-stop online health management platform to create greater value for all participants in the healthcare value chain, and will continue to expand its core businesses, retail pharmacy business and online healthcare services, through utilizing AI, big data, cloud computing and other advanced technology.

### **Customer Experience**

Our operation principle is “trust-based, customer-centric value creation,” and we are committed to optimizing the 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, superior customer service, competitive pricing, timely and accurate fulfillment, and convenient payment options.

### **Products**

We continually seek to add more products that appeal to our customers. We offer a wide range of product categories including but not limited to:

- home appliances;
- mobile handsets and other digital products;
- computers, including desktop, laptop and other varieties, as well as printers and other office equipment;
- furniture and household goods;
- apparel;
- cosmetics and other personal care items and pet products;
- women’s shoes, bags, watches, jewelry and luxury goods;

- men’s shoes, sports gear and fitness equipment;
- automobiles and accessories;
- real estate;
- maternal and childcare products, toys and musical instruments;
- food, beverage and fresh produce;
- gifts, flowers and plants;
- pharmaceutical and healthcare products, including OCT pharmaceutical products, nutritional supplements, healthcare services and other healthcare equipment;
- books, e-books, music, movies and other media products;
- virtual goods, including online travel agency, attraction tickets, and prepaid phone cards and game cards;
- industrial products; and
- installation and maintenance services.

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 preferred distributor for a period of days or weeks when a hot new product first becomes available for sale to the public. We had a gross merchandise value, or GMV of RMB2,085.4 billion and RMB2,612.5 billion in 2019 and 2020, respectively. Our GMV increased by 26.2% in 2021 as compared to 2020. “GMV” are to the total value of all orders for products and services placed in our online retail business and on our online marketplaces, regardless of whether the goods are sold or delivered or whether the goods are returned. GMV includes the value from orders placed on our mobile apps and websites as well as orders placed on third-party mobile apps and websites that are fulfilled by us or by our third-party merchants. The calculation of GMV includes shipping charges paid by buyers to sellers and for prudent consideration excludes certain transactions over certain amounts. We believe that GMV provides a measure of the overall volume of transactions that flow through our platform in a given period. Therefore, it should not be used as a financial metric or industry and peer comparisons.

### **Online Experience**

We believe that providing a compelling online experience is critical to attracting and retaining customers. We make sales primarily through our content-rich and user-friendly mobile apps and website [www.jd.com](http://www.jd.com). 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, customized product recommendations, 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 for mobile internet users. We currently offer mobile access through our mobile website [m.jd.com](http://m.jd.com) and our various iOS and Android mobile apps. As part of our strategic partnership with Tencent, we launched level 1 access on Tencent’s Weixin and direct access on Tencent’s Mobile QQ, whereby Tencent users can easily access our product offerings and have an enjoyable mobile shopping experience. Over 90% of orders fulfilled were placed through our mobile apps in 2021.

Our mobile apps and [www.jd.com](http://www.jd.com) website contain the following information and features:

*Comprehensive product information to support prompt decision-making.* Each product page contains pictures, descriptions, and sometimes short videos 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 merchants. When customers are browsing product pages, we display product highlights, reliable services available for this product and the post-discount price on the front page so as to support customers to make purchase decisions more efficiently.

*Interactive user community to enhance customer engagement and loyalty.* Our mobile apps and websites contain a large volume of helpful user-generated and professionally-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. We believe that we have the largest online product review database of any online retail company in China, with approximately 8.9 billion product reviews generated by our customers as of December 31, 2021, which benefits our customers, suppliers and third-party merchants.

We also encourage third-party merchants to generate content and promote their products through livestreams and short videos on our platform to better interact with our customers.

*Targeted product recommendations to satisfy personalized demands.* We have made progress in personalized recommendations, leveraging our cutting-edge technologies to provide an individualized shopping experience for each of our customers. We identify customers' demands and make more accurate recommendations based on comprehensive algorithms, which are derived from a large volume of data about customer behavior and preferences.

*Smart ordering process to further improve the shopping experience.* We continue to leverage our technology to optimize the ordering process, making the shopping experience more convenient and enjoyable. For example, when customers review their shopping carts, not only do we display the special offers available at the time for the products in the customers' shopping carts, but also we combine the existing coupons in our customers' accounts with special offers, and calculate the all-in benefits for customers to provide them maximum benefits.

*Real-time order tracking and order information revision system to provide convenient shopping experience.* Customers can log into their accounts to check the status of their orders. Each package in our system is given a unique identification number, and its location is updated each time it is handled by one of our warehouse or delivery personnel or one of our third-party couriers. 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. Furthermore, we provide customers with the option to adjust their order information such as changing the shipping address or the preferred delivery date or time slot.

### **Customer Service**

Providing satisfactory customer service is a high priority. Our commitment to customers is reflected in the high level of service provided by our customer service staff as well as in our flexible product return and exchange policies. We continue optimizing our customer service to guarantee the best possible shopping experience.

In 2021, we further strengthened our brand image of offering hassle-free services to our customers. Combining unique service capabilities from our retail business and our third-party merchants, we provide our customers with customized services for different product categories. Our services cover the entire purchasing process and include over 60 types of services such as instant refunds, repair by exchange program, home-delivery of replacements, and extended price protection services for selected retail products, among other offerings. The service offering aims to facilitate consumers' purchase decisions by providing trustworthy and guaranteed services. In 2021, we continued to invest in smart services and leveraged our advanced AI and deep learning technologies to more efficiently resolve the high volume of customer inquiries without sacrificing the customer experience. We also leveraged our cutting-edge technologies and smart systems to analyze a large volume of customer feedback and alerted third-party merchants in advance regarding potential customer service issues, helping third-party merchants to improve their service quality for our customers.

*24-7 customer service centers.* We operate three 24-7 customer service centers in Suqian, Yangzhou and Chengdu, 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 via various channels such as phone calls, online written instant messengers, JD official accounts on Weixin and Weibo, and through email. As of December 31, 2021, we had over 14,000 customer service representatives at the Suqian, Yangzhou and Chengdu centers.

*Returns and exchanges.* We accept unconditional returns or exchanges within seven days of purchase. For selected categories in our retail business, we provide an extended 30 days return and 180 days replacement policy to our customers. Defective merchandise can be returned for exchange within 15 days of purchase. For customers with good credit, we provide an “instant refund” service, where we provide refunds as soon as they submit their return requests. If customers report defects more than 15 days after receipt but are still within the warranty period, we will have the defective goods repaired, replaced or take another appropriate action to compensate 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 within the area that is serviced by our employees or by one of the third-party couriers that have agreed to provide this service for us. Alternatively, customers can also mail the merchandise to one of our regional after-sales centers or bring the product to a pickup station nearby. 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 repeat purchases. We continued to promote “JD Plus”, a premium paid membership program. JD Plus offers benefits including extra rebates, coupons, exclusive prices on selected product offerings, free shipping and return services, VIP customer services, PLUS DAY promotion events, online medical consultation and JD E-book unlimited access designed specifically for JD Plus members. JD Plus also partnered with content and lifestyle service providers such as Tencent Video, iQiyi, Ctrip, among others, providing JD Plus members with greater benefits. In addition to our JD Plus, we also have a customer value system, “Joy Score (京享值)”, which takes into account various indicators, such as consumer behavior, interaction, credit ratings, among others, to determine a comprehensive and dynamic score for each consumer. The customers with different level of “Joy Score” can enjoy free loyalty programs. For instance, customer with “Joy Score” beyond certain threshold could enjoy a rebate for the plus membership fee. We also provide a variety of free premium services, such as local service, fast refund channel and VIP after-sale service, to enhance customer experience and engagement. We believe JD Plus membership program and “Joy Score” value system can effectively cultivate customer loyalty and enhance the shopping experience and consumer engagement.

### **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 are making continual efforts to 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 and mobile apps before or after the product is delivered to the customer, then the customer generally has an opportunity to lock in the lower price. Currently, third-party merchants are free to set their own prices on our online marketplace. We also continue to enrich our product offerings and service while maintaining low prices.

*Special promotions.* We offer a selection of discounted products on special occasions, such as our anniversary sales promotional event on June 18 and China’s online shopping festival on November 11, as well as 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 and mobile apps 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 deliver products directly to customers in almost all counties and districts across China. We deliver a majority of 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 window during a day, including evening delivery in selected areas, when they place orders. Customers who need to reschedule a delivery can log into their account on our websites or mobile apps 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.

*Comprehensive speedy delivery service.* We introduced our 211 program in 2010. For goods that we have in stock at the corresponding regional 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 websites or through our mobile apps 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 merchants. Customers can request expedited delivery within two hours by paying an extra charge in the major cities where we have regional fulfillment centers. JD Logistics also provides scheduled delivery service in selected cities, allowing customers to choose a convenient delivery window within which to receive their goods. For luxury products, consumers in major cities can enjoy JD Luxury Express, a premium delivery service where a courier in suit, tie and white gloves will deliver to consumers' doors. JD Logistics has launched a new premium logistics service with China Railway Corporation, leveraging domestic high-speed trains for secure, long-distance transportation of high-end goods and JD Luxury Express for the last-mile delivery. The combination has created a seamless network allowing customers to enjoy same-day delivery for high-end goods originating from non-local warehouses.

*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 to find out when the order has arrived there. We have pickup stations at convenient locations across the country and payment can be made on the spot.

*Continuous expansion of delivery service.* We have established and are making continuous efforts to further expand our cold-chain and cross-border logistics capabilities, and in new business areas, to expand product offerings while ensuring superior customer experience.

#### **Payment**

*Online payment.* Various kinds of online payment methods are offered to customers at the time they place their orders, such as Weixin Pay, JD Pay and UnionPay. Customers chose online payment approximately 99% of the time in 2021.

*Payment-on-delivery.* We accept payment-on-delivery in almost all of the counties and districts across China 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.

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

#### **Merchandise Sourcing**

In our online retail business, we sourced products from over 40,000 suppliers as of December 31, 2021. Procuring products on such a massive scale requires considerable expertise, which we have built up over a number of years. None of our suppliers accounted for over 10% (by value) of the products we purchased in 2021.

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 enable us to provide high-quality products and obtain better procurement terms 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, and we are gaining significant traction in related categories like home electronics. Direct cooperation with manufacturers enables us to increase supply chain efficiency by minimizing supply chain costs and to give customers peace of mind about product quality. In addition, we have created an interface where our third-party merchants access reports regarding inventory status, purchase history and customer reviews of their products. Suppliers and third-party merchants 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.

We select suppliers and third-party merchants 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 after-sale customer service. We perform background checks on our suppliers and third-party merchants and the products they provide before we enter into any agreement. We examine their business licenses and the qualification certificates for their products, and check their brand recognition and investigate the market acceptance of their products among players in the same industry. We also conduct on-site visits to assess and verify their location, business scale, production capacity, property and equipment, human resources, research and development capability, quality control system and fulfillment capability. We normally enter into one-year framework agreements with our suppliers and third-party merchants and renew them annually.

Our standard form contract requires suppliers and third-party merchants 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 have also put stringent rules in place governing the operations of third-party merchants on our online marketplace. Third-party merchants 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 a strict zero-tolerance policy for counterfeit products.

## **Logistics Services**

### ***Fulfillment***

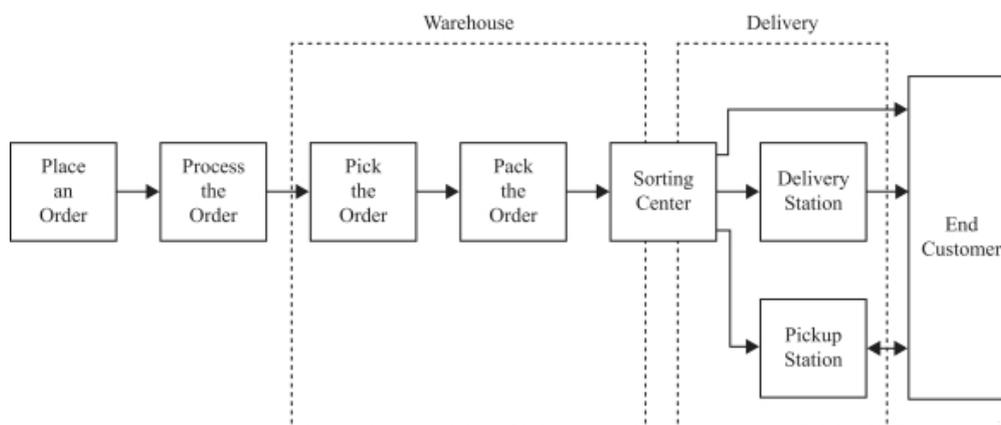
We deliver a compelling customer experience by fulfilling orders quickly and accurately. To this end, we have built our nationwide fulfillment infrastructure for the prompt receipt, storage and shipment of our products. Our fulfillment infrastructure is primarily comprised of a nationwide warehouse and delivery network that we operate ourselves, supplemented by 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. As of December 31, 2021, our warehouse network covered almost all counties and districts across China, consisting of over 1,300 warehouses operated by us and over 1,700 cloud warehouses operated by third-party warehouse owner-operators under our Open Warehouse Platform. As of December 31, 2021, our warehouse network had an aggregate GFA of over 24 million square meters, including the GFA of the cloud warehouses under our Open Warehouse Platform. 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 during peak seasons to supplement our delivery force. Third-party merchants 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 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, packing, and sorting, the order is shipped to a delivery or pickup station in the customer’s city for further handling and delivery. If a customer’s order contains products from different warehouses, the products will be combined at the last-mile delivery station and then sent to the customer in a single 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 transfer orders between a sorting center and a delivery station. Once the order has been 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 warehouses on land where we have obtained land use rights. We believe that building our own warehouses will not only increase our storage capacity but will also allow us to restructure and reorganize our fulfillment workflow and processes.

We also have a dedicated internal division, to explore research, development and application of smart logistics and unmanned technology, which we believe represent the future trend of the logistics industry. Through the development of a series of cutting-edge technologies such as intelligent hardware, internet of things, big data, robotics, image and vision recognition, machine learning, deep learning, and smart logistics devices, we intend to revolutionize the logistics industry. We are also experimenting with these technologies in a wide range of logistics business areas such as unmanned warehouses, drone delivery, self-driving vehicles, unmanned delivery stations and convenience stores, among others. We will continue to invest in smart logistics to improve the intelligence level of our logistics system and to provide consumers with an unparalleled shopping experience.

**Open Platform of Our Logistics Services**

We also open up our leading logistics infrastructure to our third-party merchants and partners beyond our e-commerce business. We have developed comprehensive logistics services and continuously strengthen our logistics service capability by adding new services such as on-demand delivery, cold-chain services and individual parcel delivery solutions. We provide services relating to almost all aspects of logistics operation, including warehousing management, storage, long-haul transportation, express and on-demand delivery and cold-chain and cross-border services, among others. We offer integrated supply chain management solutions to customers in various vertical markets. We also provide technology solutions for logistics operations to enable customers to transparently and effectively monitor, manage and optimize their logistic workflows.

## **Technology Platform**

Technology is the key to our future success. It enables better customer experience, higher efficiency and customer cost savings, while also serving as a vehicle to export our unique capabilities and cutting-edge innovation to benefit the whole industry and society.

We have a large team consisting of research and development professionals primarily covering areas of AI, big data analytics and cloud computing. Together, these areas form our technology strategy. We strive to deliver best-in-class services to our customers and become the most trusted technology service provider in the industry, powered by our large and sophisticated IT infrastructures.

In addition to our core technology innovation, research and development, we also place a strong emphasis on data privacy and security. Protecting customer data and building trust is one of our core values. Operating in compliance with the most stringent standards and regulations both in China and globally, we provide our customers with a high level of security, privacy protection and ease of mind. In 2021, we were named four years in a row as an AAA trusted cloud provider certified by the China Academy of Information and Communications Technology (CAICT).

### ***AI-powered Services Improving Customer Satisfaction and Partner Productivity***

We strive to offer the right product to the right customer at the right time through the right channel, known as our “4R” strategy. Technology is the foundation to achieve the 4R strategy. Through aggregation and analysis of customer behavioral big data, we derive deep insights about customer preferences and offer precision targeting for product recommendations. The access to customer insights also enables us to train and refine robust AI models, empowering a great customer experience. For example, our “Snapshot” feature allows users to identify products through uploaded pictures. Such technology is also publicly available through our open AI platform NeuHub and has been adopted by most major phone manufacturers in China to improve phone users’ shopping experiences.

To support our omni-channel strategy, our technologies are embedded in a multitude of retail scenarios, from online web and mobile shopping experience, to our offline ecosystem, including our JD Smart Speakers, 7FRESH stores, JD E-SPACE, a 50,000 square meter shopping mega store we launched in November 2019, and many JD Home outlets and unmanned convenience stores.

Technology also permeates our customer service experience. Leveraging our cutting-edge technologies and big data, we provide an individualized shopping experience for each customer. We identify customers’ demands and provide accurate recommendations based on comprehensive algorithms derived from a large volume of data on customer behavior and preferences.

Our AI-powered services also empower our partners to improve their operational efficiency and productivity. Our marketing platform employs sophisticated AI and big data technologies to produce user behavior insights and provide brand marketers and third-party merchants with one-stop brand building and sales growth solutions. This not only reduces our marketers’ labor in marketing campaigns, but also improve their ROI. During promotion seasons, our AI-based agent helps third-party merchants efficiently respond to large volume of customer requests, cutting wait times and improving customer experience.

AI-triaged calls effectively reduce manned calls and improve operational efficiency. Furthermore, our advanced AI custom service is integrated into our retail ecosystem by way of our SaaS (software as a service) platform.

### ***Smart Retail & Supply Chain Technology Enhancing Operational Efficiency***

Through years of online operation, we have amassed a large amount of know-how and data across China’s e-commerce supply-chain, from product manufacturing, warehouse operations and distribution to sales and customer service information. Combining the power of big data analytics and AI on our intelligent cloud platform, we streamline customer-to-manufacturer production to improve sales and enhance customer satisfaction. In August 2019, our Smart Supply Chain AI Platform was selected by the Science and Technology Ministry as one of China’s Top 10 National Open Innovation Platform for Next Generation AI. Leveraging our smart retail and supply chain technology, we provide technology solutions for our logistics operations to enable customers to transparently and effectively monitor, manage and optimize their logistic workflows.

At the infrastructural level, during the two major online shopping events in 2021, JD Cloud platform had a solid operational performance by recording 99.95% of service level agreements (SLAs) and having zero outages.

### **Technology Transcending Boundaries of Smart Logistics**

In 2019, we enhanced our capabilities and operations of unmanned delivery vehicles, including our in-house level 4 (L4) autonomous delivery robots. Level 4 refers to “high driving automation,” which means that no human intervention is needed as long as the system is operating within a certain geo-fenced area. Besides self-driving robots, we also deployed unmanned drones for parcel delivery in certain areas. Furthermore, we also leverage AI technologies to detect and triage mishandling of packages within our fulfillment infrastructure, reducing goods damaged while improving customer satisfaction.

### **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 repeat purchases. We have been able to build an extensive 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 innovative programs and promotion activities to further enhance the brand awareness of both ourselves and our partners and to better reach our customers. We have launched a series of successful joint marketing campaigns such as “Super Brand Days,” “Super Category Days” and “Super New Product Days.” We will continue to leverage our data-driven customer insights to provide customized marketing tools and campaigns for business partners and help them to develop brand recognition in China. We have also made progress in social e-commerce innovations, particularly benefiting from access points within Weixin and QQ channels, both of which have a large mobile internet user base. Through leveraging more targeted, innovative and interactive marketing tools, we can help brands on the platform increase exposure, drive traffic and achieve deeper penetration into lower-tier cities and attract younger generations.

With the increasing popularity of mobile internet-enabled devices, over 90% of our orders fulfilled were placed through our mobile apps in 2021. In order to further improve the customer experience and increase user engagement on the mobile internet, we are exploring cooperation opportunities with many business partners on the mobile side. In addition, we have formed strategic partnerships with a number of major internet companies in China, aiming at leveraging these companies’ massive user bases to strengthen collaboration in targeted marketing, user access points and content-driven marketing. We incurred RMB22.2 billion, RMB27.2 billion and RMB38.7 billion (US\$6.1 billion) of marketing expenses in 2019, 2020 and 2021, 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 (ii) major traditional retailers in China that are moving into online retailing, such as Suning Appliance Company Limited, which operates [suning.com](#). 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;

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- pricing;
- fulfillment capabilities; and
- customer service.

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

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 customer purchases, promotional events, 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 impact of seasonality on our business has been relatively mild due to our rapid growth but we have seen an upward trend and such a trend may continue 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, 2021, we owned 3,300 computer software copyrights in China relating to various aspects of our operations and maintained approximately 18,900 trademark registrations inside China and approximately 3,200 trademark registrations outside China. We had approximately 27,000 trademark applications inside China and approximately 5,700 outside China. As of December 31, 2021, we had approximately 4,600 patents granted in China, approximately 300 patents granted outside China, approximately 9,100 patent applications pending in China and approximately 620 patent applications pending outside China. As of December 31, 2021, we had registered approximately 7,700 domain names. Our registered domain names include jd.com, jdl.cn and jdhealth.com, 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 66 locations. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity 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 other than in connection with the fixed business premises of our 7FRESH business, 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.

## Enterprise Social Responsibility

Having a positive impact on the communities in which we operate is an integral part of our business, and we maintain that our core values. Our commitment to partners, customers, investors, our employees and society as a whole are the foundation upon which we build a healthy, vibrant and sustainable ecosystem. Combined with an unrelenting focus on developing our technology capabilities to improve efficiency and service, we have laid the groundwork for many years of robust growth.

We are committed to leveraging our technology, logistics infrastructure and relationships with consumers and suppliers to benefit society. We believe in putting our business assets to use to build not only the future of retail, but also a better future for all stakeholders. Our core foci in social responsibility includes environmental sustainability, employee care, poverty alleviation and more. In 2014, we also established the JD Foundation to manage charity-related projects.

### *Environmental Sustainability*

“Powered by Technology for A More Productive and Sustainable World” is our mission and core strategy of social responsibility. We continue creating values for economic development, environmental friendliness, and social harmony, based on the technological driver from our Digitally Intelligent Social Supply Chain and the organizational driver from corporate governance, employees, and business partners. We help establish a more productive and sustainable future in terms of promoting employment, enhancing rural revitalization, improving social efficiency, driving high-quality consumption, facilitating the digitalization of the real economy, and supporting supply-side structural reforms, thereby proactively being accountable for social responsibility.

On April 19, 2021, we published our first ESG report, which highlights our long-term approach to ESG initiatives. It captures our corporate social responsibility strategic framework, which is centered on using digitally intelligent supply chain to cover three pillars: boosting the real economy, improving social efficiency and enhancing environmental friendliness.

On June 18, 2021, we published our sustainability report discussing our company’s achievements from 2018 to 2020 in creating a low-carbon enterprise through environmentally friendly logistics, procurement and facilities. Based on our operating and business advantages, we will build a green and low-carbon business model with three dimensions: covering its own operations, supply chain management, and consumer influence to achieve green economic development and jointly build the green community.

On green operations, we aim to lead by example through the company’s own green operations with a lower carbon footprint and greening our business world. For example, we actively implement the concept of green procurement, comprehensively considering the energy-saving and environmental protection benefits of product design, procurement, production, packaging, logistics, sales, service, recycling, and reuse.

On low-carbon and green supply chain, we replace traditional fuel-combustion trucks with new energy vehicles, leading to the development of green transportation. From 2017 to 2021, JD Logistics has launched new energy vehicles in more than 50 cities in 7 regions across China, reducing at least 400,000 tons of carbon dioxide emissions per year. We use big data to carry out real-time optimal route planning and storage network planning to reduce the number of vehicles in transit, increase the full load rate of return vehicles, and optimize the efficiency of logistics transportation.

On green lifestyle advocacy, consumers preference for more sustainable lifestyles and consumption are leading to changes in market demand. This is driving industries to transition towards greener development models can lead sustainable lifestyles and can participate in and promote sustainable development. In 2019, we joined hands with the World Wide Fund for Nature (WWF) to launch the “Giant Panda-Friendly Enterprise Alliance.” With the help of our platform, we drive upstream business partners to develop sustainable products with agricultural products from the panda habitat, while using trustworthy products. This platform provides consumers with rich, high-quality, and responsible consumption choices.

We will continue improving our ESG governance structure and system, enhance regulation and law compliance, information security, operational safety, realizing the coordination between expectations from external stakeholders and internal growth.

#### *Employee care*

We have always striven to provide employees with comprehensive social benefits, a diverse work environment and a wide range of career development opportunities. We have invested significant resources in employee career development and training. In 2020, we clarified talent criteria and applied it to the entire talent management process. Throughout the entire year, we not only focused on the improvement of employees' professional development, but also made efforts to incentivize our employees to have a "sense of goals" and "sense of fulfillment." Additionally, we placed special emphasis on the building of a talent pipeline and cohesive organizational culture. We have established a comprehensive system for employee training and development, covering leadership, general competencies, professional competencies, and others. Our comprehensive training program includes corporate culture, employee rights and responsibilities, team building, professional behavior, job performance, management skills, leadership, and administrative decision-making. In 2021, we provided more than 20,380 training courses online and offline for employees.

In 2021, we continued to improve employee surveys through our internal communication tools on a routine basis, covering a broad range of topics such as company culture, team cooperation, personal development, and others. The surveys helped the management team better understand employees' needs and thus improved the health of the overall organization.

We won several employer awards in 2021, among which the most influential include Campus Most Attractive Employer Award (by Universum), Best Employer of 2021 (by Zhaopin.com & PKU) and World's Best Employers (by Forbes).

#### *Poverty alleviation*

Leveraging our strong supply chain, cutting-edge technologies and logistics network, we participate in poverty alleviation efforts in rural areas. We pioneered our rural e-commerce strategy, aiming to make agricultural products in rural areas available online and at the same time, allow authentic products to reach residents in rural areas. We operate China's trusted online donation platform, through which our customers can purchase products and donate them directly to non-profit organizations and groups in need across China, leveraging our in-house logistics network. To ensure the transparency of the process, we allow customers to track the delivery status of their donations online to make sure their donation reaches the intended recipient.

During the 4th Chinese Farmers' Harvest Festival in September 2021, we announced that our supportive measures for agriculture in rural areas had promoted the development of local brands from scratch, such as Suqian King Crabs in Jiangsu Province, and increased the transaction volume of local agricultural products by more than 200% in 2021.

#### *COVID-19 outbreak relief*

Since the outbreak of the COVID-19 pandemic, we have spared no efforts in fighting the virus. We leverage our leading advantages in the supply chain and logistics fields through a series of efficient, reliable, and innovative anti-epidemic measures to meet social needs with medical resources and daily necessities.

For example, throughout the year, we made numerous donations of rescue supplies and daily necessities to regions stroke by COVID-19 outbreaks, such as Nanjing, Xi'an, Zhengzhou and Hong Kong. The emergency efforts also reflect our longstanding policy of immediately donating goods to areas affected by disasters from our nearest warehouse. To further exemplify our strength in supply chain, our businesses, including Jingxi and 7FRESH supermarkets, also supply fresh produce to the virus-stricken city to ensure adequate food access and alleviate the negative impacts on residents' livelihood. While ensuring supplies will reach the frontline, we also provided COVID-19 insurance to our employees.

## 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*

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment, or the Encouraging Catalogue, and the Special Management Measures (Negative List) for the Access of Foreign Investment, or the Negative List which were promulgated and are amended from time to time by the Ministry of Commerce and the NDRC, and together with the FIL and their respective implementation rules and ancillary regulations. The Encouraging Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted” and “prohibited”. Industries not listed in the Encouraging Catalogue, are generally deemed as falling into a fourth category “permitted” unless specifically restricted by other PRC laws.

The Ministry of Commerce and the NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (2020 Version), on December 27, 2020, and the Special Management Measures (Negative List) for the Access of Foreign Investment (2021), or the 2021 Negative List, on December 27, 2021, to replace the previous encouraging catalogue and negative list thereunder. 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.

On March 15, 2019, the National People’s Congress promulgated the FIL, which has become effective on January 1, 2020 and replaced the Outgoing FIE Laws. The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the “negative list.” The FIL provides that foreign invested entities operating in foreign “restricted” or “prohibited” industries will require entry clearance and other approvals. The FIL does not comment on the concept of “de facto control” or contractual arrangements with variable interest entities, however, it has a catch-all provision under definition of “foreign investment” to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment. See “Item 3.D. Key Information—Risk Factors—Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law.”

The FIL also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited, allows foreign investors’ funds to be freely transferred out and into the territory of PRC, which run through the entire lifecycle from the entry to the exit of foreign investment, and provide an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the FIL, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law, which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the Ministry of Commerce and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

According to the Measures for the Security Review of Foreign Investment promulgated by the NDRC and the Ministry of Commerce on December 19, 2020 and became effective on January 18, 2021, the NDRC and the Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. What may constitute “onshore investment by and through any other means” or “de facto control” could be broadly interpreted under such measures. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment in the free trade zone. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security.

#### ***Foreign Investment in Value-Added Telecommunications Businesses***

The Regulations for Administration of Foreign-invested Telecommunications Enterprises promulgated by the 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 the industry. However, pursuant to the latest amendment to the Regulations for Administration of Foreign-invested Telecommunications Enterprises issued by the State Council in March 2022, which will come into effect on May 1, 2022, several provisions, including the requirement that such major foreign investors described above to have a good and profitable record and operating experience in the industry had been removed. In addition, the 2021 Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service provider engaging in e-commerce, domestic multiparty communication, storage-and-forward and call center businesses. Due to these regulations, we operate our [www.jd.com](http://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 PRC domestic company that holds an operating license for value-added telecommunications business, which we refer to as a Value-added Telecommunication License, or a VAT License, is prohibited from leasing, transferring or selling the VAT 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 the PRC. 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 VAT License, and the company must establish and improve its internal internet and information security policies and standards and emergency management procedures. If a VAT 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 VAT License. Jingdong 360, the operator of our [www.jd.com](http://www.jd.com) website, owns the relevant domain names and registered trademarks and has the necessary personnel to operate the website.

## ***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 Catalog 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 a VAT License from the MIIT or its provincial level counterparts. Pursuant to the Administrative Measures on Internet Information Services promulgated by the State Council in 2000 and amended in 2011, 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 devices, 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 2017, the MIIT replaced the Administrative Measures on Telecommunications Business Operating Licenses promulgated in 2009 by promulgating 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, a VAT License issued by Beijing Telecommunication Administration for the provision of online data processing and transaction processing services and also a VAT 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, cellular mobile communications services provided in the means of resale, content delivery network services and storage-and-forward services.

### ***Internet Publication License/Network Publication Service License.***

As a result of institutional reform in March 2018, the National Press and Publication Administration was established and assigned to undertake the administration of publication activities in China from the State Administration of Press and Publication, Radio, Film and Television, or the SAPPRFT, which was integrated from the State Administration of Radio, Film and Television, and the General Administration of Press and Publication in March 2013. 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 SAPPRFT 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 engaging in the network publication service are required to obtain a network publication service license from a competent administrative authority; 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 is in the process of being renewed.

### ***Online Culture Operating Permit***

The Provisional Measures on Administration of Internet Culture, promulgated by the former Ministry of Culture in 2011 (as amended in 2017) 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, 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 and Tourism, which will remain valid until December 2023.

### ***Internet Drug Information Service Qualification Certificate.***

In July 2004, the State Food and Drug Administration, or the SFDA, the predecessor of the National Medical Products Administration, or the NMPA, promulgated the Administrative Measures on Internet Drug Information Service (amended in November 2017). In addition, the Standing Committee of the National People’s Congress further amended the Drug Administration Law on August 26, 2019, which became effective on December 1, 2019. These laws and measures, together with certain implementing rules and notices promulgated by the SFDA or the NMPA, 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 devices must obtain an Internet Drug Information Service Qualification Certificate from the applicable provincial level administrative authority. 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 July 2024.

### ***Courier Service Operation Permit***

Pursuant to the PRC Postal Law, 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. In addition, pursuant to the Interim Regulations of Courier which came into effect in May 2018 and was further amended in March 2019, express delivery operators and their branches may open express delivery terminal outlets according to their business needs, and shall file with the local postal administrations in the places where such terminal outlets are located within 20 days from the date of opening such terminal outlets. Express delivery terminal outlets are not required to obtain a business license. The courier business must be operated within the permitted scope and valid term of the Courier Service Operation Permit. As of December 31, 2021, Jingbangda had obtained one cross-provincial Courier Service Operation Permit, and its 37 subsidiaries had obtained Courier Service Operation Permits. We are in the process of making filings with local postal administrations for express delivery terminal outlets of Jingbangda and its branches. 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.”

### ***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 must obtain a Road Transportation Operation Permit, and each vehicle used for shipping must have a Road Transportation Certificate. As of December 31, 2021, Xi’an Jingdong Xuncheng and its 10 branches and two subsidiaries, Jingbangda and its 32 subsidiaries and two branches had obtained Road Transportation Operation Permits that allow these entities to provide road freight transportation services. 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.”

### ***Unmanned Aerial Vehicle Business License***

In March 2018, Civil Aviation Administration promulgated the Administrative Measures for Profit-oriented Flight Activities of Civil Unmanned Aerial Vehicles (for Provisional Implementation), pursuant to which an Unmanned Aerial Vehicle Business License shall be obtained for the use of unmanned aerial vehicles for commercial flight activities, and no commercial flight activities shall be conducted without an Unmanned Aerial Vehicle Operation Permit. Three subsidiaries of Xi'an Jingdong Xincheng, have obtained the Unmanned Aerial Vehicle Operation Permit.

### ***Publication Operation Permit***

In May 2016, the Ministry of Commerce and the SAPPRFT 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). 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. We engage in wholesale and retail of books and audio and video products and other publications through entities including Jiangsu Yuanzhou, Beijing Jingdong Century Information Technology Co., Ltd., Guangzhou Jingdong Trading Limited, Shenyang Jingdong Century Trading Co., Ltd. and Shanghai Yuanmai Trading Co., Ltd. Each of these entities has obtained a Publication Operation Permit.

### ***Food Operation 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 and amended in November 2017, 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 mobile apps and websites. Our PRC subsidiaries or their branches engaging in food operation business have obtained Food Operation Permits.

### ***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, May 2017 and June 2021, divide medical devices into three types. Enterprises engaging in the sale of Type II medical devices must file with the relevant drug supervision and administration authority while those engaging in the sale of Type III medical devices must obtain a Medical Device Operation Permit from the relevant drug supervision and administrative authority. Beijing Jingdong Century Information Technology Co., Ltd. (a subsidiary of Jingdong Century), Beijing Jingdong Hongjian Jiankang Co., Ltd. and certain other subsidiaries of Beijing Jingdong Jiankang Co., Ltd. have obtained Medical Device Operation Permits for the sale of several types of Type III medical devices.

### ***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 competent administrative authority. 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 June 2023.

### ***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.

On August 31, 2018, the Standing Committee of the National People's Congress promulgated the E-Commerce Law, which became effective on January 1, 2019. Pursuant to the E-Commerce Law, an e-commerce platform operator shall (i) collect, verify and register the truthful information submitted by the third-party merchants that apply to sell products or provide services on its platform, including the identities, addresses, contacts and licenses, establish registration archives and update such information on a regular basis; (ii) submit the identification information of the third-party merchants on its platform to market regulatory administrative department as required and remind the third-party merchants to complete the registration with market regulatory administrative department; (iii) submit identification information and tax-related information to tax authorities as required in accordance with the laws and regulations regarding the administration of tax collection and remind the individual third-party merchants to complete the tax registration; (iv) record and retain the information of the products and services and the transaction information for no less than 3 years; (v) display the platform service agreement and the transaction rules or links to such information on the homepage of the platform; (vi) display the noticeable labels regarding the products or services provided by the platform operator itself on its platform, and take liabilities for such products and services; (vii) establish a credit evaluation system, display the credit evaluation rules, provide consumers with accesses to make comments on the products and services provided on its platform, and restrain from deleting such comments; and (viii) establish intellectual property protection rules, and take necessary measures when any intellectual property holder notify the platform operator that his intellectual property rights have been infringed. An e-commerce platform operator shall take joint liabilities with the relevant third-party merchants on its platform and may be subject to warnings and fines up to RMB2,000,000 where (i) it fails to take necessary measures when it knows or should have known that the products or services provided by the third-party merchants on its platform do not meet the personal or property safety requirements or such third-party merchants' other acts may infringe on the lawful rights and interests of the consumers; or (ii) it fails to take necessary measures, such as deleting and blocking information, disconnecting, terminating transactions and services, when it knows or should have known that the third-party merchants on its platform infringe any intellectual property rights of any other third party. With respect to products or services affecting the consumers' life and health, if an e-commerce platform operator fails to verify the third-party merchants' qualification or fails to fulfill its obligations to safeguard the safety of consumers, which results in damages to the consumers, it shall take corresponding liabilities and may be subject to warnings and fines up to RMB2,000,000.

On March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Trading, or the Online Trading Measures, which aims to regulate business activities involving the sale of commodities or provision of services through the internet and other information networks, to replace the Administrative Measures for Online trading promulgated in January 2014. Pursuant to Online Trading Measures, online trading operators are classified into four types: the online trading platform operators, operators on platform, operators of self-built websites, and operators that carry out online trading activities through other online services. The Online Trading Measures reinforces the operation requirements as provided under the E-Commerce Law and the principles of legality, rationality and necessity in the collection and use of the users' information and disclosure of the rules, purposes, methods and scopes of collection and use of user information. The Online Trading Measures also provides that the online trading operators (i) shall not use false transactions, fabricated user review etc to conduct false or misleading business promotion, so as to defraud or mislead consumers and (ii) shall not eliminate or restrict competition, damage or ruin the competitor's reputation. Furthermore, the Online Trading Measures imposes a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce.

In March 2016, the STA, 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, 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.

We are subject to these measures as a result of our online retail marketplace business.

### ***Regulations Relating to Internet Content***

The Administrative Measures on Internet Information Services specify that internet information services regarding news, publications, education, medical and health care, pharmacy and medical devices, 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. Furthermore, in 2019, the CAC issued the Provisions on the Management of Network Information Content Ecology, or the CAC Order No.5, which became effective on March 1, 2020, to further strengthen the regulation and management of network information content. Pursuant to the CAC Order No.5, each network information content service platform is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardizing national security; (ii) to strengthen the examination of advertisements published on such network information content service platform; (iii) to promulgate management rules and platform convention and improve user agreement, such that such network information content service platform could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules and convention; (iv) to establish convenient means for complaints and reports; and (v) to prepare annual work report regarding its management of network information content ecology. In addition, a network information content service platform must not, among others, (i) utilize new technologies such as deep learning and virtual reality to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent account, illegal transaction account or maneuver of users' account; or (iii) infringe a third party's legitimate rights or seek illegal interests by way of interfering with information display.

On September 15, 2021, the CAC promulgated the Opinions on Further Enforcing Responsibilities on Website Platforms as the Main Responsible Party for Information Content Management. In accordance with the Opinions, website platforms are required to perform specific responsibilities as the main responsible party for information content management, including, among others, enhancing the platform community rules, strengthening the regulation and management of accounts, improving the content vetting mechanism, improving the quality of information content, managing the dissemination of information content, and strengthening the management of key functions.

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.

### ***Regulations Relating to Information Security***

The National People's Congress has enacted legislation that prohibits use of the internet that breaches the public security, disseminates socially destabilizing content or leaks state secrets. Breach of public security includes breach of national security and infringement on legal rights and interests of the state, society or citizens. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities.

Pursuant to applicable regulations, ICP operators must complete mandatory security filing procedures and regularly update information security and monitoring systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content.

In December 2015, the Standing Committee of the National People’s Congress promulgated the Anti-Terrorism Law of the PRC, or the Anti-Terrorism Law, which took effect on January 1, 2016 and was amended on April 27, 2018. According to the Anti-Terrorism Law, telecommunication service operators or internet service providers shall (i) provide technical interfaces, decryption and other technical support and assistance for the competent departments to prevent and investigate terrorist activities; (ii) implement network security and information monitoring systems as well as safety and technical prevention measures to avoid the dissemination of terrorism information, delete the terrorism information, immediately halt its dissemination, keep relevant records and report to the competent departments once the terrorism information is discovered; and (iii) examine customer identities before providing services. Any violation of the Anti-Terrorism Law may result in severe penalties, including substantial fines.

In November 2016, the Standing Committee of the National People’s Congress promulgated the Cyber Security Law of the PRC, or the Cyber Security Law, which took effect on June 1, 2017. In accordance with the Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. On December 28, 2021, the CAC and other twelve PRC governmental authorities jointly issued the Measures for Cybersecurity Review, with effect from February 15, 2022, which provide detailed cybersecurity review procedures for the purchase of network products and services by operators of “critical information infrastructure” or the data processing activities by a network platform operator. According to the Measures for Cybersecurity Review, “network products and services” primarily refer to core network equipment, important communication product, high-performance computers and servers, mass storage equipment, large databases and applications, network security equipment, cloud computing services, and other network products and services that may have an important impact on the security of critical information infrastructure, cyber security or data security.

For the further purposes of regulating data processing activities, safeguarding data security, promoting data development and utilization, protecting the lawful rights and interests of individuals and organizations, and maintaining national sovereignty, security, and development interests, on June 10, 2021, Standing Committee of the PRC National People’s Congress published the Data Security Law of the People’s Republic of China, which took effect on September 1, 2021. The Data Security Law requires data processing, which includes the collection, storage, use, processing, transmission, provision, publication of data, to be conducted in a legitimate and proper manner. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. State core data, i.e. data having a bearing on national security, the lifelines of national economy, people’s key livelihood and major public interests, shall be subject to stricter management system. Moreover, the Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information. In addition, the Data Security Law also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial body and law enforcement body with any data without the approval of the competent PRC governmental authorities. As the Data Security Law was recently promulgated, we may be required to make further adjustments to our business practices to comply with this law, as well as any adjustments that may be required by the ultimate Personal Information Protection Law.

On July 6, 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which, among others, provides for improving relevant laws and regulations on data security, cross-border data transmission, and confidential information management. It provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On November 14, 2021, the CAC released the Draft Measures for Internet Data Security, which provides that data processors refer to individuals or organizations that autonomously determine the purpose and the manner of processing data. In accordance with the Draft Measures for Internet Data Security, data processors shall apply for a cybersecurity review for the following activities: (i) merger, reorganization or division of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests to the extent that affects or may affect national security; (ii) listing abroad of data processors which process over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. Besides, data processors that are listed overseas shall carry out an annual data security assessment. The Draft Measures for Internet Data Security remains unclear on whether the relevant requirements will be applicable to companies that have been listed in the United States and Hong Kong, such as us. There is no timetable as to when the Draft Measures for Internet Data Security will be enacted.

On July 30, 2021, the State Council issued the Regulations on Protection of Critical Information Infrastructure, or the CII Regulations. Pursuant to the CII Regulations, critical information infrastructure shall mean the important network facilities or information systems of key industries or fields such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, and important network facilities or information systems which may endanger national security, people's livelihood and public interest once there occur damage, malfunctioning or data leakage to them. The Regulations provide that no individual or organization may carry out any illegal activity of intruding into, interfering with, or sabotaging any critical information infrastructures, or endanger the security of any critical information infrastructures. The Regulations also require that critical information infrastructure operators shall establish a cybersecurity protection system and accountability system, and that the main responsible person of a critical information infrastructure operator shall take full responsibility for the security protection of the critical information infrastructures operated by it. In addition, relevant administration departments of each important industry and sector shall be responsible for formulating the rule of critical information infrastructure determination applicable to their respective industry or sector, and determine the critical information infrastructure operators in their industry or sector.

On July 12, 2021, the MIIT and two other authorities jointly issued the Provisions on the Administration of Security Vulnerabilities of Network Products, or the Provisions. The Provisions state that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish the information on such security vulnerabilities. Anyone who is aware of the aforesaid offences shall not provide technical support, advertising, payment settlement and other assistance to the relevant offenders. According to the Provisions, network product providers, network operators, and platforms collecting network product security vulnerabilities shall establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. The Provisions also bans provision of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

Furthermore, the Provisions on Technological Measures for Internet Security Protection, promulgated by the Ministry of Public Security and became effective in March 2006, require all ICP operators to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. The Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, which was promulgated by the Standing Committee of the National People's Congress in December 2012, states that ICP operators must request identity information from users when ICP operators provide information publication services to the users. If ICP operators come across prohibited information, they must immediately cease the transmission of such information, take measures such as elimination, keep relevant records, and report to relevant government authorities.

On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate of the PRC jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes, which came into effect on November 1, 2019, and further clarifies the meaning of Internet service provider and the severe situations of the relevant crimes.

***Regulations Relating to Internet Privacy***

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The Network Information Protection Decision provides that electronic information that identifies a citizen or involves privacy of any citizen is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. According to the Provisions on Protection of Personal Information of Telecommunication and Internet Users, which was promulgated by MIIT and became effective in September 2013, telecommunication business operators and ICP operators are responsible for the security of the personal information of users they collect or use in the course of their provision of services. Without obtaining the consent from the users, telecommunication business operators and ICP operators may not collect or use the users' personal information. The personal information collected or used in the course of provision of services by the telecommunication business operators or ICP operators must be kept in strict confidence, and may not be divulged, tampered with or damaged, and may not be sold or illegally provided to others. The ICP operators are required to take certain measures to prevent any divulgence of, damage to, tampering with or loss of users' personal information. In accordance with the Cyber Security Law, network operators are required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators must take immediate remedial measures, notify the affected users and report the incidents to the relevant authorities in a timely manner. If any user knows that a network operator illegally collects and uses his or her personal information in violation of laws, regulations or any agreement with the user, or the collected and stored personal information is inaccurate or wrong, the user has the right to request the network operator to delete or correct the relevant collected personal information.

The relevant telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on internet privacy. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015 and becoming effective in November 2015, the standards of crime of infringing citizens' personal information were amended accordingly and the criminal culpability of unlawful collection, transaction, and provision of personal information has been reinforced. In addition, any ICP provider that fails to fulfill the obligations related to information cybersecurity administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for (i) dissemination of illegal information in large scale; (ii) severe effect due to the leakage of the client's information; (iii) serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (x) sells or provides personal information to others unlawfully, or (y) steals or illegally obtains any personal information, will be subject to criminal liability in severe situations. In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing Personal Information, effective in June 2017, have clarified certain standards for the conviction and sentencing in relation to personal information infringement. The PRC government has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet. The Civil Code further provides in a stand-alone chapter of right of personality and reiterate that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such personal information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cyber Security Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection. Furthermore, app operators should not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation further illustrates certain commonly-seen illegal practices of apps operators in terms of personal information protection, including "failure to publicize rules for collection and use," "failure to expressly state the purpose, manner and scope of collecting and using personal information," "collection and use of personal information without consent of users," "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity," "provision of personal information to others without consent," "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting." Among others, any of the following acts of an app operator will constitute "collection and use of personal information without consent of users": (i) collecting an user's personal information or activating the permission for collecting any user's personal information without obtaining such user's consent; (ii) collecting personal information or activating the permission for collecting the personal information of any user who explicitly refuses such collection, or repeatedly seeking for user's consent such that the user's normal use of such app is disturbed; (iii) any user's personal information which has been actually collected by the app operator or the permission for collecting any user's personal information activated by the app operator is beyond the scope of personal information which such user authorizes such app operator to collect; (iv) seeking for any user's consent in a non-explicit manner; (v) modifying any user's settings for activating the permission for collecting any personal information without such user's consent; (vi) using users' personal information and any algorithms to directionally push any information, without providing the option of non-directed pushing such information; (vii) misleading users to permit collecting their personal information or activating the permission for collecting such users' personal information by improper methods such as fraud and deception; (viii) failing to provide users with the means and methods to withdraw their permission of collecting personal information; and (ix) collecting and using personal information in violation of the rules for collecting and using personal information promulgated by such app operator.

On August 22, 2019, the CAC promulgated the Children Information Protection Provisions, which took effect on October 1, 2019, requiring that before collecting, using, transferring or disclosing the personal information of a child, the Internet service operator should inform the child's guardians in a noticeable and clear manner and obtain their consents. Meanwhile, internet service operators should take measures like encryption when storing children's personal information. On March 12, 2021, the CAC and three other authorities jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications. The Rules specifies the scope of necessary personal information to be collected each for a variety of common mobile internet applications, such as maps and navigation apps, online ride-hailing apps, instant messaging apps, online community apps. Operators of such apps shall not refuse to provide basic services to users on the ground of users' refusal to provide their personal non-essential information.

In addition, on August 20, 2021, the Standing Committee of the National People's Congress adopted the Personal Information Protection Law which took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. The entities failing to comply could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

### ***Regulations Relating to Product Quality, Consumer Protection and Operation Safety***

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, such as custom-made goods, fresh and perishable goods, digital products (e.g. audio-visual products, computer software downloaded online or unpacked by the consumer), newspapers and periodicals delivered and other goods for which non-return of goods is confirmed by the consumer at the time of purchase based on the characteristics of the 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.

In addition, we are subject to PRC regulations relating to operation safety. According to the Work Safety Law, which was effective on November 1, 2002 and most recently amended on June 10, 2021, the principal person-in-charge of a production and operation entity shall be the primary person responsible for the work safety of such entity, and the production and operation entities in emerging industries and fields such as platform economy shall, based on the characteristics of their respective industries and fields, establish, improve and implement a responsibility system for work safety of employees, as well as strengthen the education and training on work safety for employees.

### ***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 online retailer as well as business operator. We believe that our pricing activities are currently in compliance with the law in all material aspects.

### ***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. In addition, the MIIT issued the Circular of the Ministry of Industry and Information Technology on the Official Commercial Use of Mobile Communication Resale Business, pursuant to which the mobile communication resale business will be transferred from the pilot to the formal commercial use, and the enterprise that has already approved to be a pilot to conduct the mobile telecommunications resale business, and intends to continue the business, the commercial contract shall be renewed in accordance with the provisions of this circular and shall apply for a renew its telecommunications business license. Jingdong 360 has been approved to be a pilot to conduct the mobile telecommunications resale business, has renewed the telecommunications business license, and has cooperated with China Telecom in 60 cities and with China Unicom in 105 cities.

### ***Regulations Relating to Leasing***

Pursuant to the Law on Administration of Urban Real Estate which took effect in January 1995 with the latest amendment on August 26, 2019, which became effective on January 1, 2020, lessors and lessees are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, rental price, liability for repair, and other rights and obligations of both parties. Both lessor and lessee are also required to file for registration and record the lease contract with the real estate administration department. Pursuant to implementing rules stipulated by certain provinces or cities, 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 Civil Code (which took effect on January 1, 2021), 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 ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

Pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

### ***Regulations Relating to Advertising Business***

The SAMR 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 SAMR 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 SAMR or its local branches may revoke the violators' licenses or permits for their advertising business operations.

In July 2016, the State Administration of Industry and Commerce 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 devices, 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 prescription drugs 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.

#### ***Copyright***

Copyright in the PRC is principally protected under the Copyright Law of the PRC and its implementation rules. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC and related rules and regulations, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc. In addition, the Regulations on the Protection of Rights to Information Network Communication promulgated by the State Council on May 18, 2006 (as amended in 2013), provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

### ***Patent***

The Patent Law provides for three types of patents, “invention”, “utility model” and “design.” Invention or utility models must meet three criteria to be patentable: novelty, inventiveness and practicability. The National Intellectual Property Administration is responsible for examining and approving patent applications. As of December 31, 2021, we had approximately 4,600 patents granted in China, approximately 300 patents granted outside China, approximately 9,100 patent applications pending in China and approximately 620 patent applications pending outside China.

### ***Trademark***

The Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of National Intellectual Property Administration 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, 2021, we had approximately 22,100 registered trademarks in different applicable trademark categories in different jurisdictions, approximately 27,000 trademark applications in China and approximately 5,700 outside 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. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services, which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity’s shareholders), or the entity’s principal or senior manager. We have registered jd.com, jdl.cn, jdhealth.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.

***Regulations Relating to Overseas Listing and M&A***

On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the CSRC, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “M&A Rules”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Foreign investors shall comply with the M&A rules when they purchase equity interests of a domestic company or subscribe for the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC for the purpose of purchasing the assets of a domestic company and operating the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A rules, among other things, purports to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On December 27, 2021, the NDRC and the Ministry of Commerce jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which will become effective on January 1, 2022. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company’s operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors.

On December 24, 2021, the State Council issued a draft of the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Provisions, and the CSRC issued a draft of Administration Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Administration Measures, for public comments. According to the Draft Provisions and the Draft Administration Measures, the overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC. Specifically, the determination of an indirect offering and listing will be conducted on a “substance over form” basis, and an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year was more than 50% of the relevant line item in the issuer’s audited consolidated financial statement for that year; and (ii) senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in the PRC, and the main place of business is in the PRC or carried out in the PRC. According to the Draft Provisions, an overseas offering and listing is prohibited under any of the following circumstances: (i) if the listing and financing is specifically prohibited by national laws and regulations and relevant provisions; (ii) if the intended securities offering and listing overseas may constitute a threat to or endangers national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) if there are material ownership disputes over the equity, major assets, and core technology, etc. of the issuer; (iv) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy, or are currently under judicial investigation for suspicion of criminal offenses, or are under investigation for suspicion of major violations; (v) if, in past three years, directors, supervisors, or senior executives have been subject to administrative punishments for severe violations, or are currently under judicial investigation for suspicion of criminal offenses, or are under investigation for suspicion of major violations; (vi) other circumstances as prescribed by the State Council.

According to the Draft Administration Measures, the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC (i) with respect to its initial public offering and listing within three business days, after its initial filing of the listing application to the regulator in the place of the intended listing, (ii) with respect to its follow-on offering within three business days after completion of the follow-on offering, (iii) with respect to its follow-on offering for purpose of acquiring specific assets, within three business days after the first public announcement of the transaction, and (iv) with respect to listing by means of single or multiple acquisitions, share swap, share transfer and other transaction arrangements, within three business days after its initial filing of the listing application or the first public announcement of the transaction, as case may be. According to the Draft Provisions, failure to comply with the filing requirements or breach of the overseas listing restrictions may result in a warning on the relevant domestic companies and a fine of RMB1 million to RMB10 million on them. If the circumstances are serious, they may be ordered to suspend their relevant business or suspend their business pending rectification, or their permits or businesses license may be revoked. Furthermore, the controlling shareholder, actual controllers, directors, supervisors, and senior executives may be warned, or fined between RMB500,000 to RMB5,000,000 either individually or collectively.

#### ***Regulations Relating to Anti-Monopoly***

The currently effective Anti-Monopoly Law of PRC (the “Anti-Monopoly Law”) was promulgated by Standing Committee of the National People’s Congress in 2007, and SAMR has sought public comments on the Draft Amendment to the Anti-Monopoly Law (the “Draft for Comment”) in January 2020. Pursuant to the Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. On October 23, 2021, the Standing Committee of the National People’s Congress issued a second draft amendment to the amended Anti-Monopoly Law for public comments, which proposes to increase the fines for illegal concentration of business operators to “no more than ten percent of its preceding year’s sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competition; or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition.” The draft also proposes for the relevant authority to investigate transaction where there is evidence that the concentration has or may have the effect of eliminating or restricting competition, even if such concentration does not reach the filing threshold.

On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector which stipulates that any concentration of undertakings involving variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Furthermore, the Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors’ interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). On August 17, 2021, the SAMR issued the Provisions on Prohibition of Unfair Competition on the Internet (Draft for Comments), which prohibits business operators from using data, algorithms and other technical means to commit traffic hijacking, interference, malicious incompatibility and other improprieties to influence user choices or hinder or damage the normal operation of network products or services offered by other business operators.

#### ***Regulations Relating to PRC Value Added Tax***

On March 23, 2016, the MOF and the STA jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax, or Circular 36, which took effect on May 1, 2016. Pursuant to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay VAT, in lieu of business tax. The VAT rate is 6%, except for rate of 11% for real estate sale, land use right transferring and providing service of transportation, postal sector, basic telecommunications, construction, real estate lease; rate of 17% for providing lease service of tangible property; and rate of zero for specific cross-bond activities.

On April 4, 2018, MOF and STA jointly promulgated the Circular of the Ministry of Finance and the STA on Adjustment of Value-Added Tax Rates, or Circular 32, according to which, (i) for VAT taxable sales or importation of goods originally subject to value-added tax rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for purchase of agricultural products originally subject to deduction rate of 11%, such deduction rate shall be adjusted to 10%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, the input VAT will be calculated at a 12% deduction rate; (iv) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. Circular 32 became effective on May 1, 2018 and shall supersede any previously existing provisions in the case of any inconsistency.

Further, On March 20, 2019, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform, or Announcement 39, to further slash value-added tax rates. According to the Announcement 39, (i) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; (v) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%; and (vi) for taxpayers providing production and living services, the deductible input VAT amount for the current period shall be added additional 10% based on the actual input VAT amount. The Announcement 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions. On September 30, 2019, the MOF and the SAT jointly issued the Announcement on Clarifying the VAT Additional Deduction Policy for the Living Services, or Announcement 87, pursuant to which, from October 1, 2019 to December 31, 2021, the taxpayers engaging in providing living services are allowed to deduct additional 15% of the deductible input VAT amount for the current period from the payable tax. For aforementioned taxpayers providing production and living services relating to Announcement 39 and Announcement 87, the input VAT additional deduction policies will be further extended to December 31, 2022 according to the relevant regulations.

### **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 Taxation Administration on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties, or STA Circular 60, which became effective in November 2015, require that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The STA issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits ("STA Circular 35") on October 14, 2019, which became effective on January 1, 2020. The STA Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the STA Circular 60. According to the STA Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties, or Circular 9, which was issued on February 3, 2018 by the STA, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties. Accordingly, JD.com International 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, Xi'an Jinxundi 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, 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 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 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 the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or the SAFE Circular 19, which took effect and replaced SAFE Circular 142 from June 1, 2015. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises). 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 of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or the SAFE Circular 13, which took effect on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

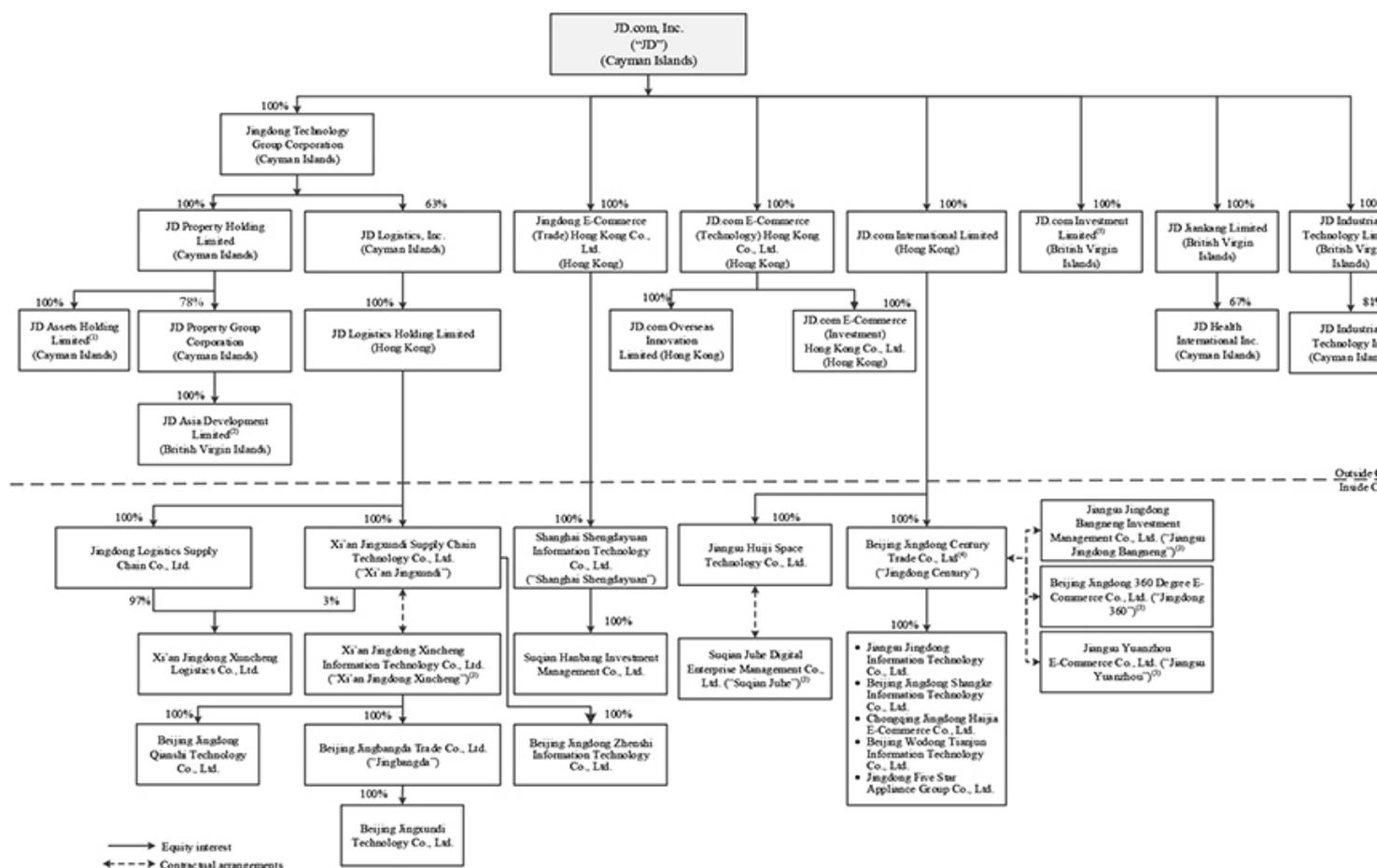
The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or the Circular 16, was promulgated by SAFE on June 9, 2016. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

In October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, or the SAFE Circular 28, which, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, the NDRC, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business, or the SAFE Circular 8 promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

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:



Notes:

- (1) JD Assets Holding Limited has 38 subsidiaries holding, directly or indirectly, non-logistics properties.
  - (2) JD Asia Development Limited has 361 subsidiaries holding, directly or indirectly, logistics properties.
  - (3) Jingtong 360, Jiangsu Yuanzhou, Xi'an Jingtong Xincheng, Jiangsu Jingtong Bangneng and Suqian Juhe are our significant consolidated variable interest entities. Each of these entities is 45% owned by Mr. Richard Qiangdong Liu, our chairman of board of directors, 30% owned by Ms. Yayun Li, chief executive officer of JD Technology, a significant investee of our company, and 25% owned by Ms. Pang Zhang, our chief human resources officer. We effectively control these entities through contractual arrangements. Jiangsu Jingtong Bangneng owns Suqian Jingtong Sanhong Enterprise Management Center (L.P), Suqian Jingtong Mingfeng Enterprise Management Co., Ltd., and Suqian Jingtong Jinyi Enterprise Management Co., Ltd., each of which constitutes a significant subsidiary of Jiangsu Jingtong Bangneng.
  - (4) Jingtong Century has 187 subsidiaries that engage in retail business.
  - (5) JD.com Investment Limited has 75 subsidiaries that hold, directly or indirectly, the companies invested by us.
- \* The diagram above omits our equity investees that are insignificant individually and in the aggregate.

Our Consolidated Variable Interest Entities

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, domestic multi-party communications, data collection and transmission services and call centers) and the main foreign investor in the foreign invested telecommunication enterprise must have experience in providing value-added telecommunications services overseas and maintain a good track record.

We are a Cayman Islands exempted company and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, none of these PRC subsidiaries is eligible to provide value-added telecommunication services or provide certain other restricted services related to our businesses, such as domestic document delivery services. As a result, we conduct or will conduct such business activities through our variable interest entities and their subsidiaries in PRC, including Jingtong 360, Jiangsu Yuanzhou, Xi'an Jingtong Xincheng and its subsidiary Jingtongda, Jiangsu Jingtong Bangneng and Suqian Juhe. Jingtong 360 holds our ICP license as an internet information provider and primarily engages in our online marketplace business. Xi'an Jingtong Xincheng primarily provides courier services through Jingtongda and its subsidiaries. Jiangsu Yuanzhou primarily engages in the business of selling books, audio and video products. Jiangsu Jingtong Bangneng primarily engages in business of investment management. Suqian Juhe primarily provides enterprise management services.

Mr. Richard Qiangdong Liu, Ms. Yayun Li and Ms. Pang Zhang are the shareholders of our principal variable interest entities, including Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng, Jiangsu Jingdong Bangneng and Suqian Juhe. Mr. Richard Qiangdong Liu is our chairman of board of directors, Ms. Yayun Li is chief executive officer of JD Technology, a significant investee of our company, and Ms. Pang Zhang is our chief human resources officer. Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng, Jiangsu Jingdong Bangneng and Suqian Juhe are 45% owned by Mr. Richard Qiangdong Liu, 30% owned by Ms. Yayun Li, and 25% owned by Ms. Pang Zhang. Mr. Liu, Ms. Li and Ms. Zhang are PRC citizens. We entered into a series of contractual arrangements with Jingdong 360, Jiangsu Yuanzhou, Xi'an Jingdong Xincheng, Jiangsu Jingdong Bangneng and Suqian Juhe and other variable interest entities in China and their respective shareholders, as described below.

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 December 2020. We have become the primary beneficiary of Jingdong 360 since 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 among 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 since 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 Xi'an Jingdong Xincheng through Xi'an Jingxundi in June 2017 by entering into a series of contractual arrangements with Xi'an Jingdong Xincheng and the shareholders of Xi'an Jingdong Xincheng. On January 25, 2021, these contractual arrangements were updated and replaced by a new set of contractual arrangements with Xi'an Jingdong Xincheng and the shareholders of Xi'an Jingdong Xincheng to comply with certain requirements of the Hong Kong Stock Exchange, which we refer to as the Xi'an Jingdong Xincheng Agreements. We have become the primary beneficiary of Xi'an Jingdong Xincheng since June 2017. We treat Xi'an Jingdong Xincheng 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 Jingdong Bangneng through Jingdong Century by entering into a series of contractual arrangements with Jiangsu Jingdong Bangneng and the shareholders of Jiangsu Jingdong Bangneng, which we refer to as the Jiangsu Jingdong Bangneng Agreements. We have become the primary beneficiary of Jiangsu Jingdong Bangneng and treat Jiangsu Jingdong Bangneng 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 Juhe through Jiangsu Huiji Space Technology Co., Ltd. by entering into a series of contractual arrangements with Suqian Juhe and the shareholders of Suqian Juhe, which we refer to as the Suqian Juhe Agreements. We have become the primary beneficiary of Suqian Juhe and treat Jiangsu Jingdong Bangneng 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 the significant consolidated variable interest entities above, we assisted in establishing additional consolidated variable interest entities, such as Suqian Jingdong Tianning. We have entered into a series of contractual arrangements with each of these variable interest entities and their respective shareholders.

The contractual arrangements relating to our variable interest entities 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.

There are certain risks involved in our corporate structure and the contractual arrangements. A detailed discussion of material risks relating to our Contractual Arrangements is set forth in the section headed “Key Information—D. Risk Factors—Risks Related to Our Corporate Structure.” We have determined that the costs of insurance for the risks associated with our corporate structure and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of December 31, 2021, we did not purchase any insurance to cover the risks relating to the contractual arrangements.

We have consolidated the financial results of our variable interest entities and their subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. The external revenues of our consolidated variable interest entities and their subsidiaries collectively contributed 4.7%, 5.0% and 6.2% of our consolidated total net revenues for the years ended December 31, 2019, 2020 and 2021, respectively.

In the opinion of Shihui Partners, 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 and marketplace business do not comply with PRC government restrictions on foreign investment in e-commerce and related businesses, including but not limited to online retail and marketplace 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 Our Significant Consolidated Variable Interest Entities**

The Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements, Xi’an Jingdong Xincheng Agreements, Jiangsu Jingdong Bangneng Agreements and Suqian Juhe Agreements are substantially similar in key aspects governing the contractual arrangements with a variable interest entity of our company. The following is a summary of these agreements currently in effect.

## **Agreements that Provide Us with Effective Control**

### **Equity Pledge Agreements**

On December 24, 2020, 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 agreements, 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.

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 among Jingdong Century, Jiangsu Yuanzhou, 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 September 8, 2016, Jingdong Century, Jiangsu Jingdong Bangneng and each of the shareholders of Jiangsu Jingdong Bangneng entered into an equity pledge agreement, which contains terms substantially similar to the amended and restated equity pledge agreement relating to Jingdong 360 described above.

On June 22, 2020, Jiangsu Huiji Space Technology Co., Ltd., Suqian Juhe and each of the shareholders of Suqian Juhe entered into an equity pledge agreement, which contains terms substantially similar to the amended and restated equity pledge agreement relating to Jingdong 360 described above.

On January 25, 2021, Xi'an Jingxundi, Xi'an Jingdong Xincheng and the shareholders of Xi'an Jingdong Xincheng entered into a share pledge agreement, pursuant to which the shareholders of Xi'an Jingdong Xincheng will pledge as first charge all of their respective equity interests in Xi'an Jingdong Xincheng to Xi'an Jingxundi as collateral security for any or all of their payments due to Xi'an Jingxundi and to secure performance of their obligations under the exclusive business cooperation agreement, the exclusive option agreement, the loan agreement, the shareholders' rights entrustment agreement and the powers of attorney.

We have completed the registration of the equity pledge for our variable interest entities with the relevant office of the administration for market regulation.

### **Powers of Attorney**

On December 24, 2020, 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 September 8, 2016, each of the shareholders of Jiangsu Jingdong Bangneng granted an irrevocable power of attorney to Jingdong Century, which contains terms substantially similar to the powers of attorney granted by the shareholders of Jingdong 360 described above.

On June 22, 2020, each of the shareholders of Suqian Juhe granted an irrevocable power of attorney to Jiangsu Huiji Space Technology Co., Ltd., which contains terms substantially similar to the powers of attorney granted by the shareholders of Jingdong 360 described above.

On January 25, 2021, Xi'an Jingxundi, Xi'an Jingdong Xincheng and the shareholders of Xi'an Jingdong Xincheng entered into a shareholder's rights entrustment agreement, and each of the shareholders of Xi'an Jingdong Xincheng executed the irrevocable power of attorney on the same date, pursuant to which the shareholders of Xi'an Jingdong Xincheng appointed Xi'an Jingxundi or a director of its offshore holding company or his or her successor (including a liquidator replacing Xi'an Jingxundi's director) as their exclusive agent and attorney to act on their behalf on all matters concerning Xi'an Jingdong Xincheng and to exercise all of its rights as a registered shareholder of Xi'an Jingdong Xincheng. As a result of the shareholders' rights entrustment agreement and the powers of attorney, we, through Xi'an Jingxundi, are able to exercise management control over the activities that most significantly impact the economic performance of Xi'an Jingdong Xincheng.

#### **Agreements that Allow Us to Receive Economic Benefits**

##### ***Exclusive Technology Consulting and Service Agreement/Exclusive Business Cooperation Agreement***

In June 2016, Jingdong Century and Jingdong 360 entered into an exclusive technology consulting and services agreement, which supersedes the version entered into in May 2012. Pursuant to the 2016 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, subject to annual evaluation and adjustment. The term of this agreement will expire on June 14, 2026 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.

In June 2016, Jingdong Century and Jiangsu Yuanzhou entered into an exclusive technology consulting and services agreement, which supersedes the version entered into in May 2012. The 2016 agreement between Jingdong Century and Jiangsu Yuanzhou contains terms substantially similar to the exclusive technology consulting and services agreement relating to Jingdong 360 as described above.

On September 8, 2016, Jingdong Century and Jiangsu Jingdong Bangneng entered into an exclusive technology consulting and services agreement, which contains terms substantially similar to the exclusive technology consulting and services agreement relating to Jingdong 360 as described above.

On June 22, 2020, Jiangsu Huiji Space Technology Co., Ltd. and Suqian Juhe entered into an exclusive technology consulting and services agreement, which contains terms substantially similar to the exclusive technology consulting and services agreement relating to Jingdong 360 as described above.

On January 25, 2021, Xi'an Jingxundi and Xi'an Jingdong Xincheng entered into an exclusive business cooperation agreement, pursuant to which Xi'an Jingdong Xincheng agrees to engage Xi'an Jingxundi as its exclusive provider of business support, technical and consulting services in exchange for service fees. Under these arrangements, the service fees, subject to Xi'an Jingxundi's adjustment, are equal to all of the net profit of Xi'an Jingdong Xincheng and its subsidiaries. Xi'an Jingxundi enjoys all the economic benefits derived from the businesses of Xi'an Jingdong Xincheng and bears the relevant portion of the business risks of Xi'an Jingdong Xincheng. If Xi'an Jingdong Xincheng runs into financial deficit or suffers severe operation difficulties, Xi'an Jingxundi will provide financial support to Xi'an Jingdong Xincheng.

### ***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 annually, 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. 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 November 20, 2017, Jingdong Century entered into an amended and restated business operations agreement with Jingdong 360 and its shareholders in replacement of the previous business operations agreement between Jingdong Century and Jingdong 360. Pursuant to the amended and restated 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 incurrence of debt from any third party and 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.

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 amended and restated business operations agreement with Jingdong 360 described above.

On September 8, 2016, Jingdong Century entered into a business operations agreement with Jiangsu Jingdong Bangneng and its shareholders. The business operations agreement with Jiangsu Jingdong Bangneng contains terms substantially similar to the amended and restated business operations agreement with Jingdong 360 described above.

On June 22, 2020, Jiangsu Huiji Space Technology Co., Ltd. entered into a business operations agreement with Suqian Juhe and its shareholders. The business operations agreement with Suqian Juhe contains terms substantially similar to the amended and restated business operations agreement with Jingdong 360 described above.

#### ***Agreements that Provide Us with the Option to Purchase the Equity Interest***

##### ***Exclusive Purchase Option Agreements***

On December 24, 2020, 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 September 8, 2016, Jingdong Century, Jiangsu Jingdong Bangneng and the shareholders of Jiangsu Jingdong Bangneng entered into an exclusive purchase option agreement, which contains terms substantially similar to the amended and restated exclusive purchase option agreement relating to Jingdong 360 described above.

On June 22, 2020, Jiangsu Huiji Space Technology Co., Ltd., Suqian Juhe and the shareholders of Suqian Juhe entered into an exclusive purchase option agreement, which contains terms substantially similar to the amended and restated exclusive purchase option agreement relating to Jingdong 360 described above.

On January 25, 2021, Xi'an Jingxundi, Xi'an Jingdong Xincheng and the shareholders of Xi'an Jingdong Xincheng entered into an exclusive option agreement, pursuant to which Xi'an Jingxundi (or JD Logistics or any subsidiary of JD Logistics, the "designee") is granted an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of Xi'an Jingdong Xincheng for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the shareholders of Xi'an Jingdong Xincheng and/ or Xi'an Jingdong Xincheng shall return any amount of purchase price they have received to Xi'an Jingxundi or its designee.

### **Loan Agreements**

Pursuant to an amended and restated loan agreement dated December 24, 2020 between Jingdong Century and the shareholders of Jingdong 360, Jingdong Century made loans in an aggregate amount of RMB2,920 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 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.

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 to the shareholders of Jiangsu Yuanzhou solely for the capitalization of Jiangsu Yuanzhou.

Pursuant to the loan agreement dated September 8, 2016 between Jingdong Century and the shareholders of Jiangsu Jingdong Bangneng, Jingdong Century made loans in an aggregate amount of RMB80 million to the shareholders of Jiangsu Jingdong Bangneng solely for the capitalization of Jiangsu Jingdong Bangneng.

Pursuant to the loan agreement dated June 22, 2020 between Jiangsu Huiji Space Technology Co., Ltd. and the shareholders of Suqian Juhe, Jiangsu Huiji Space Technology Co., Ltd. will make loans in an aggregate amount of RMB10 million to the shareholders of Suqian Juhe solely for the capitalization of Suqian Juhe.

Pursuant to the loan agreement, dated January 25, 2021, between Xi'an Jingxundi and the shareholders of Xi'an Jingdong Xincheng, Xi'an Jingxundi made loans in an aggregate amount of RMB1 million to the shareholders of Xi'an Jingdong Xincheng solely for the capitalization of Xi'an Jingdong Xincheng.

### **Additional Contractual Arrangements**

In addition to the Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements, Xi'an Jingdong Xincheng Agreements, Jiangsu Jingdong Bangneng Agreements and Suqian Juhe Agreements, we have also entered into contractual arrangements with each of our other variable interest entities, including but not limited to Suqian Jingdong Tianning, 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, as applicable. Our contractual agreements with these other variable interest entities contain terms substantially similar to those in the Jingdong 360 Agreements, Jiangsu Yuanzhou Agreements, Xi'an Jingdong Xincheng Agreements, Jiangsu Jingdong Bangneng Agreements or Suqian Juhe Agreements, as applicable.

### **D. Property, Plant and Equipment**

Our national headquarters are located in Yizhuang Economic and Technological Development Zone in Beijing, where we own office buildings with an aggregate floor area of approximately 600,000 square meters. We have acquired land use rights in Beijing to build our headquarters. As of December 31, 2021, we had paid an aggregate of approximately RMB11.4 billion (US\$1.8 billion) for the acquisition of land use rights and construction of the office buildings.

We lease our other offices in Beijing and regional offices in 84 other cities in China with an aggregate floor area of approximately 468,000 square meters.

We own our national customer service center and our data center in Suqian, which have an aggregate floor area of approximately 183,000 and 65,000 square meters, respectively. We built our own customer service center in Chengdu, with an aggregate floor area of about 50,000 square meters, and lease our customer service centers in Suqian and Yangzhou with an aggregate floor area of approximately 54,000 square meters.

In addition, we also operated front distribution centers, which are smaller warehouses that maintain fewer SKUs but stock products in high demand for their nearby areas and therefore strategically located closer to end consumers to reach them at a faster speed. Our comprehensive fulfillment facilities can cover almost all the counties and districts across China.

As of December 31, 2021, we had land use rights in 54 cities in China to build our own warehouses. Highly automated and efficient warehouses will not only expand our ability to fulfill orders by ourselves but also support the third-party merchants on our online marketplace as well as a wide range of business partners in the ecosystem. In connection with our expansion of our fulfillment infrastructure, we had paid an aggregate of approximately RMB35.2 billion (US\$5.5 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2021. To unlock meaningful value from our balance sheet and recycle capital for our future growth initiatives, we disposed certain of our development properties, and received proceeds of RMB7.9 billion in 2019, RMB4.8 billion in 2020 and RMB3.5 billion (US\$0.6 billion) in 2021, respectively.

We plan to expand our nationwide fulfillment network by leasing, building or purchasing additional facilities across China over the next several years.

#### **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.

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.

We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

### **A. Operating Results**

#### **Overview**

We are a leading supply chain-based technology and service provider. Our e-commerce business includes online retail and online marketplace. In the online retail business, we acquire products from suppliers and sell them directly to our customers primarily through our mobile apps and websites. In the online marketplace business, third-party merchants sell products to customers primarily through our mobile apps and websites. We also offer marketing, logistics and other value-added services.

Our business has grown substantially in recent years. We generated total net revenues of RMB576.9 billion, RMB745.8 billion and RMB951.6 billion (US\$149.3 billion) in 2019, 2020 and 2021, respectively. Our customer base has also expanded rapidly. We had 362.0 million, 471.9 million and 569.7 million annual active customer accounts in 2019, 2020 and 2021, respectively. Our online retail business generated net product revenues of RMB510.7 billion, RMB651.9 billion and RMB815.7 billion (US\$128.0 billion) in 2019, 2020 and 2021, respectively. In addition, our marketplace, marketing, logistics and other services generated net service revenues of RMB66.2 billion, RMB93.9 billion and RMB135.9 billion (US\$21.3 billion) in 2019, 2020 and 2021, respectively.

Due to the PRC legal restrictions on foreign ownership of companies that engage in a value-added telecommunications service business and certain other businesses in China, we conduct the relevant parts of our operations through 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 PRC regulations governing various aspects of our operations. For a detailed description of the PRC regulations applicable to us, see "Item 4.B. Information on the Company—Business Overview—Regulation."

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, the amendments to the Consumer Protection Law have not had a significant impact on 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.

JD.com, Inc., the holding company that is listed on Nasdaq and Hong Kong Stock Exchange, has no material operations of its own. We conduct our operations primarily through our subsidiaries and consolidated variable interest entities and their subsidiaries 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. 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, 2021, the amount restricted, including paid-in capital and statutory reserve funds, as determined in accordance with PRC accounting standards and regulations, was approximately RMB46.4 billion (US\$7.3 billion). 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 customer purchases;
- 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 Customer Purchases***

Growth in the number of our active customer accounts and customer purchases are key drivers of our revenue growth. We have a growing and loyal active customer base. Over the years, our customers have shown loyalty to us through their increased activity levels. Our annual active customer accounts increased from 362.0 million in 2019, to 471.9 million in 2020 and further to 569.7 million in 2021. This increase was primarily driven by our success in attracting new active customer accounts, as well as by our success in generating repeat purchases from existing customer accounts.

Our ability to attract new customer accounts and retain 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 mobile apps and websites 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.

#### ***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 merchants on our online marketplace. We offer a wide range of products and services and aim to provide one-stop shopping solutions to maximize our wallet share. Our mix of products and services also affects our gross margin. For example, the marketplace service revenues that we earn from third-party merchants and the other services that we offer generally have higher gross margins. The split between our online retail business and our online marketplace business thus has a major influence on our revenue growth and our gross margins. Our marketplace, marketing, logistics and other services revenues increased from RMB66.2 billion in 2019, to RMB93.9 billion in 2020 and further to RMB135.9 billion (US\$21.3 billion) in 2021.

We intend to further (i) expand our selection of general merchandise products, such as FMCG (fast-moving consumer goods), which are well received by customers and expected to have a potential for greater online penetration; (ii) attract more third-party merchants to our online marketplace; and (iii) provide more fulfillment and other value-added services to third-party merchants and others.

#### ***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, 2021, our nationwide fulfillment infrastructure employed a total of 298,717 warehouse and delivery personnel 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 2019, 2020 and 2021, while the fulfillment expenses as a percentage of our total net revenues decreased from 6.4% in 2019 to 6.2% in 2021. Our research and development professionals design, develop and operate the technology platform, develop and post content, and improve our AI, big data and cloud technologies and services. Personnel costs are the largest component of our fulfillment costs and of our research and development 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 in absolute amount 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.

### ***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 covers almost all counties and districts across China, which, as of December 31, 2021, included a warehousing network of over 1,300 warehouses that are operated by us, and an aggregate gross floor area of over 24 million square meters, including warehouse space managed under the JD Logistics Open Warehouse Platform. We have owned and managed approximately 16 million square meters of fulfillment infrastructure related land in 58 cities in both domestic and overseas markets as of December 31, 2021.

We plan to continue to build large scale 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 merchants using our fulfillment services. We had paid an aggregate of approximately RMB35.2 billion (US\$5.5 billion) for the acquisition of land use rights, building of warehouses and purchase of warehousing equipment as of December 31, 2021. To unlock meaningful value from our balance sheet and recycle capital for our future growth initiatives, we sold certain of our development properties and received proceeds of RMB7.9 billion in 2019, RMB4.8 billion in 2020 and RMB3.5 billion (US\$0.6 billion) in 2021, respectively. 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 enhance our technology platform, we intend to further invest in AI, big data analytics and cloud computing. We expect these technology initiatives to provide innovative features, solutions and services to customers and suppliers, while increasing our operational efficiency.

### ***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. Moreover, we share the results of the investments which we account for as equity method investments. In 2021, our share of results of equity investees was a loss of RMB4.9 billion (US\$0.8 billion), primarily consisting of non-cash impairments and partially offset by the net picked up gains recognized 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.

### ***Impact of COVID-19 On Our Operations***

The majority of our net revenues are derived from online retail sales in China. Our results of operations and financial condition have been, and could continue to be affected by the spread of COVID-19. The extent to which COVID-19 impacts our results of operations will depend on the future developments of the outbreak, including new information concerning the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general.

In connection with the intensifying efforts to contain the spread of COVID-19, the Chinese government has taken a number of actions, which included quarantining individuals infected with or suspected of having COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. The COVID-19 has also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees and temporarily allowing the government to utilize our fulfillment infrastructure and logistics services for crisis relief. These measures could reduce the capacity and efficiency of our operations and negatively impact the procurement of products, which in turn could negatively affect our results of operations.

The spread of COVID-19 has caused us to incur incremental costs, in particular, relating to our logistics business. In addition, we have seen a decrease in demand for big-ticket items, durable goods and discretionary products. However, leveraging our self-operated supply chain and logistics network, we were able to resume part of our operations after the Chinese Spring Festival in 2020 and have seen an increase in demand for certain product categories, including consumer staples, such as groceries, fresh produce, healthcare and household products during this period. Furthermore, to mitigate any negative impacts that COVID-19 may have on the operations of our suppliers, we have implemented a variety of measures to support our suppliers, including adopting a shorter payable cycle and increasing advance payments to suppliers. In order to protect our employee health, we provided additional COVID-related insurance coverage to our frontline staff.

As of December 31, 2021, we had cash and cash equivalents of RMB191.3 billion (US\$30.0 billion). We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty. See also “Risk Factors—Risks Related to Our Business—We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.”

## Selected Statements of Operations Items

### Net Revenues

Net revenues include net product revenues and net service revenues. Product sales is further divided into sales of electronics and home appliances products and sales of 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. Net revenues from general merchandise products mainly include revenues from sales of food, beverage and fresh produce, baby and maternity products, furniture and household goods, cosmetics and other personal care items, pharmaceutical and healthcare products, books, automobile accessories, apparel and footwear, bags and jewelry. Net service revenues are further divided into revenues from online marketplace and marketing and revenues from logistics and other services. The following table breaks down our total net revenues by these categories, by amounts and as percentages of total net revenues:

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	US\$
	(in millions, except for percentages)					
Electronics and home appliances revenues	328,703	57.0	400,927	53.8	492,592	77,298
General merchandise revenues	182,031	31.5	250,952	33.6	323,063	50,696
Net product revenues	510,734	88.5	651,879	87.4	815,655	127,994
Marketplace and marketing revenues	42,680	7.4	53,473	7.2	72,118	11,317
Logistics and other service revenues	23,474	4.1	40,450	5.4	63,819	10,015
Net service revenues	66,154	11.5	93,923	12.6	135,937	21,332
Total net revenues	576,888	100.0	745,802	100.0	951,592	149,326

As we have been continually expanding our product categories and value-added service offerings, sales of electronics and home appliances products may decrease as a percentage of our total net revenues, and sales of general merchandise and service revenues may increase as a percentage of our total net revenues.

Net service revenues primarily consist of fees earned from providing marketing and logistics services to our business partners, and commissions earned from third-party merchants for sales made through our online marketplace. Currently, we recognize revenues from the third-party merchants on a net basis as we are not the primary obligor, we do not have control over goods sold by third-party merchants and we do not have latitude to establish prices for them.

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

#### ***Cost of revenues***

Cost of revenues primarily consists of our cost for acquiring the products that we sell directly and the related inbound shipping charges, inventory write-downs, traffic acquisition costs related to online marketing services, and cost related to logistics services provided to third parties. The rebates and subsidies we receive from suppliers are treated as a reduction in the purchase price and will be recorded as a reduction in cost of revenues when the product is sold.

#### ***Fulfillment expenses***

Our fulfillment expenses consist primarily of (i) expenses incurred in operating our fulfillment centers, customer service centers and physical stores, 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, (iii) lease expenses of warehouses, delivery and pickup stations, and physical stores, and (iv) depreciation and amortization of logistics and electronic equipment. The costs related to logistics services provided to third parties are classified in cost of revenues. We expect our fulfillment expenses to increase in absolute amount on an annual basis in the near run, as we invest in new businesses, 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 increase operation efficiency by strengthening our logistics network, improving overall utilization through economies of scale, increasing the level of integration across our logistics networks, and improving efficiencies through more intelligent decision-making.

#### ***Marketing expenses***

Our marketing expenses consist primarily of advertising costs, public relations expenditures, and payroll and related expenses for employees involved in marketing and business development activities. We pay commissions to participants in the associates program when their customer referrals result in successful product sales. 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.

#### ***Research and development expenses***

Our research and development expenses consist primarily of payroll and related expenses for research and development professionals involved in designing, developing and maintaining our technology platform, and application of our AI, big data and cloud technologies and services, and technology infrastructure costs. Technology infrastructure costs include servers and other equipment depreciation, bandwidth and data center costs, rent, utilities and other expenses necessary to support our internal and external business. We plan to continue to invest in technology and innovation to enhance customer experience and provide value-added services to suppliers and third-party merchants.

#### ***General and administrative expenses***

Our general and administrative expenses consist primarily of employee related expenses for general corporate functions, including accounting, finance, tax, legal and human relations; costs associated with these functions include facilities and equipment depreciation expenses, rental and other general corporate related expenses. We plan to continue to hire additional qualified employees to support our business operations and planned expansion.

### ***Gain on sale of development properties***

The gain on sale of development properties is mainly derived from sale of development properties to property funds. JD Property develops and manages our logistics facilities and other real estate properties, to support JD Logistics and other third parties. By leveraging its fund management platform, JD Property can realize development profits and recycle capital from development properties to fund new developments and scale the business. Since 2019, JD Property established several property funds (the “Property Funds”) together with third parties, including but not limited to GIC Private Limited (“GIC”) and Mubadala Investment Company (“MIC”). JD Property served as general partner and committed less than 50% of the total capital of each property fund as a limited partner, and cannot control the investment committee. JD Property also entered into definitive agreements with the Property Funds, pursuant to which JD Property sold certain of our completed and uncompleted modern logistics facilities, and would concurrently lease back such facilities for operational purposes when completed. For the logistics facilities that met closing conditions, we recorded disposal gain of RMB3.8 billion, RMB1.6 billion and RMB0.8 billion (US\$0.1 billion) in 2019, 2020 and 2021, respectively. We derecognized the logistics facilities upon satisfaction of the hand-over condition.

### ***Share of results of equity investees***

Share of the post-acquisition profits or losses, impairment, and gains or losses from disposals and deemed disposals of the equity investments that are accounted for under the equity method are recorded in share of results of equity investees.

### ***Others, net***

Others, net are non-operating income/(loss), primarily consist of gains/(losses) from fair value change of long-term investments, gains/(losses) from business and investment disposals, impairment of investments, government incentives, interest income and foreign exchange gains/(losses).

## **Taxation**

### ***Cayman Islands***

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 that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

### ***Hong Kong***

Our subsidiaries incorporated in Hong Kong are subject to a two-tiered income tax rate for taxable income generated from operations in Hong Kong, effective on April 1, 2018. The first HK\$2 million of profits earned by our subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. Under the Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our incorporations in Hong Kong to us are not subject to any Hong Kong withholding tax.

## **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 conduct business in certain encouraged sectors or areas, and any entity that qualifies as a “software enterprise” is entitled to an exemption from income tax for the first two years and 50% reduction for the next three years from such entity’s first profitable year. Besides, some small profit enterprises whose annual taxable income amount is RMB1 million or less in 2018 are entitled to the incentive of computing 50% of their income as their taxable income amount and are subject to a reduced enterprise income tax rate of 20%. From January 1, 2019 to December 31, 2021, subject to certain criteria, the portion of annual taxable income amount of a small profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate. Furthermore, our certain entities in China engaging in research and development activities in China were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year of 2016 and 2017, and to claim 175% of their research and development expenses as Super Deduction for the year of 2018, 2019 and 2020 (“Super Deduction”) according to the relevant laws and regulations in the PRC, which was announced in March 2021 to be further extended to December 31, 2023. 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% prior to July 1, 2017, 11% from July 1, 2017 to April 30, 2018 and 10% from May 1, 2018 to March 31, 2019, and 9% since April 1, 2019 on sales of books, audio and video products, at a rate of 17% prior to May 1, 2018, 16% from May 1, 2018 to March 31, 2019 and 13% from April 1, 2019 on sales of other products, at a rate of 6% or 11%/10%/9% (11% prior to May 1, 2018, 10% from May 1, 2018 to March 31, 2019, and 9% since April 1, 2019) on logistics services and at a rate of 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 other regulations including Circular 9, 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.

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,						
	2019		2020		2021		
	RMB	%	RMB (in millions, except for percentages)	%	RMB	US\$	
Net revenues:							
Net product revenues	510,734	88.5	651,879	87.4	815,655	127,994	85.7
Net service revenues	66,154	11.5	93,923	12.6	135,937	21,332	14.3
Total net revenues	576,888	100.0	745,802	100.0	951,592	149,326	100.0
Cost of revenues	(492,467)	(85.4)	(636,694)	(85.4)	(822,526)	(129,072)	(86.4)
Fulfillment	(36,968)	(6.4)	(48,700)	(6.5)	(59,055)	(9,267)	(6.2)
Marketing	(22,234)	(3.8)	(27,156)	(3.6)	(38,743)	(6,080)	(4.1)
Research and development	(14,619)	(2.5)	(16,149)	(2.2)	(16,332)	(2,563)	(1.7)
General and administrative	(5,490)	(1.0)	(6,409)	(0.9)	(11,562)	(1,814)	(1.2)
Gain on sale of development properties	3,885	0.7	1,649	0.2	767	120	0.1
Income from operations	8,995	1.6	12,343	1.6	4,141	650	0.4
Other income/(expense):							
Share of results of equity investees	(1,738)	(0.3)	4,291	0.6	(4,918)	(772)	(0.5)
Interest expense	(725)	(0.1)	(1,125)	(0.2)	(1,213)	(190)	(0.1)
Others, net	7,161	1.2	35,310	4.8	(590)	(93)	(0.1)
Income/(loss) before tax	13,693	2.4	50,819	6.8	(2,580)	(405)	(0.3)
Income tax expenses	(1,803)	(0.3)	(1,482)	(0.2)	(1,887)	(296)	(0.2)
Net income/(loss)	11,890	2.1	49,337	6.6	(4,467)	(701)	(0.5)

### Segment Information

We have three operating segments, namely JD Retail, JD Logistics and New businesses from the first quarter of 2021, as compared to two operating segments, namely JD Retail and New Businesses before 2021. The major changes in segment information mainly include that we (i) reported the results of JD Logistics as a new standalone segment and (ii) moved the results of Jingxi and the internal business of JD Property from JD Retail to New businesses. As a result, JD Retail mainly consists of online retail, online marketplace and marketing services in China. JD Logistics includes both internal and external logistics businesses. New businesses mainly include JD Property, Jingxi, overseas businesses and technology initiatives.

The table below provides a summary of our operating segment results, with prior period segment information retrospectively recast to conform to current period presentation:

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in millions)			
Net revenues:				
JD Retail	545,281	693,965	866,303	135,942
JD Logistics	49,848	73,375	104,693	16,429
New Businesses	11,740	17,601	26,063	4,090
Inter-segment*	(31,127)	(39,945)	(46,043)	(7,225)
Total segment net revenues	575,742	744,996	951,016	149,236
Unallocated items**	1,146	806	576	90
Total consolidated net revenues	576,888	745,802	951,592	149,326
Operating income/(loss):				
JD Retail	14,991	20,611	26,613	4,176
JD Logistics	(508)	1,098	(1,827)	(287)
New Businesses	(1,730)	(4,723)	(10,600)	(1,663)
<i>Including: gain on sale of development properties</i>	3,885	1,649	767	120
Total segment operating income	12,753	16,986	14,186	2,226
Unallocated items**	(3,758)	(4,643)	(10,045)	(1,576)
Total consolidated operating income	8,995	12,343	4,141	650

\* The inter-segment eliminations mainly consist of revenues from supply chain solutions and logistics services provided by JD Logistics to JD Retail, and property leasing services provided by JD Property to JD Logistics.

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

Operating expenses (including fulfillment expenses, marketing expenses, research and development expenses and general and administrative expenses) before unallocated items as a percentage of net revenues for JD Retail were 12.1%, 11.8% and 11.2% for the years ended December 31, 2019, 2020 and 2021, respectively.

### ***Years Ended December 31, 2021 and 2020***

#### ***Net Revenues***

Our total net revenues increased by 27.6% from RMB745,802 million in 2020 to RMB951,592 million (US\$149,326 million) in 2021, with increases in both categories of net revenues. Net product revenues increased by 25.1% from RMB651,879 million in 2020 to RMB815,655 million (US\$127,994 million) in 2021. Net service revenues increased by 44.7% from RMB93,923 million in 2020 to RMB135,937 million (US\$21,332 million) in 2021.

The increase in our total net revenues was primarily due to our ability to expand our customer base and achieve a higher customer retention in 2021. Our annual active customer accounts increased from 471.9 million in 2020 to 569.7 million in 2021. Despite the relatively soft consumption trend and challenging macro environment in 2021, we achieved solid growth in our product revenues based on our supply chain-based business model. We gained more wallet share from our expanding user base as we increasingly become the go-to destination for consumer's regular shopping. The increase in our net service revenues was primarily due to the enhanced penetration of our logistics services to our third-party merchants and other third parties, as well as our efforts to continually enhance our smart marketing technologies, resulting in an improved marketing efficiency and a better growth of our marketing services.

#### ***Cost of revenues***

Our cost of revenues increased by 29.2% from RMB636,694 million in 2020 to RMB822,526 million (US\$129,072 million) in 2021. This increase was primarily due to the growth of our online retail business and increase in costs related to the logistics services provided to merchants and other partners.

#### ***Fulfillment expenses***

Our fulfillment expenses increased by 21.3% from RMB48,700 million in 2020 to RMB59,055 million (US\$9,267 million) in 2021. This increase was primarily due to the increase in compensation costs relating to fulfillment personnel and payment processing charges, and rental expenses for our fulfillment infrastructure, which were in line with the expansion of our business. Fulfillment expenses as a percentage of net revenues were 6.2% in 2021, as compared to 6.5% in 2020, primarily due to economies of scale from enhanced logistics capacity utilization and improvements in efficiencies driven by technology.

#### ***Marketing expenses***

Our marketing expenses increased by 42.7% from RMB27,156 million in 2020 to RMB38,743 million (US\$6,080 million) in 2021. This increase was primarily due to an increase in our advertising expenditures on both online and offline channels from RMB23,088 million in 2020 to RMB32,704 million (US\$5,132 million) in 2021, as we continued to enhance our brand recognition and promote our new business initiatives.

#### ***Research and development expenses***

Our research and development expenses were RMB16,332 million (US\$2,563 million) in 2021, kept relatively steady as compared to RMB16,149 million in 2020. We continued to invest in top-notch R&D talent and technology infrastructure. Considering JD Cloud & AI was deconsolidated from our consolidated financial statements since March 31, 2021, the slight increase in our research and development expenses was primarily attributable to the increase in the compensation costs of our technology employees.

### **General and administrative expenses**

Our general and administrative expenses increased by 80.4% along with the expansion of our business from RMB6,409 million in 2020 to RMB11,562 million (US\$1,814 million) in 2021. This increase was primarily due to an increase in share-based compensation expenses, as each of our consolidated subsidiaries including, JD Logistics, JD Health, JD Property and JD Industry, adopted their own share incentive plans.

### **Gain on sale of development properties**

The gain on sale of development properties is mainly derived from sale of development properties to the Property Funds. See also “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Selected Statements of Operations Items—Gain on sale of development properties.” For the logistics facilities that met closing conditions, we recorded disposal gain of RMB1,649 million in 2020, and RMB767 million (US\$120 million) in 2021, respectively. We derecognized the logistics facilities upon satisfaction of the hand-over condition.

### **Share of results of equity investees**

Compared to a gain of RMB4,291 million in 2020, our share of results of equity investees was a loss of RMB4,918 million (US\$772 million) in 2021, which primarily consisted of the non-cash impairments in certain equity investees, partially offset by the picked up gains recognized from our equity method investments.

### **Others, Net**

Others, net was RMB35,310 million income in 2020 and RMB590 million (US\$93 million) loss in 2021. The substantial decrease was primarily due to the fluctuation in fair value change of investment securities, which resulting from the fluctuation in the market prices of equity investments in publicly-traded companies. The fair value change of long-term investments was a loss of RMB7,252 million (US\$1,138 million) in 2021 as compared to an income of RMB29,483 million in 2020.

### **Net Income/(Loss)**

As a result of the foregoing, we had a net loss of RMB4,467 million (US\$701 million) in 2021, as compared to a net income of RMB49,337 million in 2020.

### **Years Ended December 31, 2020 and 2019**

#### **Net Revenues**

Our total net revenues increased by 29.3% from RMB576,888 million in 2019 to RMB745,802 million in 2020, with increases in both categories of net revenues. Net product revenues increased by 27.6% from RMB510,734 million in 2019 to RMB651,879 million in 2020. Net service revenues increased by 42.0% from RMB66,154 million in 2019 to RMB93,923 million in 2020.

The increase in our total net revenues was primarily due to our ability to expand our customer base and achieve a higher customer retention in 2020. Our annual active customer accounts increased from 362.0 million in 2019 to 471.9 million in 2020. The spread of COVID-19 pandemic to a certain extent stimulated the sales of our general merchandise products (such as pharmaceutical and healthcare products, household goods, and fresh produce) as more customers switched their buying pattern from offline to online. The increase in our net service revenues was primarily due to the enhanced penetration of our logistics services to our third-party merchants and other third parties, as well as our efforts to continually enhance our smart marketing technologies, resulting in an improved marketing efficiency and a better growth of our marketing services.

### ***Cost of revenues***

Our cost of revenues increased by 29.3% from RMB492,467 million in 2019 to RMB636,694 million in 2020. This increase was primarily due to the growth of our online retail business and increase in costs related to the logistics services provided to merchants and other partners.

### ***Fulfillment expenses***

Our fulfillment expenses increased by 31.7% from RMB36,968 million in 2019 to RMB48,700 million in 2020. This increase was primarily due to the increase in shipping charges, compensation costs relating to fulfillment personnel, rental expenses for our fulfillment infrastructure and payment processing charges, which was in line with the growth of our sales volume. The spread of COVID-19 pandemic also caused incremental costs, and accelerated the category mix shift toward the high frequency but small ticket size consumer staple categories which led higher fulfillment expenses.

### ***Marketing expenses***

Our marketing expenses increased by 22.1% from RMB22,234 million in 2019 to RMB27,156 million in 2020. This increase was primarily due to an increase in our advertising expenditures on both online and offline channels from RMB19,286 million in 2019 to RMB23,088 million in 2020, as we continued to enhance our brand recognition and promote our new business initiatives.

### ***Research and development expenses***

Our research and development expenses increased by 10.5% from RMB14,619 million in 2019 to RMB16,149 million in 2020 as we continued to invest in top-notch R&D talent and technology infrastructure. The increase in our research and development expenses was primarily attributable to the increase in the compensation costs along with the increase of headcount of our technology employees. Our R&D employees increased from 14,047 as of December 31, 2019 to 17,239 as of December 31, 2020. We had also seen a rapid increase in research and development expenses in connection with the execution of our strategies of continuously improving our mobile, big data and cloud computing technologies.

### ***General and administrative expenses***

Our general and administrative expenses increased by 16.7% along with the expansion of our business, from RMB5,490 million in 2019 to RMB6,409 million in 2020. This increase was primarily due to an increase in staff cost as the headcount of our general and administrative employees increased in line with our business expansion.

### ***Gain on sale of development properties***

Gain on sale of development properties was RMB3,885 million in 2019, and RMB1,649 million in 2020. The gain on sale of development properties in 2020 came from the sale of development properties to the Property Funds.

### ***Share of results of equity investees***

Compared to a loss of RMB1,738 million in 2019, our share of results of equity investees was a gain of RMB4,291 million in 2020, which primarily consisted of the dilution gain of Dada Group's public offerings, the disposal gain of Bitauto and partially offset by the picked up losses recognized from our equity method investments.

### ***Others, Net***

Others, net (including interest income) was RMB7,161 million income in 2019 and RMB35,310 million income in 2020. The substantial increase was primarily due to the increase in the net gain arising from increases in the market prices of our equity investments in publicly-traded companies, over which we do not have significant influence, which achieved a net gain of RMB29,483 million in 2020 as compared to a net gain of RMB3,496 million in 2019.

### *Net Income*

As a result of the foregoing, we had a net income of RMB49,337 million in 2020, as compared to a net income of RMB11,890 million in 2019.

## **B. Liquidity and Capital Resources**

Our primary sources of liquidity have been proceeds from operating activities, equity and debt financing, and certain business or assets reorganizations.

### *Our major financings*

- In April 2016, we issued an aggregate of US\$500 million unsecured senior notes due 2021, with stated annual interest rate of 3.125%, and an aggregate of US\$500 million unsecured senior notes due 2026, with stated annual interest rate of 3.875%. The net proceeds from the sale of these notes were used for general corporate purposes. As of December 31, 2021, the notes due 2021 were paid off, and the carrying value and estimated fair value of the notes due 2026 were US\$494.6 million and US\$536.1 million, respectively. The estimated fair values were based on quoted prices for our publicly traded debt securities as of December 31, 2021. 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 the covenants. During 2021, we paid an aggregate of US\$27.2 million in interest payments related to these notes.
- In December 2017, we entered into a five-year US\$1.0 billion term and revolving credit facility with a group of 24 arrangers. The facility was priced at 115 basis points over LIBOR. The use of proceeds of this facility was intended for general corporate purposes. As of the date of this annual report, US\$0.45 billion of this facility was drawn down and outstanding.
- In January 2020, we issued an aggregate of US\$700 million senior unsecured notes due 2030, with stated annual interest rate of 3.375%, and an aggregate of US\$300 million senior unsecured notes due 2050, with stated annual interest rate of 4.125%. The net proceeds from the sale of these notes are used for general corporate purposes and refinancing. As of December 31, 2021, the total carrying value and estimated fair value were US\$690.5 million and US\$726.7 million, respectively, with respect to the notes due 2030, and US\$287.1 million and US\$308.8 million, respectively, with respect to the notes due 2050. The estimated fair values were based on quoted prices for our publicly traded debt securities as of December 31, 2021. 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 the covenants. During 2021, we paid an aggregate of US\$36.0 million in interest payments related to these notes.
- In June 2020, our Class A ordinary shares commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "9618." We raised from our global offering in connection with the listing in Hong Kong approximately RMB31.3 billion (US\$4.8 billion) in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.
- In December 2021, we entered into a five-year US\$2.0 billion unsecured term and revolving loan facility with five lead arrangers. This loan facility is our first green loan facility. The term and revolving loans under this facility are priced at 85 basis points over LIBOR. As of the date of this annual report, none of this loan facility was drawn down and outstanding. We intend to use the proceeds from this loan facility to (i) finance or refinance in whole or in part, one or more of its new or existing eligible green projects and/or (ii) general corporate purposes.

### *Major financings of our subsidiaries*

#### *JD Logistics*

- In May 2021, shares of JD Logistics commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "2618." JD Logistics raised from the global offering in connection with the listing in Hong Kong approximately RMB22.9 billion (US\$3.6 billion) in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.

*JD Health*

- In November 2019, our healthcare subsidiary, JD Health, completed the non-redeemable series A preference share financing with a group of third-party investors. The total amount of financing raised was US\$931 million, representing 13.5% of the ownership of JD Health on a fully diluted basis upon the completion of this transaction.
- In August 2020, JD Health completed the non-redeemable series B preference share financing with a group of third-party investors. The total amount of financing raised was US\$914 million, representing 4.5% of the ownership of JD Health on a fully diluted basis.
- In December 2020, shares of JD Health, commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code "6618." JD Health raised from its global offering in connection with the listing in Hong Kong approximately RMB25.7 billion (US\$3.9 billion) in net proceeds after deducting underwriting commissions, share issuance costs and the offering expenses.

*JD Property*

- In March 2021, JD Property entered into definitive agreements for the non-redeemable series A preference share financing with co-lead investors Hillhouse Investment and Warburg Pincus, among others. The total amount raised was US\$703 million. We remained the majority shareholder of JD Property after the completion of this transaction.
- In March 2022, JD Property entered into definitive agreements for its non-redeemable series B preferred share financing with investors led by Hillhouse Investment, Warburg Pincus, and one leading global institutional investor, among others. The total amount raised in this round is expected to be approximately US\$800 million. The transaction is subject to customary closing conditions. We will remain the majority shareholder of JD Property after the completion of this transaction.

*Other subsidiaries*

- In April and December 2020, JD Industry entered into definitive agreements for non-redeemable series A and series A-1 preference share financing with a group of third-party investors. The total amount of financing arising was approximately US\$335 million. Upon completion of such financing, we still hold more than 80% of the issued and outstanding shares of JD Industry.
- In July 2021, Jingdong Century, one of our subsidiaries, issued a one-year corporate bond of RMB1.5 billion (US\$0.2 billion), with fixed interest rate of 2.8%.

As of December 31, 2021, we had revolving lines of credit for an aggregate amount of RMB115.3 billion (US\$18.1 billion) from several commercial banks (not including the US\$1.0 billion term and revolving credit facility we entered into in December 2017, the US\$2.0 billion term and revolving loan facility we entered into in December 2021 and HK\$15.9 billion term loan facility we entered into in October 2021). We had drawn down an aggregate of RMB30.9 billion (US\$4.9 billion) under these revolving lines of credit as of December 31, 2021.

As of December 31, 2021, we had a total of RMB191.3 billion (US\$30.0 billion) in cash and cash equivalents, restricted cash and short-term investments. This included primarily RMB99.2 billion (US\$15.6 billion), HK\$8.2 billion (US\$1.1 billion) and US\$9.7 billion in China, RMB1.3 billion (US\$0.2 billion), HK\$890.8 million (US\$114.2 million) and US\$3.3 billion in Hong Kong. Our cash and cash equivalents generally consist of bank deposits and liquid investments with maturities of three months or less.

Taking into account cash and cash equivalents on hand, our operating cash flows, and the available bank facilities, we believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this annual report. 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 years, from RMB57.9 billion as of December 31, 2019 to RMB58.9 billion as of December 31, 2020 and further to RMB75.6 billion (US\$11.9 billion) as of December 31, 2021. These increases reflected the additional inventory required to support our substantially expanded sales volumes. Our annual inventory turnover days were 35.8 days in 2019, 33.3 days in 2020 and 30.3 days in 2021. Annual inventory turnover days are the quotient of average inventory over the immediately preceding five quarters, up to and including the last quarter of the annual period, to cost of revenues of retail business for that annual period, and then multiplied by 360 days. 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 online shopping festival on November 11.

Our accounts payable primarily include accounts payable to suppliers associated with our retail business. As of December 31, 2019, 2020 and 2021, our accounts payable amounted to RMB90.4 billion, RMB106.8 billion and RMB140.5 billion (US\$22.0 billion), respectively. These increases reflected a significant growth in our sales volumes and scale of operations for our retail business and the related increase in products sourced from our suppliers. Our annual accounts payable turnover days for retail business were 54.5 days in 2019, 47.1 days in 2020 and 45.3 days in 2021. Annual accounts payable turnover days are the quotient of average accounts payable for retail business over the immediately preceding five quarters, up to and including the last quarter of the annual period to cost of revenues of retail business for that annual period, and then multiplied by 360 days.

Our accounts receivable primarily include amounts due from customers and online payment channels. As of December 31, 2019, 2020 and 2021, our accounts receivable amounted to RMB6.2 billion, RMB7.1 billion and RMB11.9 billion (US\$1.9 billion), respectively. The increase was primarily due to the growth of our logistics business. From early 2014, JD Technology started to provide consumer financing to our customers. As of December 31, 2019, 2020 and 2021, the balances of current portion of financing provided to our customers that were included in accounts receivable balances amounted to RMB1.0 billion, RMB0.8 billion and RMB2.5 billion (US\$0.4 billion), respectively. Our accounts receivable turnover days excluding the impact from consumer financing were 3.2 days in 2019, 2.7 days in 2020 and 2.9 days in 2021. Annual accounts receivable turnover days are the quotient of average accounts receivable over the immediately preceding five quarters, up to and including the last quarter of the annual period, to total net revenues for that annual period and then multiplied by 360 days.

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 RMB 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."

RMB 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 RMB 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,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in millions)			
<b>Summary Consolidated Cash Flows Data:</b>				
Net cash provided by operating activities	24,781	42,544	42,301	6,638
Net cash used in investing activities	(25,349)	(57,811)	(74,248)	(11,651)
Net cash provided by financing activities	2,572	71,072	19,503	3,060
Effect of exchange rate changes on cash, cash equivalents and restricted cash	406	(5,082)	(1,498)	(235)
Net increase/(decrease) in cash, cash equivalents and restricted cash	2,410	50,723	(13,942)	(2,188)
Cash, cash equivalents, and restricted cash at beginning of year, including cash and cash equivalents classified within assets held for sale	37,502	39,912	90,635	14,223
Less: cash, cash equivalents, and restricted cash classified within assets held for sale at beginning of year	—	—	116	18
Cash, cash equivalents, and restricted cash at beginning of year	37,502	39,912	90,519	14,205
Cash, cash equivalents and restricted cash at end of year, including cash and cash equivalents classified within assets held for sale	39,912	90,635	76,693	12,035
Less: cash, cash equivalents and restricted cash classified within assets held for sale at end of year	—	116	—	—
Cash, cash equivalents and restricted cash at end of year	39,912	90,519	76,693	12,035

### Operating Activities

Net cash provided by operating activities in 2021 was RMB42,301 million (US\$6,638 million). In 2021, the principal items accounting for the difference between our net cash provided by operating activities and our net income were non-cash expenses, principally share-based compensation of RMB9,134 million (US\$1,433 million), loss from fair value change of long-term investments of RMB7,252 million (US\$1,138 million), depreciation and amortization of RMB6,232 million (US\$978 million), and loss on share of results of equity investees of RMB4,918 million (US\$772 million), and changes in certain working capital accounts, principally an increase in accounts payable of RMB32,585 million (US\$5,113 million), an increase in advance from customers of RMB8,702 million (US\$1,366 million), and an increase in accrued expenses and other current liabilities of RMB5,257 million (US\$825 million). The increase in our accounts payable and advance from customers was mainly due to the growth of our retail business. The increase in our accrued expenses and other current liabilities was primarily due to the increase of vendor deposits.

Net cash provided by operating activities in 2020 was RMB42,544 million. In 2020, the principal items accounting for the difference between our net cash provided by operating activities and our net income were certain non-cash expenses, principally gain from fair value change of long-term investments of RMB29,483 million, depreciation and amortization of RMB6,068 million, share-based compensation of RMB4,156 million, and gain on share of results of equity investees of RMB4,291 million, and changes in certain working capital accounts, principally an increase in accounts payable of RMB11,095 million, an increase in accrued expenses and other current liabilities of RMB4,784 million, and an increase in advance from customers of RMB4,052 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 increase of vendor deposits and the growth in payroll. The increase in our advance from customers was due to the increase in our sales of prepaid cards.

Net cash provided by operating activities in 2019 was RMB24,781 million. In 2019, the principal items accounting for the difference between our net cash provided by operating activities and our net income were certain non-cash expenses, principally depreciation and amortization of RMB5,828 million, share-based compensation of RMB3,695 million, gain on sale of development properties of RMB3,885 million, and gain from fair value change of long-term investments of RMB3,496 million, and changes in certain working capital accounts, principally an increase in accounts payable of RMB10,391 million, an increase in accrued expenses and other current liabilities of RMB4,418 million, an increase in advance from customers of RMB3,061 million, and a decrease of accounts receivable of RMB3,723 million, partially offset by an increase in inventories of RMB13,916 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 increase of vendor deposits and the growth in payroll. The increase in our advance from customers was due to the increase in our sales of prepaid cards. The decrease in accounts receivable was due to the derecognition of consumer financing related accounts receivable through sales type arrangements. The increase in our inventories was due to the growth of our business.

#### ***Investing Activities***

Net cash used in investing activities in 2021 was RMB74,248 million (US\$11,651 million), consisting primarily of the purchase of short-term investments, investment in equity investees and investment securities, cash paid for construction in progress and land use rights, purchases of property, equipment and software, partially offset by the maturity of short-term investments, cash received from disposals of investment in equity investees and investment securities and cash received from sale of development properties.

Net cash used in investing activities in 2020 was RMB57,811 million, consisting primarily of the purchase of short-term investments and time deposits, investment in equity investees and investment securities, purchases of property, equipment and software, cash paid for construction in progress, partially offset by the maturity of short-term investments, cash received from disposals of investment in equity investees and investment securities and cash received from sale of development properties.

Net cash used in investing activities in 2019 was RMB25,349 million, consisting primarily of the purchase of short-term investments, investment in equity investees, investment securities, purchases of property, equipment and software and cash paid for construction in progress, partially offset by the maturity of short-term investments, cash received from sale of development properties, cash received from disposals of equity investment and investment securities and loans settled by JD Technology.

#### ***Financing Activities***

Net cash provided by financing activities in 2021 was RMB19,503 million (US\$3,060 million), consisting primarily of net proceeds of RMB23,011 million (US\$3,611 million) from the initial public offering of JD Logistics in Hong Kong, the proceeds from short-term borrowing of RMB7,133 million (US\$1,119 million) and net proceeds of RMB4,557 million (US\$715 million) from the non-redeemable series A preference share financing of JD Property, partially offset by the cash paid for repayment of short-term borrowings of RMB5,982 million (US\$939 million), repurchase of ordinary shares of RMB5,246 million (US\$823 million) and repayment of unsecured senior notes of RMB3,246 million (US\$509 million).

Net cash provided by financing activities in 2020 was RMB71,072 million, consisting primarily of net proceeds of RMB32,105 million from the non-redeemable series B preference share financing of JD Health and the initial public offering of JD Health in Hong Kong, the net proceeds of RMB31,342 million from our listing in Hong Kong, the proceeds from short-term borrowing of RMB14,766 million and the net proceeds of RMB6,804 million from the issuance of unsecured senior notes, partially offset by the repayment of short-term borrowings of RMB16,582 million.

Net cash provided by financing activities in 2019 was RMB2,572 million, consisting primarily of capital injection from non-controlling interest shareholders of JD Health and proceeds from short-term borrowings, partially offset by the repayment of short-term borrowings and non-recourse securitization debt.

#### **Material cash requirements**

Our material cash requirements as of December 31, 2021 and any subsequent interim period primarily include our capital expenditures and contractual obligations.

### Capital Expenditures

We made capital expenditures of RMB9,000 million, RMB12,457 million and RMB22,115 million (US\$3,470 million) in 2019, 2020 and 2021, respectively. Our capital expenditures for 2019, 2020 and 2021 consisted primarily of expenditures related to the expansion of our fulfillment infrastructure, technology platform, logistics equipment as well as our 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. JD Property seeks to realize development profits and recycle capital from mature properties to fund new developments and scale the business. We sold certain of our development properties and received proceeds of RMB7.9 billion in 2019 and RMB4.8 billion in 2020 and RMB3.5 billion (US\$0.6 billion) in 2021, respectively.

### Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2021:

	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(RMB in millions)				
Operating lease commitments for offices and fulfillment infrastructures	23,562	6,778	8,145	3,796	4,843
Commitments for internet data center service fee	5,498	958	1,596	681	2,263
Capital commitments <sup>(1)</sup>	10,207	10,207	—	—	—
Long-term debt obligations <sup>(2)</sup>	12,255	2,869	—	3,154	6,232
Estimated interest payments in relation to long-term debt <sup>(2)</sup>	4,165	434	706	644	2,381
Total	55,687	21,246	10,447	8,275	15,719

- (1) Our capital commitments primarily relate to commitments on construction of office buildings and warehouses, and are expected to be paid in the following years according to the construction progress.
- (2) Our long-term debt obligations are mainly unsecured senior notes and long-term borrowings, including the portion due within one year.

Our investment commitments contracted but without fixed payment schedule amounted to RMB14.9 billion (US\$2.3 billion) as of December 31, 2021, which primarily related to capital contribution obligation for certain investment in Dada Group and CNLP.

### 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.

### 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. 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, 2021, the amount restricted, including paid-in capital and statutory reserve funds, as determined in accordance with PRC accounting standards and regulations, was approximately RMB46,420 million (US\$7,284 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.

**C. Research and Development, Patents, and Licenses, etc.**

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 research and development professionals design, develop and operate our technology platform and to improve our AI, big data and cloud technologies and services.

In 2019, 2020 and 2021, our research and development expenses, including share-based compensation expenses for research and development staff, were RMB14,619 million, RMB16,149 million and RMB16,332 million (US\$2,563 million), respectively. Our research and development expenses consist primarily of payroll and related expenses for research and development professionals involved in designing, developing and operating our technology platform, and improving our AI, big data and cloud technologies and services, and technology infrastructure costs. Technology infrastructure costs include servers and other equipment depreciation, bandwidth and data center costs, rent, utilities and other expenses necessary to support our internal and external business. We expect spending in research and development continue to be significant over time as we plan to continue to invest in our technology and innovation to enhance customer experience and provide value-added services to our business partners.

**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, 2021 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. Critical Accounting Estimates**

An accounting estimate is considered critical if it requires 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 estimate that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make 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 estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report. For further information, see Note 2 to our consolidated financial statements in this annual report.

### ***Impairment Assessment of Investment in Equity Investees***

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

We continually review our investment in equity investees under equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors we consider are 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 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.

Our equity investments without readily determinable fair values, which do not qualify for NAV practical expedient and over which we do not have the ability to exercise significant influence through the investments in common stock or in substance common stock, are accounted for under the measurement alternative. We make assessment of whether an investment is impaired based on performance and financial position of the investee as well as other evidence of market value at each reporting date. Such assessment includes, but is not limited to, reviewing the investee’s cash position, recent financing, as well as the financial and business performance. When indicators of impairment exist, we also prepare quantitative measurements of the fair value of our equity investments using market approach, income approach or cost approach, if applicable, with observable or unobservable inputs and assumptions. Changes in inputs and assumptions might materially affect the determination of fair value of our equity investments. We recognize an impairment loss equal to the difference between the carrying value and fair value in others, net in the consolidated statements of operations and comprehensive income/(loss) if there is any.

### ***Revenues***

We recognize revenues net of discounts and return allowances when the products are delivered and title is passed to customers. Significant judgement is required to estimate return allowances. For online retail business with return conditions, we reasonably estimate the possibility of return based on the historical experience, changes in judgments on these assumptions and estimates could materially impact the amount of net revenues recognized.

We also sell prepaid cards which can be redeemed to purchase products sold on the JD Platform. In accordance with ASC 606, 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. We recognize revenue from estimated unredeemed prepaid cards over the expected customer redemption periods, rather than waiting until prepaid cards expire or when the likelihood of redemption becomes remote in accordance with ASC 606.

Revenue arrangements with multiple deliverables are divided into separate units of accounting based on the stand-alone selling price (“SSP”) of each separate unit. In instances where SSP is not directly observable, such as we do not have vendor-specific objective evidence or third-party evidence of the selling prices of the deliverables, considerations are allocated using estimated selling prices. Determining the SSP of each separate unit may require significant judgments, and significant assumptions and estimates have been made in estimating the relative selling price of each single-element.

### ***Inventories***

Inventories, consisting of products available for sale, are stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as inventory aging, historical and forecasted consumer demand, and market conditions that impact pricing. We take ownership, risks and rewards of the products purchased, but have arrangements to return unsold goods with certain vendors. Write-downs are recorded in cost of revenues in our consolidated statements of operations and comprehensive income/(loss). As a measure of sensitivity, for every 1% of additional inventory valuation allowance as of December 31, 2021, we would have recorded an additional cost of sales of approximately RMB779 million (US\$122 million).

## **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 ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”) issued by the Financial Accounting Standards Board (“FASB”) guidance on testing of goodwill for impairment, we first 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 as a result of the qualitative assessment, it is more likely than not that the fair value of the 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 fair value of the reporting unit and its carrying amount 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, consideration of the impact of COVID-19, and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

During the years ended December 31, 2019, 2020 and 2021, management monitored the actual performance of the business and conducted goodwill impairment test. No impairment loss of goodwill was recorded for the years ended December 31, 2019, 2020 and 2021, respectively.

## **Share-Based Compensation**

We grant restricted share units (“RSUs”) and share options of our company and our subsidiaries to eligible employees and non-employees.

We account for share-based awards issued to employees and non-employees in accordance with ASC Topic 718, *Compensation — Stock Compensation*.

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.

We use the binomial option-pricing model to estimate the fair value of share options. The determination of estimated fair value of share-based payment awards on the grant date is affected by the fair value of our ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include our expected value volatility over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk-free interest rate, exercise multiple and expected dividend yield, if any.

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 estimate our subsidiaries’ enterprise value for purposes of recording share-based compensation, and the information considered by us mainly include but are not limited to the pricing of recent rounds of financing, future cash flow forecasts, discount rates, and liquidity factors.

We recognize the estimated compensation cost of RSUs based on the fair value of its ordinary shares on the date of the grant. We recognize the compensation cost, net of estimated forfeitures, over a vesting term for service-based RSUs.

We also recognize the compensation cost of performance-based share awards, net of estimated forfeitures, if it is probable that the performance condition will be achieved at the end of each reporting period.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

### **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 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. We record 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 rate is recognized in our consolidated statements of operations and comprehensive income/(loss) in the period of change. Deferred tax assets and liabilities are classified as non-current in the consolidated balance sheets.

We recognize in our 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 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 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 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, 2020 and 2021, we did not have any significant unrecognized uncertain tax positions.

### **Leases**

In accordance with ASC Topic 842, *Leases* (“ASC 842”), we used the modified retrospective transition approach through a cumulative-effect adjustment in the period of adoption rather than retrospectively adjusting prior periods and the package of practical expedients. We categorize leases with contractual terms longer than twelve months as either operating or finance lease. However, we have no finance leases for any of the periods presented.

Right-of-use (“ROU”) assets represent our right to use underlying assets for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, reduced by lease incentives received, plus any initial direct costs, using the discount rate for the lease at the commencement date. As the implicit rate in lease is not readily determinable for our operating leases, we generally use the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We account for lease and non-lease components separately.

## 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.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Richard Qiangdong Liu	49	Chairman of the Board of Directors
Lei Xu	47	Director and Chief Executive Officer
Ming Huang	58	Independent Director
Louis T. Hsieh	57	Independent Director
Dingbo Xu	59	Independent Director
Caroline Scheufele	60	Independent Director
Sandy Ran Xu	45	Chief Financial Officer
Pang Zhang	33	Chief Human Resources Officer

*Richard Qiangdong Liu* has been the chairman of our company since inception and served as our chief executive officer until April 2022. He founded JD.com in 2004 and has guided its development and growth since then. Mr. Liu received the prestigious award “Person of the Year of Chinese Economy 2011” from CCTV, China’s national television network. He was among “World’s 50 Greatest Leaders” named by Fortune Magazine in 2015. Mr. Liu has served as the chairman of the board and director of Jingdong Technology Holding Co., Ltd. since June 2020, and the chairman of the board and non-executive director of JD Health International Inc. (HKEX: 6618) since September 2020. He currently also serves as the chairman of the board and non-executive director of JD Logistics, Inc. (HKEX: 2618). Mr. Liu received his bachelor’s degree in sociology from Renmin University of China in 1996 and an EMBA from China Europe International Business School in 2011.

*Lei Xu* is chief executive officer and executive director of JD.com, responsible for leading daily operation of the company. Mr. Xu served as a marketing consultant for JD.com in May 2007, and joined the company in January 2009. Prior to his current role, Mr. Xu held various senior roles in the company, including head of marketing department, head of JD Wireless, Chief Marketing Officer of JD.com and CEO of JD Retail. Mr. Xu led the establishment of JD’s marketing and public relations system, the mobile products’ R&D system as well as the platform operation system, and propelled JD’s mobile-based strategic transformation. Mr. Xu also led the launch of JD 618 Grand Promotion and drove the opening-up of JD’s supply chain capabilities to empower the society at large. During his tenure as CEO of JD Retail, Mr. Xu has established the business philosophy of “trust-based and customer-centric value creation” and led the visionary moves on development of supply chain middle platform and omni-channel strategy, which accelerated JD’s climbing on second curve of growth. Mr. Xu was among “50 Most Influential Business Leaders in China” in two consecutive years named by FORTUNE China. Mr. Xu also serves as a director of Dada Nexus Limited, ATRenew Inc., Yonghui Superstores Co., Ltd. Mr. Xu was conferred China’s professional title as Senior Economist (Enterprise Management) in 2019 and holds an EMBA degree from China Europe International Business School.

*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. From July 2010 to June 2019, Mr. Huang was a professor of finance at China Europe International Business School. 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. Mr. Huang is also an independent non-executive director of WH Group Limited, a company listed on the Hong Kong Stock Exchange, and an independent director of 360 Security Technology Inc., a company listed on the Shanghai 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 currently serves as the global chief financial officer, since April 2021, and board director, since June 2021, of Hesai Technology, a global leader in 3-D Lidar solutions. From 2017 to 2019, Mr. Hsieh served as the global chief financial officer of Nio Inc., a leading electric car original equipment manufacturer (NYSE: NIO). Mr. Hsieh has served as a board director of New Oriental Education & Technology Group Inc., the largest provider of private educational services in China listed on the NYSE (NYSE: EDU), since March 2007, and served as its chief financial officer from 2005 to 2015 and its president from 2009 to 2016. He also serves as an independent director, since November 2016, and chairman of the audit committee from 2016 to 2019, of YUM China Holdings, Inc., a NYSE and HKEX listed (NYSE: YUMC, HKEX: 9987) leading operator of restaurant chains in China including KFC and Pizza Hut. From 2000 to 2002, Mr. Hsieh was the managing director and the 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 in Palo Alto, California, where he was an associate. From 1990 to 1995, Mr. Hsieh was a corporate and securities attorney at White & Case LLP in Los Angeles. 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.

*Dingbo Xu* has served as our independent director since May 2018. Professor Xu has served as a faculty member in highly-respected universities for more than two decades. He is currently Essilor Chair Professor in Accounting and an associate dean at China Europe International Business School in Shanghai. Before joining China Europe International Business School in 2004, he was an assistant professor of accounting at the Hong Kong University of Science and Technology from 1996 to 2003. In addition to his academic positions, Professor Xu serves as the executive director of the editorial board of China Management Accounting Review and the founding chairman of Chartered Global Management Accountant (CGMA) 100 North Asia Leaders Think Tank. Professor Xu has contributed his knowledge and expertise to the board of directors of several public companies. He was a member of the board of directors of The People's Insurance Company (Group) of China Limited (PICC), a company listed on the Hong Kong Stock Exchange, from September 2009 to April 2018. He currently serves as director of Kweichow Moutai Company Limited, a company listed on the Shanghai Stock Exchange. He served as director of Shanghai Shyndec Pharmaceutical Company Limited, a company listed on the Shanghai Stock Exchange, from December 2012 to February 2019 and served as director of SANY Heavy Industry Company Limited, a company listed on the Shanghai Stock Exchange, from January 2013 to August 2019. Professor Xu also served as director of China Cinda Asset Management Company Limited, a company listed on the Hong Kong Stock Exchange, from June 2013 to September 2019. Professor Xu received his Ph.D. in accounting from the University of Minnesota, as well as a master's degree in management and a bachelor's degree in mathematics, both from Wuhan University.

*Caroline Scheufele* has served as our independent director since June 2021. Ms. Scheufele has over 35 years of experience in the watchmaking and jewelry industry and currently serves as the co-president and artistic director of Chopard, one of the last family-run Swiss watch makers and jewelers. Since 1985, Ms. Scheufele has held various leadership positions at Chopard, including leading Chopard's ladies' collections and developing the jewelry section and later the high-end jewelry department at Chopard. Ms. Scheufele designed Chopard's first jewelry collection, Happy Diamonds, the Happy Sports watches featuring a world-first combination of steel and diamonds, and the Haute Joaillerie Red Carpet and Animal World collections. Ms. Scheufele has also contributed to Chopard's international exposure by connecting its image with the world of cinema and iconic events, such as the Cannes Film Festival. In 1998, she redesigned the Palme d'Or, the award piece for the Cannes Film Festival, and made Chopard the official event partner onwards. Ms. Scheufele is a dedicated philanthropist in support of charitable causes, such as the American Foundation for AIDS Research (amFAR) and the José Carreras Leukemia Foundation. She has promoted corporate social responsibility including Chopard's membership in the Responsible Jewelry Council since 2010. Under the leadership of Ms. Scheufele, Chopard has become one of the first brands to use raw materials that meet the highest possible social and environmental standards and has supported Fairmined certified responsible gold. Ms. Scheufele was honoured with both the annual Fashion 4 Development (F4D) Award and the BRAVO Business Award for "Environmentalism of the Year" in 2014 and received the Designer of the Year Award at the second Sustainable Style Gala in 2019. Ms. Scheufele holds a diploma from Geneva's International School and decided to join the family business where she took intensive classes in design and gemmology afterwards.

*Sandy Ran Xu* has served as chief financial officer of JD.com since June 2020. Ms. Xu joined JD.com in July 2018. From July 2018 to May 2020, Ms. Xu oversaw group finance, accounting and tax functions in addition to serving as chief financial officer of JD Retail. Prior to joining JD.com, Ms. Xu was an audit partner and spent nearly 20 years with PricewaterhouseCoopers Zhong Tian LLP, Beijing office and PricewaterhouseCoopers, San Jose office, focusing on TMT industry and U.S. capital markets. Ms. Xu currently also serves as a director of Dada Nexus Limited and JD Technology. Ms. Xu was a Certified Public Accountant in both China and the United States. Ms. Xu received her bachelor's degree with a double major in information science and economics from Peking University.

*Pang Zhang* has served as our chief human resources officer since December 2020. Ms. Zhang joined our company in July 2011. She has significant experience in leadership development as well as organizational processes optimization, and has always committed to exploring a brand-new type of platform-based HR system, thus to better support diversified business groups at JD.com. She has held multiple key roles within different departments in our company, including our company's CEO office, JD Retail and JD Technology. Ms. Zhang currently serves as a director of JD Technology. Ms. Zhang holds a Cornell-Tsinghua Finance MBA and a bachelor's degree from Central University of Finance and Economics.

## **B. Compensation**

In 2021, we paid an aggregate of approximately RMB26.4 million (US\$4.1 million) in cash to our executive officers, and approximately US\$0.4 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.

We are in the process of putting in place a comprehensive retirement plan for the eligible retiring salaried senior management of our company based on years of employment and contributions to our company. This plan is designed to strengthen the ability of our company to attract and retain persons of outstanding competence upon which, in large measure, our continued growth and profitability depend. Eligible management employees of our company will be entitled for certain benefits, including, but not limited to, cash payments, incentive stock award and incentive stock option benefits, additional insurance programs and pension plans. In addition, we intend to hire certain eligible retiring management employees of our company as consultant for a period of time following retirement to avail our company of the consultant's knowledge, expertise and experience.

## **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. Without the foregoing causes, we may also terminate an executive officer's employment in accordance with the applicable law of the jurisdiction where the executive officer is based, and in such case of termination by us, we will provide severance payments to the executive officer as expressly required by such applicable law. The executive officer may resign at any time with a 30-day advance written notice.

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 some of our directors and executive officers, agreeing to indemnify them 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 Plans

### *Our Share Incentive Plan*

Our currently effective share incentive plan, or our Share Incentive Plan, was adopted in November 2014. The number of shares reserved for future issuances under our 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 our Share Incentive Plan commencing with the fiscal year ended December 31, 2018. The maximum aggregate number of our shares which may be issued pursuant to all awards under our Share Incentive Plan is 617,586,275 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, and 510,735,365 shares that are reserved under our Share Incentive Plan. 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 Share Incentive Plan.

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

*Award Agreement.* Awards granted under our 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 Our Share Incentive Plan.* Unless terminated earlier, our 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 our Share Incentive Plan that (i) increases the number of shares available under our Share Incentive Plan, or (ii) permits the plan administrator to extend the term of our Share Incentive Plan or the exercise period for an option beyond ten years from the date of grant.

As of December 31, 2021, the awards that had been granted to our directors, officers, employees and consultants and remained outstanding included (i) restricted share units to receive an aggregate of 95,108,866 ordinary shares, excluding restricted share units that were forfeited, cancelled, or vested after the relevant grant date, and (ii) options to purchase an aggregate of 28,937,112 ordinary shares, excluding options that were forfeited, cancelled, or exercised after the relevant grant date.

In May 2015, with approval of board of directors, 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. The number of restricted shares, restricted share units and options that had been granted to each of our other directors and executive officers and remained outstanding represents less than 1% of our total outstanding ordinary shares on an as-converted basis as of March 31, 2022. 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 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.

### ***Share Incentive Plans of our Consolidated Subsidiaries***

In addition, JD Logistics, JD Health, JD Property and JD Industry each approved and adopted their own share incentive plans.

JD Logistics adopted its own share incentive plans in 2018 and 2021, which permit the granting of stock options, restricted share units and other types of awards of JD Logistics to its employees, directors and consultants. JD Logistics granted 83,476,500, 224,511,105 and 30,030,446 share options for the years ended December 31, 2019, 2020 and 2021, respectively, including the share options granted to Mr. Liu. JD Logistics also granted restricted share units to its employees, directors and consultants starting from July 2021 and granted 9,663,953 restricted share units in 2021. Total share-based compensation expenses were RMB572 million, RMB640 million and RMB1,201 million (US\$188 million) under JD Logistics's share incentive plans for the years ended December 31, 2019, 2020 and 2021, respectively. In October 2020, options to acquire 99,186,705 ordinary shares of JD Logistics with an exercise price of US\$0.01 per share were granted to Mr. Liu according to the JD Logistics's share incentive plan. The grant is subject to a 6-year vesting schedule with 1/6 of the awards vesting on each anniversary of the grant date.

JD Health adopted its own share incentive plans in 2020, which permits the granting of stock options, restricted share units and other types of awards of JD Health to its employees, directors and consultants. JD Health granted 94,770,812 share options in 2020, including the share options granted to Mr. Liu. JD Health also granted restricted share units to its employees, directors and consultants starting from January 2021, and granted 80,582,712 restricted share units in 2021. Total share-based compensation expenses were RMB331 million and RMB2,561 million (US\$402 million) under JD Health's share incentive plans for the years ended December 31, 2020 and 2021, respectively. In October 2020, options to acquire 53,042,516 ordinary shares of JD Health with an exercise price of US\$0.0000005 per share were granted to Mr. Liu according to the JD Health's share incentive plan. The grant is subject to a 6-year vesting schedule with 1/6 of the awards vesting on each anniversary of the grant date.

JD Property adopted its own share incentive plan in 2021, which permits the granting of stock options, restricted share units and other types of awards of JD Property to its employees, directors and consultants. JD Property granted 193,059,698 restricted share units to Mr. Liu for the year ended December 31, 2021. The grant to Mr. Liu fully vested on November 25, 2021. Total share-based compensation expenses were RMB467 million (US\$73 million) under JD Property's share incentive plan for the year ended December 31, 2021.

JD Industry adopted its own share incentive plan in 2021, which permits the granting of stock options, restricted share units and other types of awards of JD Industry to its employees, directors and consultants. JD Industry granted 90,629,636 restricted share units to Mr. Liu for the year ended December 31, 2021. The grant to Mr. Liu fully vested on December 30, 2021. Total share-based compensation expenses were RMB684 million (US\$107 million) under JD Industry's share incentive plan for the year ended December 31, 2021.

## **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.

### **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 Dingbo Xu. Mr. Hsieh is the chairman of our audit committee. We have determined that Mr. Hsieh, Mr. Huang and Mr. Xu 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;
- 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 Dingbo Xu. Mr. Huang is the chairman of our compensation committee. We have determined that Mr. Huang and Mr. Xu 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 Dingbo Xu, Louis T. Hsieh and Caroline Scheufele. Mr. Xu is the chairperson of our nominating and corporate governance committee. Mr. Xu, Mr. Hsieh and Ms. Scheufele 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.

### ***Terms of Directors and Executive Officers***

Our officers are elected by 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; (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; or (v) is removed from office pursuant to any other provision of our memorandum and articles of association.

## Board Diversity Matrix

Board Diversity Matrix				
Country of Principal Executive Offices:	People's Republic of China			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	6			
	<b>Female</b>	<b>Male</b>	<b>Non-Binary</b>	<b>Did Not Disclose Gender</b>
<b>Part I: Gender Identity</b>				
Directors	1	5	N/A	N/A
<b>Part II: Demographic Background</b>				
Underrepresented Individual in Home Country Jurisdiction			—	
LGBTQ+			—	
Did Not Disclose Demographic Background			1	

## D. Employees

As of December 31, 2019, 2020 and 2021, we had a total of 227,730, 314,906 and 385,357 employees, respectively. The following is a breakdown of our employees as of December 31, 2021 by function:

Function	Number
Procurement	26,376
Warehouses	74,176
Delivery	224,541
Customer Service	23,331
Research and Development	16,828
Sales and Marketing	12,525
General and Administrative	7,580
<b>TOTAL</b>	<b>385,357</b>

\* The number of employees shown above excludes part-time staff and interns.

With so many employees, we place great emphasis on our corporate culture to ensure that we maintain consistently high standards everywhere we operate.

We invest resources in the recruitment of employees in support of our fast-growing business operations. In 2021, we recruited new employees in connection with the expansion of our business, and we will continue to invest resources in training, managing and motivating our workforce. In 2021, we have invested a considerable amount of resources in employee career development and training. We have clear talent criteria and have applied them to the whole process of talent management. In the talent management activities throughout the year, we not only pay attention to the improvement of employees' ability and quality, but also pay special attention to incentive development, in particularly emphasized the mindset of "contributor-oriented", so that to enable all kinds of talents to have a "sense of goal" and "sense of fulfillment". We lay special emphasis on the building of talent pipeline and the building of organizational cultural cohesion. We have established a comprehensive employee training and development system covering leadership, general competencies, and professional competencies. Our comprehensive training program covers corporate culture, employee rights and responsibilities, team building, professional behavior, job performance, management skills, leadership, and administrative decision-making. As of December 31, 2021, over 1,000 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 diploma, or have opportunity to apply an interest-free loan for their tuition fees from us. To boost our strategy of exploring overseas markets, we also have been recruiting international management trainees who are MBA graduates from top universities worldwide.

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 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 within 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 March 31, 2022 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 3,123,495,189 ordinary shares outstanding as of March 31, 2022, comprising of (i) 2,695,614,094 Class A ordinary shares, excluding the 35,813,642 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) 427,881,095 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.

	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Total Ordinary Shares	% of Aggregate Voting Power
<b>Directors and Executive Officers:</b>					
Richard Qiangdong Liu	25,174,550 <sup>(1)</sup>	408,007,423 <sup>(1)</sup>	433,181,973 <sup>(1)</sup>	13.8 <sup>(1)</sup>	76.1 <sup>(2)</sup>
Lei Xu	*	—	*	*	*
Ming Huang <sup>(3)</sup>	*	—	*	*	*
Louis T. Hsieh <sup>(4)</sup>	*	—	*	*	*
Dingbo Xu <sup>(5)</sup>	*	—	*	*	*
Caroline Scheufele <sup>(6)</sup>	*	—	*	*	*
Sandy Ran Xu	*	—	*	*	*
Pang Zhang	*	—	*	*	*
All Directors and Executive Officers as a Group	26,259,626	408,007,423	434,267,049	13.8	76.1 <sup>(2)</sup>
<b>Principal Shareholders:</b>					
Max Smart Limited <sup>(7)</sup>	6,974,550	408,007,423	414,981,973	13.3	72.6
Walmart <sup>(8)</sup>	289,053,746	—	289,053,746	9.3	2.6
Fortune Rising Holdings Limited <sup>(9)</sup>	—	19,873,672	19,873,672	0.6	3.5

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

- \*\* Except for Mr. Ming Huang, Mr. Louis T. Hsieh, Mr. Dingbo Xu and Ms. Caroline Scheufele, 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) 408,007,423 Class B ordinary shares directly held by Max Smart Limited, (ii) 3,487,275 ADSs, representing 6,974,550 Class A ordinary shares, held by Max Smart Limited, and (iii) 18,200,000 Class A ordinary shares that Mr. Liu had the right to acquire upon exercise of options that shall have become vested within 60 days after March 31, 2022. As of March 31, 2022, Mr. Liu has not exercised his right to acquire such Class A ordinary shares. 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 19,873,672 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in footnote (9) below. Mr. Liu will donate 62,376,643 Class B ordinary shares of the Company to a third-party foundation for charitable purposes. Assuming the donation had been completed as of March 31, 2022, Mr. Liu would have beneficially owned a total of 370,805,330 ordinary shares, representing 11.8% of our total outstanding ordinary shares, and the voting power of the shares beneficially owned represented 72.7% of the total outstanding voting power.
  - (2) The aggregate voting power includes the voting power with respect to the 19,873,672 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 (9) below.
  - (3) The business address of Mr. Huang is China Europe International Business School, 699 Hongfeng Road, Pudong District, Shanghai 201206, China.
  - (4) The business address of Mr. Hsieh is Tower 2,37-B, I Austin Road West, Kowloon, Hong Kong.
  - (5) The business address of Professor Xu is China Europe International Business School, 699 Hongfeng Road, Pudong, Shanghai 201206, China.
  - (6) The business address of Ms. Scheufele is Chopard & Cie SA, Rue de Veyrot 8, 1217 Meyrin, Switzerland.
  - (7) Represents (i) 408,007,423 Class B ordinary shares directly held by Max Smart Limited and (ii) 3,487,275 ADSs, representing 6,974,550 Class A ordinary shares, held 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) Based on the information provided by Walmart, represents (i) 144,952,250 Class A ordinary shares and (ii) 72,050,748 ADSs, representing 144,101,496 Class A ordinary shares, owned 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. 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.
  - (9) Represents 19,873,672 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. 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 March 31, 2022, a total of 734,337,093 class A ordinary shares were held by four record holders in the United States, representing approximately 23.2% of our total outstanding shares on an as-converted basis (including the 35,813,642 Class A ordinary shares issued to our depositary bank 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 depositary of our ADS program, which held 26.9% of our Class A ordinary shares on record, representing approximately 23.2% of our total outstanding shares on record as of March 31, 2022 (including the 35,813,642 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.

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.

On March 25, 2022, Tencent, through Huang River Investment Limited, completed a distribution of approximately 460 million Class A ordinary shares of our company owned by Tencent to its shareholders. Based on the information provided by Tencent in its report on Schedule 13D/A filed with SEC on March 30, 2022, Tencent's shareholding in us was approximately 2.3%, and the shareholders of Tencent who receive our shares in the distribution have become our shareholders. We and Tencent will continue to maintain our mutually beneficial business relationship, including our ongoing strategic partnership agreement. See "Item 4.A. Information on the Company—History and Development of the Company—Our Strategic Cooperations—Strategic Cooperation with Tencent."

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 in China. Due to these restrictions, we operate our relevant business through contractual arrangements with our variable interest entities. For a description of these contractual arrangements, see "Item 4.C. Information on the Company—Organizational Structure."

#### **Agreements and Business Cooperation with Tencent**

On March 25, 2022, Tencent completed a distribution of approximately 460 million Class A ordinary shares of our company owned by Tencent to its shareholders. As of March 31, 2022, Tencent's shareholding in us was approximately 2.3%, and the shareholders of Tencent who receive our shares in the distribution have become our shareholders. We and Tencent will continue to maintain our mutually beneficial business relationship, including our ongoing strategic partnership agreement.

*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 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 had 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 retail 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 Icsn.

On May 10, 2019, we renewed the strategic cooperation agreement with Tencent for a period of three years starting from May 27, 2019. Tencent will continue to offer us prominent level 1 and level 2 access points on its Weixin platform to provide traffic support, and the two companies also intend to continue to cooperate in a number of areas including communications, advertising and membership services, among others. It is estimated that such traffic support, advertising spending and other cooperation will amount to over US\$800 million, which will be paid or spent over the next three years. We agreed to issue to Tencent a certain number of our Class A ordinary shares for a total consideration of approximately US\$250 million at prevailing market prices at certain pre-determined dates during the three-year period, of which 8,127,302, 2,938,584 and 1,914,998 of our Class A ordinary shares were issued in May 2019, May 2020 and June 2021, respectively.

*Business Cooperation with Tencent.* In 2019, we generated RMB288 million commission services revenues from cooperation on advertising business with Tencent, RMB399 million revenues from services provided to and products sold to Tencent, and purchased a total amount of RMB2,222 million advertising resources and payment processing services from Tencent. In 2020, we generated RMB355 million commission services revenues from cooperation on advertising business with Tencent, RMB375 million revenues from services provided to and products sold to Tencent, and purchased a total amount of RMB3,226 million advertising resources and payment processing services from Tencent. In 2021, we generated RMB248 million (US\$39 million) commission services revenues from cooperation on advertising business with Tencent, RMB553 million (US\$87 million) revenues from services provided to and products sold to Tencent, and purchased a total amount of RMB5,010 million (US\$786 million) advertising resources and payment processing services from Tencent. As of December 31, 2021, we had a total amount of RMB1,956 million (US\$307 million) due from Tencent.

#### **Agreements and Transactions Relating to JD Technology**

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 Technology IPLA, with JD Technology, and certain entities controlled by Mr. Richard Qiangdong Liu, our chairman, in connection with the reorganization of JD Technology. As of June 30, 2017, the reorganization of JD Technology had been completed. As a result, we disposed of all of our 68.6% equity interest in JD Technology and deconsolidated the financial results of JD Technology from ours since then. Pursuant to the agreements, we received approximately RMB14.3 billion in cash upon transaction closing with an economic gain of RMB14.2 billion and 40% of the future pre-tax profit of JD Technology when JD Technology has a positive pre-tax income on a cumulative basis. We did not receive any profits from JD Technology under the profit-sharing arrangement, as JD Technology did not have a positive pre-tax income on a cumulative basis during the effective period of the profit-sharing arrangement. In addition, pursuant to the Framework Agreement, we are able to convert our profit sharing right with respect to JD Technology into 40% of JD Technology's equity interest, subject to applicable regulatory approvals. The above percentage of profit sharing and maximum equity interest issuance to us, which we refer to as the Maximum Interest, is subject to potential proportional dilution as a result of any future equity financings or ESOP increases of JD Technology. In connection with JD Technology's additional round of financing in 2018, the Maximum Interest was diluted to approximately 36%.

In June 2020, we entered into agreements with JD Technology, pursuant to which we have, through a consolidated PRC domestic company, acquired an aggregate of 36.8% equity interest in JD Technology by converting our profit sharing right to the Maximum Interest and investing additional RMB1.78 billion in cash in JD Technology. The Framework Agreement, including the profit-sharing arrangement between JD Technology and us, was terminated, and JD Technology has become our equity method investee. In connection with the acquisition of equity interests in JD Technology, we have entered into agreements with JD Technology which set forth the rights of us as a shareholder. Pursuant to these agreements, we continue to enjoy substantially all the rights that we had under the Framework Agreement; provided that certain rights such as the right to liquidity event payment had been terminated upon our conversion of the profit sharing right into equity interest in JD Technology.

On June 20, 2020, the shareholders of JD Technology passed a unanimous resolution to restructure JD Technology as a company limited by shares and adopt the dual class voting structure. The shares held by Mr. Richard Qiangdong Liu and Suqian Linghang Fangyuan, an entity controlled by Mr. Liu, were entitled to ten votes per share, while Mr. Liu and Suqian Linghang Fangyuan must abstain from voting on any related party transaction with JD Technology. As a result of this dual class voting structure, as of December 31, 2021, we held approximately 22.1% voting power, and Mr. Richard Qiangdong Liu and Suqian Linghang Fangyuan together held 52.4% of the total voting power of JD Technology.

On March 31, 2021, we entered into definitive agreements with JD Technology relating to the reorganization of JD Cloud & AI. Pursuant to the definitive agreements, we transferred JD Cloud & AI and certain assets together valued at approximately RMB15.7 billion (US\$2.5 billion) to JD Technology, in exchange for newly issued ordinary shares of JD Technology. To support the smooth business transition of JD Cloud & AI, we also transferred some equipment and reserved some restricted share units of us for the employees of JD Cloud & AI, for which JD Technology paid cash consideration. Upon completion of the transactions on March 31, 2021, JD Cloud & AI was deconsolidated from our consolidated financial statements, and our equity interest in JD Technology increased from 36.8% to 41.7%.

Please see “Item 4.A. Information on the Company—History and Development of the Company” for further information.

Set forth below is a summary of the key provisions of the currently effective material agreements between us and JD Technology.

*Shareholders Agreement.* The shareholders agreement of JD Technology provides for certain special rights, including preemptive right and right to consent for certain matters and contains provisions governing the board of directors and other corporate governance matters.

*Non-Compete Agreement.* We and JD Technology 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. JD Technology may not engage in the e-commerce business conducted by us or our subsidiaries without our prior written consent, unless we and JD Technology are no longer under the common control of Mr. Richard Qiangdong Liu. Without the prior written consent of JD Technology, we are restricted from engaging in the financial products, financial derivatives, and other financial-related businesses operated by JD Technology and its subsidiaries, 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 reporting, unless we and JD Technology are no longer under the common control of Mr. Liu. We, however, may make passive investments in competing businesses which we do not control.

#### ***Business Transactions with JD Technology and its Subsidiaries***

JD Technology is a related party controlled by our chairman of the board of directors, Mr. Richard Qiangdong Liu, through his equity stake and voting arrangements in JD Technology. In 2019, 2020 and 2021, we provided services and sold goods to JD Technology in a total amount of RMB342 million, RMB598 million and RMB882 million (US\$138 million), respectively. In 2019, 2020 and 2021, we received payment processing and other services provided by JD Technology in the amount of RMB4,981 million, RMB6,945 million and RMB8,762 million (US\$1,375 million), respectively. In 2019, 2020 and 2021, interest income in the amount of RMB41 million, RMB31 million and RMB253 million (US\$40 million) was recognized in relation to the financial support provided to JD Technology by us, respectively. Based on a series of agreements signed on January 1, 2016, JD Technology will perform the credit risk assessment services and earn fees for providing such services, and JD Technology will purchase the consumer financing receivables past due over certain agreed period of time from us at carrying values without recourse and also agree to bear other cost directly related to the consumer financing to absorb the risks. In connection with the agreements, the total amount of over-due receivables related to the consumer financing transferred from us to JD Technology were RMB189 million, RMB493 million and RMB77 million (US\$12 million) for the years ended December 31, 2019, 2020 and 2021, respectively.

We also transferred certain financial assets to JD Technology without recourse at fair value. The amount of accounts receivables transferred without recourse in 2019, 2020 and 2021 were RMB24,586 million, RMB33,406 million and RMB43,299 million (US\$6,795 million), respectively, and were derecognized.

As of December 31, 2021, we had a total amount of RMB2,460 million (US\$386 million) due from JD Technology.

## Transactions with Our Equity Investees and Other Related Parties

*Business Transaction and Non-compete Obligation with Dada Group.* In April 2016, we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada Group. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Dada Group which had a fair value of approximately US\$67 million were recorded as deferred revenues and would be recognized as net service revenues, and the non-compete obligation with Dada Group which had a fair value of approximately US\$83 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 2019, 2020 and 2021, other income in the amount of RMB82 million, RMB82 million and RMB77 million (US\$12 million) had been recognized, respectively. As of December 31, 2021, we had a total amount of RMB83 million (US\$13 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Dada Group and a total amount of RMB101 million (US\$16 million) other liabilities in relation to non-compete obligation with Dada Group. In 2019, 2020 and 2021, we provided services and sold goods to Dada Group in a total amount of RMB133 million, RMB179 million and RMB523 million (US\$82 million), respectively, and in the same periods, we also received services from Dada Group in a total amount of RMB1,565 million, RMB2,200 million and RMB1,087 million (US\$171 million), respectively. As of December 31, 2021, we had a total amount of RMB337 million (US\$53 million) due to Dada Group. As of December 31, 2021, we owned approximately 47% issued and outstanding shares of Dada Group.

On March 22, 2021, we, through a subsidiary, entered into a share subscription agreement with Dada Group, and further entered into an amendment to share subscription agreement on February 25, 2022, under which Dada Group issued to us 109,215,017 ordinary shares, for a total consideration of (i) an aggregate purchase price of US\$546 million in cash, and (ii) our signing and delivery of a business cooperation agreement to Dada Group, pursuant to which we will provide certain strategic resources to Dada Group, at a closing that occurred on February 28, 2022. Immediately following the closing, we held approximately 52% of Dada Group's issued and outstanding shares and began to consolidate the financial results of Dada Group into ours.

*Business Transactions with the Property Funds.* JD Property, our infrastructure asset management and integrated service platform, owns, develops and manages our logistics facilities and other real estate properties to support JD Logistics and third parties. Since 2019, we entered into definitive agreements with the Property Funds, pursuant to which we sold certain of our completed and uncompleted logistics facilities.

For the logistics facilities under the Property Funds that met the closing conditions, we recorded a disposal gain of RMB3.8 billion, RMB1.6 billion and RMB0.8 billion (US\$0.1 billion) in 2019, 2020 and 2021, respectively. We will derecognize the remaining logistics facilities upon satisfaction of the hand-over condition. In addition, subsequent to the disposition, we have leased back the completed facilities from the Property Funds for operational purposes, and JD Property has started serving as the asset manager managing the Property Funds' assets. We will also lease back some of the facilities that sale to the Property Funds for operational purposes when such facility has been completed. See also "Item 5.A. Operating and Financial Review and Prospects—Operating Results—Selected Statements of Operations Items—Gain on sale of development properties." We received lease and property management services from the Property Funds in a total amount of RMB476 million, RMB838 million and RMB1,180 million (US\$185 million) in 2019, 2020 and 2021, respectively. Interest income in the amount of RMB75 million, RMB49 million and RMB39 million (US\$6 million) were recognized in 2019, 2020 and 2021, respectively, in connection with our financial support provided to the Property Funds. As of December 31, 2021, we had an amount of RMB856 million (US\$134 million) due from the Property Funds.

*Business Transactions with ATRenew and its subsidiaries, or ATRenew Group.* ATRenew Group is an equity investee of us, and its ADSs commenced trading on the NYSE in June 2021. In June 2019, we completed an investment of approximately RMB3.38 billion in ATRenew, an online second-hand consumer electronics trading platform. In connection with this investment, we merged our Paipai Secondhand business with and into ATRenew with certain exclusive traffic resources for the next five years, and additionally invested a certain amount of cash in exchange for additional preferred shares of ATRenew. In September and December 2020, we completed further investment in existing and newly issued preferred shares of ATRenew for a cash consideration of RMB401 million. Upon the completion of the transaction, the traffic support, marketing and promotion services to be provided to ATRenew Group were recorded as deferred revenues and would be recognized as net service revenues over the cooperation period of five years on a straight line basis starting from June 2019. In addition, we made an additional investment of RMB129 million in ATRenew in April 2021 and RMB321 million to acquire its ADSs in connection with its initial public offering in June 2021. The ADSs of ATRenew commenced trading on the New York Stock Exchange in June 2021. As of December 31, 2021, we owned approximately 33% issued and outstanding shares of ATRenew. As of December 31, 2021, we had a total amount of RMB1,038 million (US\$163 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to ATRenew Group. In 2019, 2020 and 2021, we provided services and sold goods to ATRenew Group in a total amount of RMB349 million, RMB664 million and RMB894 million (US\$141 million), respectively. In 2019, 2020 and 2021, we also received services from ATRenew Group in a total amount of RMB10 million, RMB32 million and RMB31 million (US\$5 million), respectively. As of December 31, 2021, we had an amount of RMB45 million (US\$7 million) due to ATRenew 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.

Our revenues from related parties, excluding those from the major related parties as described above, represented approximately 0.26%, 0.15% and 0.24% of total net revenues of our company for the years ended December 31, 2019, 2020 and 2021, respectively. Transactions with related parties included in operating expenses, excluding those with the major related parties as described above, represented 0.20%, 0.28% and 0.17% of total operating expenses of our company for the years ended December 31, 2019, 2020 and 2021, respectively.

In addition, Mr. Richard Qiangdong Liu, our chairman since inception and the chief executive officer sine inception to April 2022, has purchased his own aircraft for both business and personal use. The use of the aircraft in connection with the performance of his duty as employee is free of charge to us, and we have agreed to assume the cost of maintenance, crew and operations of the aircraft relating to the use of the aircraft. Such maintenance and incidental costs were insignificant for all periods presented.

#### **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 subject to legal, regulatory and/or administrative proceedings relating to third-party and principal intellectual property infringement claims, contract disputes involving suppliers and third-party merchants, consumer protection claims, claims relating to data and privacy protection, employment related disputes, unfair competition and other matters in the ordinary course of our business.

As we routinely enter into business contracts with our suppliers, third-party merchants and consumers on our platform, we have been and may continue to be involved in legal proceedings arising from contract disputes, including being named as a co-defendant in lawsuits filed against our suppliers by third parties. For example, in July 2019, Shanghai Gopher Asset Management Co., Ltd., or Gopher, filed a lawsuit in a court in Shanghai, requesting the court to enforce the fulfillment of payment obligations by Jingdong Century, one of our subsidiaries, to Gopher under certain accounts receivable assignment confirmation letters allegedly signed by Jingdong Century. Gopher alleges that (i) Jingdong Century was a party to certain purchase agreements with its two suppliers, Guangdong Chengxing Holding Group Co., Ltd., or Guangdong Chengxing, and Guangdong Zhongcheng Industry Holding Co., Ltd., or Guangdong Zhongcheng, and has payment obligations to these two suppliers under these agreements; and (ii) Jingdong Century confirmed and agreed to certain accounts receivable assignment confirmation letters (by affixing its seal to the letter) delivered by Gopher and the two suppliers when the two suppliers assigned their rights under the purchase agreements to Gopher. Gopher seeks to claim approximately RMB4.95 billion of uncollected accounts receivable and damages due to late payments as well as litigation related expenses. In addition, in August 2019, Noah (Shanghai) Financial Leasing Co., Ltd., or Noah, filed a lawsuit in a court in Shanghai, requesting the court to enforce the fulfillment of payment obligations by Jingdong Century to Noah under certain accounts receivable assignment confirmation letters allegedly signed by Jingdong Century. Noah alleges that (i) Jingdong Century was a party to certain purchase agreements with Guangdong Chengxing and Guangdong Zhongcheng and has payment obligations to these two suppliers under these agreements; and (ii) Jingdong Century confirmed and agreed to certain accounts receivable assignment confirmation letters (by affixing its seal to the letter) delivered by Noah and the two vendors when the two vendors assigned their rights under the purchase agreements to Noah. Noah sought uncollected accounts receivable of approximately RMB71.1 million in aggregate, plus damages due to late payments as well as litigation related expenses. These two lawsuits relate to similar subject matters. Jingdong Century has not confirmed the accounts receivable assignment confirmation letters as alleged by the plaintiffs. In addition, Jingdong Century’s corporate seal that was allegedly affixed to the purchase agreements and accounts receivable assignment confirmation letters as claimed in these two cases is inconsistent with the corporate seal of Jingdong Century filed with the competent PRC government authority. We believe these lawsuits are without merit and we are defending ourselves vigorously. There is uncertainty, however, regarding the timing or ultimate resolution of these lawsuits and the other legal proceedings in which we are involved. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business—We may be subject to legal, regulatory and/or administrative proceedings.”

## **Dividend Policy**

Our board of directors has complete discretion on whether to distribute dividends subject to our current memorandum and articles of association and certain restrictions under Cayman Islands law. In addition, 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 in the past. On April 21, 2022, we announced that our board of directors is considering the declaration and payment of a special dividend in cash. If the board decides to proceed, the declaration of dividend will be adopted by resolution on or about May 4, 2022. We will continue to review from time to time on our dividend policy, taking into consideration our financial performance and market conditions.

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.”

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since June 18, 2020 under the stock code “9618.”

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs have been listed on Nasdaq since May 22, 2014 under the symbol “JD.”

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since June 18, 2020 under the stock code “9618.”

**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 Act (As Revised) of the Cayman Islands, which is referred to as the Companies Act below, and the common law of the Cayman Islands.

The following are summaries of material provisions of our current memorandum and articles of association, which were adopted by a special resolution passed at the annual general meeting of our company held on June 23, 2021, 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 Act, 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.

*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 direct or indirect sale, transfer, assignment or disposition of Class B ordinary shares or the voting power attached to Class B ordinary shares by a holder thereof through voting proxy or otherwise to any person or entity that is not an Affiliate (as defined in our current memorandum and articles of association) of such holder, or (ii) the direct or indirect sale, transfer, assignment or disposition of a majority of the issued and outstanding voting securities or the voting power attached to such voting securities or the sale, transfer, assignment or disposition 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 as set out in our memorandum and articles of association.

*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 current memorandum and articles of association. In respect of matters requiring shareholders’ vote, on a poll, 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 (before or on the declaration of the result of the show of hands) 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 issued and 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 in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, and holding shares which represent, in aggregate, (i) not less than 10% of the votes attaching to all issued and outstanding shares of our Company, for as long as the shares remain listed on the Hong Kong Stock Exchange, or (ii) otherwise not less than one-third of the votes attaching to all issued and outstanding shares of our company and entitled to vote, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, shall be quorum for all purposes. Shareholders may be present in person or by proxy or, if the shareholder is a legal entity, by its duly authorized representative.

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 current 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 Act and our current memorandum and articles of association.

Under our current 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 of our company and shareholders of our company immediately prior to the completion of our initial public offering (exclusive of Max Smart Limited, Fortune Rising Holdings Limited, Mr. Richard Qiangdong Liu and their Affiliates) hold a majority of our total issued and outstanding Class A ordinary shares, any amendments to our current 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 our company or any of our company's subsidiaries or consolidated affiliated entities 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 in addition to a special resolution (in the case of amendments to our memorandum and articles of association) or an ordinary resolution (in any other case).

*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 current memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a 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 Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and 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 of shares (unless otherwise provided by the terms of issue of the shares of that class or series), may only be materially adversely 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.

*Anti-Takeover Provisions.* Some provisions of our current 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 current 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. Our current memorandum and articles of association provide that we shall in each year hold a general meeting as our annual general meeting, for as long as our Class A ordinary shares remain listed on the Hong Kong Stock Exchange.

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. At least 14 days' notice, for as long as our Class A ordinary shares remain listed on the Hong Kong Stock Exchange, or otherwise at least 7 days' notice, shall be given 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 current memorandum and articles of association allow one or more of our shareholders holding shares representing in aggregate (i) no less than 10%, on a one vote per share basis, for as long as our Class A ordinary shares remain listed on the Hong Kong Stock Exchange or (ii) otherwise not less than one-third, of the votes attaching to all issued and outstanding shares which, as at that date of the deposit, carry the right to vote at general meetings of our company, 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 current 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.

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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 current 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 current 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;
- 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 Act. The Companies Act 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 Act, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, together with a statement of the shares held by each member, and such statement shall confirm (i) the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under 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.

### **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.

### **Investor Rights Agreement with Walmart**

In connection with our issuance of 144,952,250 Class A ordinary shares to Newheight, a wholly-owned subsidiary of Walmart, in return for Walmart’s transferring to us Yihaodian marketplace platform assets, including the Yihaodian brand, mobile apps and websites, and entering into business cooperation arrangements with us in June 2016.

We entered into an investor rights agreement with Newheight dated June 20, 2016. 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 is a general summary of certain Cayman Islands, PRC, Hong Kong S.A.R. and United States federal income tax consequences relevant to an investment in our ADSs and Class A ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People’s Republic of China, Hong Kong S.A.R. and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our ADSs and Class A ordinary shares.

##### **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.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

##### **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 STA 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 STA’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.

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. STA 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. In addition, STA Public Notice 37 provided certain key changes to the previous withholding regime, such as (i) the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends, (ii) non-resident enterprises are not obligated to report tax to relevant authorities if their withholding agents fail to perform the withholding obligation is removed. However, there is uncertainty as to the application of STA Public Notice 37 and STA Circular 7, we and our non-PRC resident investors may be at risk of being required to file a return and being taxed under STA Public Notice 37 and STA Circular 7 and we may be required to expend valuable resources to comply with STA Public Notice 37 and STA Circular 7 or to establish that we should not be taxed under STA Public Notice 37 and STA 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.”

### **Hong Kong Taxation**

Our subsidiaries incorporated in Hong Kong are subject to a two-tiered income tax rate for taxable income generated from operations in Hong Kong, effective on April 1, 2018. The first HK\$2 million of profits earned by our subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate.

Our principal register of members is maintained by our principal share registrar in the Cayman Islands, and our Hong Kong register of members is maintained by the Hong Kong Share Registrar in Hong Kong.

Dealings in our Class A ordinary shares registered on our Hong Kong Share Register are subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the rate of 0.13% of the consideration for, or (if greater) the value of, our Class A ordinary shares transferred. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of our Class A ordinary shares. In addition, a fixed duty of HK\$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-ordinary share conversion and trading between Nasdaq and the Hong Kong Stock Exchange, we have moved a portion of our issued Class A ordinary shares from our Cayman share register to our Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs constitutes a sale or purchase of the underlying Hong Kong registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.”

## 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 as of the date of this annual report, 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. There can be no assurance that the IRS or a court will not take a contrary position with respect to any United States federal income tax consequences described below. 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, U.S. expatriates, 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 stock (by vote or value), 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, investors required to accelerate the recognition of any item of gross income with respect to our ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement 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. 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.

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 U.S. Federal income tax purposes.

The discussion below under “—Dividends” and “—Sale or Other Disposition” is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC for any taxable year are discussed below under “—Passive Foreign Investment Company Considerations.”

### **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 depositary, 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 PFIC 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, 2021 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 will generally be treated as income from foreign sources and will generally 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**

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 to claim 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. Pursuant to recently issued Treasury Regulations, however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares. 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 or deduction under their particular circumstances, their eligibility for benefits under the Treaty and the potential impact of the recently issued Treasury Regulations.

### ***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 (generally 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.

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, 25% or more (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 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 variable interest entities for United States federal income tax purposes, we may be treated as a PFIC for our taxable year ended December 31, 2021 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 expect to be classified as a PFIC for our taxable year ended December 31, 2021 or in the foreseeable future. While we do not anticipate becoming a PFIC, changes in the composition 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. 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.

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 such stock. 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. For these purposes, our ADSs are listed on the Nasdaq Global Select Market, which is a qualified exchange for these purposes, and our ordinary shares are listed on the Hong Kong Stock Exchange, which should constitute a qualified exchange or other market. We anticipate that our ADSs and ordinary shares 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 or ordinary shares held at the end of the taxable year over the adjusted tax basis of such ADSs or ordinary shares and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs or ordinary shares over the fair market value of such ADSs or ordinary shares 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 or ordinary shares 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 or ordinary shares 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 or ordinary shares 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.

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.

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.

**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](http://www.sec.gov). 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 depositary 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 depositary 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 depositary from us.

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**

Substantially all of our revenues and expenses are denominated in RMB.

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 our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and RMB because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

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 receive from the conversion. Conversely, if we decide to convert RMB 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 RMB would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2021, we had RMB-denominated cash and cash equivalents, restricted cash and short-term investments of RMB100.5 billion, and U.S. dollar-denominated cash, cash equivalents and short-term investments of US\$13.0 billion. Assuming we had converted RMB100.5 billion into U.S. dollars at the exchange rate of RMB6.3726 for US\$1.00 as of December 30, 2021, our U.S. dollar cash balance would have been US\$28.8 billion. If the RMB had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US\$27.2 billion instead. Assuming we had converted US\$13.0 billion into RMB at the exchange rate of RMB6.3726 for US\$1.00 as of December 30, 2021, our RMB cash balance would have been RMB183.3 billion. If the RMB had depreciated by 10% against the U.S. dollar, our RMB cash balance would have been RMB192.6 billion instead.

## Inflation

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2019, 2020 and 2021 were increases of 4.5%, 0.2% and 1.5%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

## 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

Our ADSs are traded on Nasdaq. Dealings in our ADSs on Nasdaq are conducted in U.S. Dollars.

ADSs may be held either:

- directly, by having a certificated ADS, or an ADR, registered in the holder's name, or by holding in the direct registration system, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto; or
- indirectly, through the holder's broker or other financial institution.

The depositary for our ADSs is Deutsche Bank Trust Company Americas, whose office is located at 60 Wall Street, New York, New York 10005, United States of America.

## 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

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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).
- 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 2021, we were entitled to receive approximately US\$7.7 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.

## **Conversion between Class A Ordinary Shares and ADSs**

### *Dealings and Settlement of Class A Ordinary Shares in Hong Kong*

Our Class A ordinary shares trade on the Hong Kong Stock Exchange in board lots of 50 Class A ordinary shares. Dealings in our Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our Class A ordinary shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- Securities and Futures Commission of Hong Kong, or SFC, transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20.00, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his or her Class A ordinary shares in his or her stock account or in his or her designated Central Clearing and Settlement System participant's stock account maintained with the Central Clearing and Settlement System, or CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

### *Conversion between Class A Ordinary Shares Trading in Hong Kong and ADSs*

In connection with the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong share register, which will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will continue to be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, or Maples.

All Class A ordinary shares offered in connection with our listing in Hong Kong are registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Class A ordinary shares registered on the Hong Kong Share Register will be able to convert these ordinary shares into ADSs, and vice versa.

In connection with our listing in Hong Kong, and to facilitate fungibility and conversion between ADSs and Class A ordinary shares and trading between Nasdaq and the Hong Kong Stock Exchange, we moved a portion of our issued Class A ordinary shares from our register of members maintained in the Cayman Islands to our Hong Kong share register.

#### *Converting Class A Ordinary Shares Trading in Hong Kong into ADSs*

An investor who holds Class A ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on Nasdaq must deposit or have his or her broker deposit the Class A ordinary shares with the depositary's Hong Kong custodian, Deutsche Bank AG, Hong Kong Branch, Hong Kong, or the custodian, in exchange for ADSs.

A deposit of Class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Class A ordinary shares have been deposited with CCASS, the investor must transfer Class A ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- If Class A ordinary shares are held outside CCASS, the investor must arrange to deposit his or her Class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated by an investor or his or her broker.

For Class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For Class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

#### *Converting ADSs to Class A Ordinary Shares Trading in Hong Kong*

An investor who holds ADSs and who intends to convert his/her ADSs into Class A ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Class A ordinary shares from our ADS program and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancellation of the ADSs, and transfer of the underlying ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly (not holding through brokers), the following steps must be taken:

- To withdraw Class A ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver Class A ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.
- If an investor prefers to receive Class A ordinary shares outside CCASS, he or she must receive Class A ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register ordinary shares in their own names with the Hong Kong Share Registrar.

For Class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of Class A ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

#### *Depositary Requirements*

Before the depositary issues ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including, but not limited to, presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong Share Registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of Class A ordinary shares to effect a withdrawal from or deposit of ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Class A ordinary shares and ADSs must pay up to US\$5.00 (or less) per 100 ADSs for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of Class A ordinary shares into, or withdrawal of Class A ordinary shares from, our ADS program.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Modifications to the Rights of Security Holders and Use of Proceeds**

None.

**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-15(e) 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, 2021, 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.

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, 2021 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. During the year ended December 31, 2021, we acquired a few businesses which were not material to the consolidated statements of operations and comprehensive income/(loss), either individually or in aggregate.

Our independent registered public accounting firm, Deloitte Touche Tohmatsu Certified Public Accountants LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2021, as stated in its report, which appears on page F-4 of this annual report on Form 20-F.

### Changes in Internal Control over Financial Reporting

Other than the addition of operations of the Excluded Acquisitions to our 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 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 our principal external auditors<sup>(1)</sup> for the periods indicated.

	For the year ended December 31,	
	2020	2021
Audit fees <sup>(2)</sup>	US\$ 2,880,000	US\$ 3,230,000
Audit-related fees <sup>(3)</sup>	US\$ 4,922,594	US\$ 5,675,140
Tax fees <sup>(4)</sup>	US\$ 475,053	US\$ 268,987
All other fees <sup>(5)</sup>	US\$ 503,442	US\$ 174,044

Notes:

- (1) We engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as external auditor for our annual report on Form 20-F, and Deloitte Touche Tohmatsu in Hong Kong as external auditor for our HK annual report. Deloitte Touche Tohmatsu Certified Public Accountants LLP's PCAOB ID is 1113.
- (2) "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 2020 and 2021, the audit refers to financial audit and audit pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.
- (3) "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 to the company, including its consolidated subsidiaries.
- (4) "Tax Fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance, tax advice and tax planning.
- (5) "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 our independent registered public accounting firms, 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**

On March 17, 2020, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$2.0 billion of our ADSs or ordinary shares over the next 24 months through March 17, 2022. The share repurchase program was publicly announced on March 17, 2020.

On December 29, 2021, our board of directors approved modifications to the share repurchase program adopted in March 2020, pursuant to which the repurchase authorization has increased from US\$2.0 billion to US\$3.0 billion and has been extended until March 17, 2024.

As of the date of this annual report, we had repurchased a total of approximately 16.4 million ADSs under this share repurchase program. The table below is a summary of the shares repurchased by us. All shares were repurchased in the open market pursuant to the share repurchase program announced on March 17, 2020 and modified on December 29, 2021.

<b>Period</b>	<b>Total Number of ADSs Purchased</b>	<b>Average Price Paid Per ADS</b>	<b>Total Number of ADSs Purchased as Part of the Publicly Announced Plan</b>	<b>Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan*</b>
March 17, 2020 — March 31, 2020	1,191,370	37.04	1,191,370	2,955,868,397
March 1, 2021 — March 31, 2021	7,583,810	82.52	7,583,810	2,330,029,654
May 1, 2021 — May 31, 2021	2,607,401	68.51	2,607,401	2,151,387,896
July 1, 2021 — July 31, 2021	23,616	69.94	23,616	2,149,736,231
March 1, 2022 — March 31, 2022	533,072	57.63	533,072	2,119,017,691
April 1, 2022 — April 28, 2022	4,477,131	57.08	4,477,131	1,863,474,190
<b>Total</b>	<b>16,416,400</b>	<b>69.23</b>	<b>16,416,400</b>	<b>1,863,474,190</b>

Note:

\* The dollar value in this column is based on US\$3.0 billion after the adjustment of repurchase authorization.

**Item 16F. Change in Registrant’s Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

As a Cayman Islands exempted 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. Currently, 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 and Class A Ordinary Shares—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.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III**

**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**

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1	<a href="#">Second Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the current report on Form 6-K (File No. 001-36450), furnished with the Securities and Exchange Commission on June 23, 2021)</a>
2.1	<a href="#">Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)</a>
2.2	<a href="#">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)</a>
2.3	<a href="#">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)</a>
2.4	<a href="#">Indenture, dated as of April 29, 2016, between the Registrant and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-3 (File No. 333-235338) filed by the Registrant with the Securities and Exchange Commission on December 3, 2019)</a>
2.5	<a href="#">First Supplemental Indenture, dated April 29, 2016, between the Registrant and The Bank of New York Mellon, as trustee (incorporated herein 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)</a>
2.6	<a href="#">Form of US\$500,000,000 3.125% Notes Due 2021 (included in Exhibit 2.5)</a>
2.7	<a href="#">Form of US\$500,000,000 3.875% Notes Due 2026 (included in Exhibit 2.5)</a>
2.8	<a href="#">Second Supplemental Indenture, dated January 14, 2020, between the Registrant and The Bank of New York Mellon, as trustee (incorporated herein 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 January 14, 2020)</a>
2.9	<a href="#">Form of US\$700,000,000 3.375% Notes due 2030 (included in Exhibit 2.8)</a>
2.10	<a href="#">Form of US\$300,000,000 4.125% Notes due 2050 (included in Exhibit 2.8)</a>
2.11	<a href="#">Description of American Depositary Shares of the Registrant (incorporated herein by reference to Exhibit 2.11 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 15, 2020)</a>
2.12	<a href="#">Description of Class A Ordinary Shares of the Registrant (incorporated herein by reference to Exhibit 2.12 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 15, 2020)</a>
2.13	Description of the Registrant's US\$500,000,000 3.125% Notes Due 2021 (incorporated herein by reference to (i) the section titled "Description of Debt Securities" in the Registrants' registration statement on <a href="#">Form F-3</a> (File No. 333-210795) filed with the Securities and Exchange Commission on April 18, 2016 and (ii) the section titled "Description of the Notes" in the prospectus supplement, in the form filed by the Registrant with the Securities and Exchange Commission on April 22, 2016 pursuant to <a href="#">Rule 424(b)</a> under the Securities Act of 1933, as amended)
2.14	Description of the Registrant's US\$500,000,000 3.875% Notes Due 2026 (incorporated herein by reference to (i) the section titled "Description of Debt Securities" in the Registrants' registration statement on <a href="#">Form F-3</a> (File No. 333-210795) filed with the Securities and Exchange Commission on April 18, 2016 and (ii) the section titled "Description of the Notes" in the prospectus supplement, in the form filed by the Registrant with the Securities and Exchange Commission on April 22, 2016 pursuant to <a href="#">Rule 424(b)</a> under the Securities Act of 1933, as amended)

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<u>Exhibit Number</u>	<u>Description of Document</u>
2.15	Description of the Registrant's US\$700,000,000 3.375% Notes due 2030 (incorporated herein by reference to (i) the section titled "Description of Debt Securities" in the Registrants' registration statement on <a href="#">Form F-3</a> (File No. 333-235338) filed with the Securities and Exchange Commission on December 3, 2019 and (ii) the section titled "Description of the Notes" in the prospectus supplement, in the form filed by the Registrant with the Securities and Exchange Commission on January 8, 2020 pursuant to <a href="#">Rule 424(b)</a> under the Securities Act of 1933, as amended)
2.16	Description of the Registrant's US\$300,000,000 4.125% Notes due 2050 (incorporated herein by reference to (i) the section titled "Description of Debt Securities" in the Registrants' registration statement on <a href="#">Form F-3</a> (File No. 333-235338) filed with the Securities and Exchange Commission on December 3, 2019 and (ii) the section titled "Description of the Notes" in the prospectus supplement, in the form filed by the Registrant with the Securities and Exchange Commission on January 8, 2020 pursuant to <a href="#">Rule 424(b)</a> under the Securities Act of 1933, as amended)
4.1	<a href="#">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)</a>
4.2	<a href="#">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)</a>
4.3	<a href="#">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)</a>
4.4	<a href="#">English translation of the Second 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 December 24, 2020 (incorporated herein by reference to Exhibit 4.4 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a>
4.5	<a href="#">English translation of the Second 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 December 24, 2020 (incorporated herein by reference to Exhibit 4.5 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a>
4.6	<a href="#">English translation of the Power of Attorney by the shareholders of Beijing Jingdong 360 Degree E-Commerce Co., Ltd. dated December 24, 2020 (incorporated herein by reference to Exhibit 4.6 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a>
4.7	<a href="#">English translation of the Second 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 June 15, 2016 (incorporated herein by reference to Exhibit 4.7 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 14, 2019)</a>
4.8	<a href="#">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)</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.9	<a href="#"><u>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)</u></a>
4.10	<a href="#"><u>English translation of the Second 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 December 24, 2020 (incorporated herein by reference to Exhibit 4.10 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.11	<a href="#"><u>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 November 20, 2017 (incorporated herein by reference to Exhibit 4.11 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2018)</u></a>
4.12	<a href="#"><u>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 (incorporated herein by reference to Exhibit 4.12 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</u></a>
4.13	<a href="#"><u>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 (incorporated herein by reference to Exhibit 4.13 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</u></a>
4.14	<a href="#"><u>English translation of the Power of Attorney by the shareholders of Jiangsu Yuanzhou E-Commerce Co., Ltd. dated June 15, 2016 (incorporated herein by reference to Exhibit 4.14 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</u></a>
4.15	<a href="#"><u>English translation of the Second Amended and Restated Exclusive Technology Consulting and Service Agreement between Beijing Jingdong Century Trade Co., Ltd. and Jiangsu Yuanzhou E-Commerce Co., Ltd., dated June 15, 2016 (incorporated herein by reference to Exhibit 4.15 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 15, 2019)</u></a>
4.16	<a href="#"><u>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)</u></a>
4.17	<a href="#"><u>English translation of the Amended and Restated Exclusive Purchase Option 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 (incorporated herein by reference to Exhibit 4.17 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</u></a>
4.18	<a href="#"><u>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 August 25, 2016 (incorporated herein by reference to Exhibit 4.18 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.19	<p><a href="#">English translation of the Business Cooperation Agreement between Xi'an Jingxundi Supply Chain Technology Co., Ltd. and Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.19 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the business cooperation agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.20	<p><a href="#">English translation of the Exclusive Purchase Option Agreement between Xi'an Jingxundi Supply Chain Technology Co., Ltd., Xi'an Jingdong Xincheng Information Technology Co., Ltd. and the shareholders of Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.20 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the exclusive option agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.21	<p><a href="#">English translation of the Loan Agreement between Xi'an Jingxundi Supply Chain Technology Co., Ltd. and the shareholders of Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.21 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the loan agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.22	<p><a href="#">English translation of the Shareholders' Rights Entrustment Agreement between Xi'an Jingxundi Supply Chain Technology Co., Ltd., Xi'an Jingdong Xincheng Information Technology Co., Ltd. and the shareholders of Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.22 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the shareholders' rights entrustment agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.23	<p><a href="#">English translation of the Power of Attorney by the shareholders of Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.23 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the power of attorney substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.24	<p><a href="#">English translation of the Equity Pledge Agreement between Xi'an Jingxundi Supply Chain Technology Co., Ltd., Xi'an Jingdong Xincheng Information Technology Co., Ltd. and the shareholders of Xi'an Jingdong Xincheng Information Technology Co., Ltd. dated January 25, 2021 (incorporated herein by reference to Exhibit 4.24 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</a></p> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the equity pledge agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.25*	<a href="#">English translation of the Equity Pledge Agreement between Beijing Jingdong Century Trade Co., Ltd., Beijing Jiasheng Investment Management Co., Ltd. and the shareholders of Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the equity pledge agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.26*	<a href="#">English translation of the Power of Attorney by the shareholders of Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the power of attorney substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.27*	<a href="#">English translation of the Exclusive Technology Consulting and Service Agreement between Beijing Jingdong Century Trade Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. dated December 5, 2014</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the exclusive technology consulting and service agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.28*	<a href="#">English translation of the Business Operations Agreement between Beijing Jingdong Century Trade Co., Ltd., Beijing Jiasheng Investment Management Co., Ltd. and the shareholders of Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the business operations agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.29*	<a href="#">English translation of the Exclusive Purchase Option Agreement between Beijing Jingdong Century Trade Co., Ltd., Beijing Jiasheng Investment Management Co., Ltd. and the shareholders of Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the exclusive purchase option agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.30*	<a href="#">English translation of the Loan Agreement between Beijing Jingdong Century Trade Co., Ltd. and the shareholders of Beijing Jiasheng Investment Management Co., Ltd. dated August 25, 2016</a> <ul style="list-style-type: none"><li>• Schedule A of this exhibit includes information about the loan agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities of the Registrant</li></ul>
4.31	<a href="#">Investor Rights Agreement between the Registrant and Newheight Holdings Ltd., dated June 20, 2016 (incorporated herein by reference to Exhibit 4.35 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 1, 2017)</a>
4.32	<a href="#">Investor Rights Agreement by and among Vipshop Holdings Limited, Windcreek Limited, Tencent Mobility Limited and other parties listed therein, dated December 29, 2017 (incorporated herein by reference to Exhibit 99.4 to our report on Schedule 13D filed with the Securities and Exchange Commission with respect to Vipshop Holdings Limited on January 8, 2018)</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.33	<a href="#"><u>English summary of Strategic Cooperation Agreement regarding Dalian Wanda Commercial Properties Co., Ltd. by and among Dalian Wanda Group Co., Ltd., Dalian Wanda Commercial Properties Co., Ltd., Tencent Technology (Shenzhen) Co., Ltd. and Beijing Jingdong Century Trading Co., Ltd., dated January 27, 2018 (incorporated herein by reference to Exhibit 4.41 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2018)</u></a>
4.34	<a href="#"><u>Shareholders Agreement of Jingdong Express Group Corporation, dated March 7, 2018 (incorporated herein by reference to Exhibit 4.43 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2018)</u></a>
4.35	<a href="#"><u>US\$1,000,000,000 Term and Revolving Credit Facilities Agreement dated between the Registrant and other parties thereto, dated December 21, 2017 (incorporated herein by reference to Exhibit 4.44 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 27, 2018)</u></a>
4.36	<a href="#"><u>Subscription Agreement relating to the offering of limited partnership interests in JD Logistics Properties Core Fund, L.P. (incorporated herein by reference to Exhibit 4.42 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 15, 2019)</u></a>
4.37†	<a href="#"><u>Share Purchase Agreement, by and between Jingdong E-Commerce (Logistics) Hong Kong Corporation Limited, as sellers, and JD Star Development X (HK) Limited, as purchaser, dated as of February 27, 2019 (incorporated herein by reference to Exhibit 4.43 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 15, 2019)</u></a>
4.38	<a href="#"><u>Share Subscription Agreement, dated May 10, 2019, by and between the Registrant and Huang River Investment Limited (incorporated herein by reference to Exhibit 9 to Form Schedule 13D/A filed by Tencent Holdings Limited with the Securities and Exchange Commission on May 15, 2019)</u></a>
4.39	<a href="#"><u>English Translation of Strategic Cooperation Agreement, dated as of May 10, 2019, among Shenzhen Tencent Computer Systems Co., Ltd., JD.com, Inc. and Chongqing Jingdong Haijia E-Commerce Co., Ltd. (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-3 (File No.: 333-235338) filed by the Registrant with the Securities and Exchange Commission on December 3, 2019)</u></a>
4.40	<a href="#"><u>Share Subscription Agreement, dated as of June 25, 2020, by and between Jingdong Technology Holding Co., Ltd. and Suqian Juhe Digital Enterprise Management Co., Ltd., a subsidiary of the Registrant (incorporated herein by reference to Exhibit 4.44 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.41	<a href="#"><u>Amended and Restated Agreement, dated as of November 9, 2020, between the Registrant and Jingdong Technology Holding Co., Ltd. regarding certain non-compete arrangements (incorporated herein by reference to Exhibit 4.45 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.42	<a href="#"><u>Investment Agreement, dated as of June 25, 2020, among the Registrant, Jingdong Technology Holding Co., Ltd. and other parties named therein (incorporated herein by reference to Exhibit 4.46 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.43	<a href="#"><u>Share Subscription Agreement, dated as of March 31, 2021, between Jingdong Technology Holding Co., Ltd. and Suqian Juhe Digital Enterprise Management Co., Ltd. (incorporated herein by reference to Exhibit 4.47 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.44	<a href="#"><u>Asset Purchase Agreement, dated as of March 31, 2021, between Jingdong Technology Holding Co., Ltd. and Suqian Jube Digital Enterprise Management Co., Ltd. (incorporated herein by reference to Exhibit 4.48 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.45	<a href="#"><u>Share Subscription Agreement, dated March 22, 2021, between Dada Nexus Limited and JD Sunflower Investment Limited (incorporated herein by reference to Exhibit 4.11 to the annual report on Form 20-F filed by Dada Nexus Limited with the Securities and Exchange Commission on March 31, 2021)</u></a>
4.46	<a href="#"><u>English Summary of Equity Transfer and Capital Increase Agreement, dated August 12, 2020, among Kuayue Express Group Co., Ltd., Suqian JD Bohai Enterprise Management Co., Ltd. and other parties named thereto. (incorporated herein by reference to Exhibit 4.50 to the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 16, 2021)</u></a>
4.47*†	<a href="#"><u>Facilities Agreement, US\$2,000,000,000 Term and Revolving Credit Facilities, dated December 29, 2021, between the Registrant and other parties thereto.</u></a>
4.48*†	<a href="#"><u>Sale and Purchase Agreement, dated September 1, 2021, among JD Property, Mr. Li Shifa and Yupei International Investment Management Co., Ltd.</u></a>
4.49	<a href="#"><u>Amendment to Share Subscription Agreement, dated February 25, 2022, by and between Dada Nexus Limited and JD Sunflower Investment Limited. (incorporated herein by reference to Exhibit 99.3 to our report on Schedule 13D filed with the Securities and Exchange Commission with respect to Dada Nexus Limited on March 4, 2022)</u></a>
4.50	<a href="#"><u>English translation of Business Cooperation Agreement, dated February 28, 2022, by and between JD.com, Inc. and Dada Nexus Limited. (incorporated herein by reference to Exhibit 99.4 to our report on Schedule 13D filed with the Securities and Exchange Commission with respect to Dada Nexus Limited on March 4, 2022)</u></a>
4.51*	<a href="#"><u>English Summary of Key Terms of the Founding Vendors Agreement, dated March 11, 2022, among a Subsidiary of the Registrant, Cui Weixing and Xue Xia</u></a>
4.52*	<a href="#"><u>English Summary of Key Terms of the Management Vendors Agreement, dated March 11, 2022, among a Subsidiary of the Registrant and Certain Individuals</u></a>
4.53*	<a href="#"><u>English Summary of Key Terms of the Minority Vendors Agreement, dated March 11, 2022, among a subsidiary of the Registrant and each of the 153 Minority Shareholders of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited</u></a>
4.54*	<a href="#"><u>Subscription Agreement between JD Logistics, Inc. and a Subsidiary of the Registrant, dated March 25, 2022</u></a>
8.1*	<a href="#"><u>List of Principal Subsidiaries and Consolidated Variable Interest Entities</u></a>
11.1	<a href="#"><u>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)</u></a>
12.1*	<a href="#"><u>Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
12.2*	<a href="#"><u>Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
13.1**	<a href="#"><u>Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
13.2**	<a href="#">Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP</a>
15.2*	<a href="#">Consent of Shihui Partners</a>
101.INS*	Inline XBRL Instance Document—this instance document does not appear in the Interactive Data File because its XBRL tags are not embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

\*\* Furnished herewith

† Portions of this exhibit have been omitted pursuant to Rule 406 under the Securities Act.

**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/ Lei Xu  
Name: Lei Xu  
Title: Chief Executive Officer

Date: April 28, 2022

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JD.com, Inc.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of JD.com, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of JD.com, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income/(loss), changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 28, 2022 expressed an unqualified opinion on the Company’s internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Inventories, net – estimated net realizable value – Refer to Notes 2.1 and 10 to the financial statements***

##### *Critical Audit Matter Description*

As of December 31, 2021, the Company’s net balance of inventories was RMB75,601 million, which represented approximately 15% of the total assets. As disclosed in Note 2.1 to the consolidated financial statements, the Company records valuation allowances for slow-moving and damaged goods to adjust the cost of such inventories to their estimated net realizable value. The estimate requires management to make significant assumptions regarding various factors such as impact of inventory aging, historical and forecasted consumer demand, as well as market conditions that impact pricing.

We identified the estimate of net realizable value of inventories as a critical audit matter because of the significant judgments involved by management to evaluate the impact of the interaction among the various input factors in order to determine the amounts of estimated net realizable value of the inventories. This required a high degree of auditor judgement and an increased extent of effort, when performing audit procedures to evaluate the reasonableness of management’s estimation of the net realizable value.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the estimated net realizable value of inventories included the following, among others:

- We tested the effectiveness of the controls over the estimated net realizable value of inventories, including the review of historical and forecasted consumer demand and the calculation of inventory valuation allowance;
- We evaluated the reasonableness of the valuation methodologies and assumptions applied by management to determine slow-moving and damaged inventories;
- We tested the accuracy and completeness of the underlying data that served as the basis for the calculation of inventory valuation allowance, and the mathematical accuracy of management's calculation of inventory valuation allowance;
- We performed inquiries with appropriate finance and operations personnel, and reviewed the actual sales subsequent to December 31, 2021 to corroborate management's quantitative and qualitative judgments applied over the indicators of slow-moving and damaged inventories, and to evaluate the reasonableness of management's estimate of the impact of interaction among various factors;
- We performed retrospective reviews by comparing subsequent actual inventory write-downs with historical estimates to evaluate management's ability to perform reasonable estimate of inventory valuation allowance.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Beijing, the People's Republic of China

April 28, 2022

We have served as the Company's auditor since 2019.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of JD.com, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of JD.com, Inc. and its subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of the Company and our report dated April 28, 2022 expressed an unqualified opinion on those financial statements. As described in Management’s Annual Report on Internal Control over Financial Reporting, management excluded from its assessment of the internal control over financial reporting at a few insignificant businesses (the “Excluded Acquisitions”) acquired during the year ended December 31, 2021, whose financial statements constituted approximately 0.3% and 0.5%, respectively, of total assets and total net revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2021. Accordingly, our audit did not include the internal control over financial reporting of the Excluded Acquisitions.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Beijing, the People’s Republic of China

April 28, 2022

**JD.com, Inc.**  
**Consolidated Balance Sheets**

	<u>Notes</u>	<u>As of December 31,</u>		
		<u>2020</u>	<u>2021</u>	
		<u>RMB</u>	<u>RMB</u>	<u>US\$</u> <u>Note</u> <u>2(g)</u>
(in millions, except share and per share data)				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		86,085	70,767	11,105
Restricted cash	4, 5	4,434	5,926	930
Short-term investments	5	60,577	114,564	17,978
Accounts receivable, net	9	7,112	11,900	1,867
Advance to suppliers		3,768	3,959	621
Inventories, net	10	58,933	75,601	11,863
Prepayments and other current assets		7,076	11,455	1,797
Amount due from related parties	32	6,667	5,500	863
Assets held for sale	19	149	—	—
<b>Total current assets</b>		<u>234,801</u>	<u>299,672</u>	<u>47,024</u>
<b>Non-current assets</b>				
Property, equipment and software, net	11	22,597	32,944	5,170
Construction in progress	2(o)	7,906	5,817	913
Intangible assets, net	13	6,463	5,837	916
Land use rights, net	12	11,125	14,328	2,248
Operating lease right-of-use assets	18	15,484	19,987	3,136
Goodwill	14	10,904	12,433	1,951
Investment in equity investees	8	58,501	63,222	9,921
Investment securities	5	39,085	19,088	2,995
Deferred tax assets	22	533	1,111	174
Other non-current assets		13,316	21,804	3,423
Amount due from related parties	32	243	264	41
Assets held for sale	19	1,330	—	—
<b>Total non-current assets</b>		<u>187,487</u>	<u>196,835</u>	<u>30,888</u>
<b>Total assets</b>		<u>422,288</u>	<u>496,507</u>	<u>77,912</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Balance Sheets**

	Notes	As of December 31,		
		2020 RMB	2021 RMB	US\$ Note 2(g) (in millions, except share and per share data)
<b>LIABILITIES</b>				
<b>Current liabilities</b> (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB22,032 million and RMB22,458 million as of December 31, 2020 and 2021, respectively. Note 1)				
Short-term debts	35	—	4,368	685
Accounts payable	15	106,818	140,484	22,045
Advance from customers		21,000	29,106	4,567
Deferred revenues (including amounts in relation to traffic support, marketing and promotion services to be provided to related parties of RMB492 million and RMB492 million as of December 31, 2020 and 2021, respectively)		3,417	3,458	543
Taxes payable		3,029	2,568	403
Amount due to related parties	32	585	519	81
Accrued expenses and other current liabilities	16	30,035	34,468	5,409
Operating lease liabilities	18	5,513	6,665	1,046
Unsecured senior notes	17	3,260	—	—
Liabilities held for sale	19	360	—	—
<b>Total current liabilities</b>		<b>174,017</b>	<b>221,636</b>	<b>34,779</b>
<b>Non-current liabilities</b>				
Deferred revenues (including amounts in relation to traffic support, marketing and promotion services to be provided to related parties of RMB1,121 million and RMB629 million as of December 31, 2020 and 2021, respectively)		1,618	1,297	204
Unsecured senior notes	17	9,594	9,386	1,473
Deferred tax liabilities	22	1,922	1,897	298
Long-term borrowings	35	2,936	—	—
Operating lease liabilities	18	10,250	13,721	2,153
Other non-current liabilities		332	1,786	280
<b>Total non-current liabilities</b>		<b>26,652</b>	<b>28,087</b>	<b>4,408</b>
<b>Total liabilities</b>		<b>200,669</b>	<b>249,723</b>	<b>39,187</b>
<b>Commitments and contingencies</b>	36			
<b>MEZZANINE EQUITY</b>				
Convertible redeemable non-controlling interests	23	17,133	1,212	190
<b>SHAREHOLDERS' EQUITY:</b>				
<b>JD.com, Inc. shareholders' equity</b>				
Ordinary shares (US\$0.00002 par value; 100,000,000,000 shares authorized; 2,685,542,982 Class A ordinary shares issued and 2,667,590,268 outstanding, 444,250,851 Class B ordinary shares issued and 435,908,771 outstanding as of December 31, 2020; 2,731,123,330 Class A ordinary shares issued and 2,690,342,230 outstanding, 428,185,501 Class B ordinary shares issued and 420,449,419 outstanding as of December 31, 2021.)	27	— *	— *	— *
Additional paid-in capital		153,358	182,578	28,650
Statutory reserves	2(o)	1,533	1,586	249
Treasury stock		(1,218)	(2,968)	(466)
Retained earnings		37,418	33,805	5,305
Accumulated other comprehensive loss	29	(3,548)	(6,090)	(956)
<b>Total JD.com, Inc. shareholders' equity</b>		<b>187,543</b>	<b>208,911</b>	<b>32,782</b>
Non-controlling interests	2(d)	16,943	36,661	5,753
<b>Total shareholders' equity</b>		<b>204,486</b>	<b>245,572</b>	<b>38,535</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>		<b>422,288</b>	<b>496,507</b>	<b>77,912</b>

\* Absolute value is less than RMB1 million.

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Operations and Comprehensive Income/(Loss)**

	Notes	For the year ended December 31,			
		2019 RMB	2020 RMB	2021	
				RMB	US\$ Note 2(g)
(in millions, except share and per share data)					
<b>Net revenues</b>					
Net product revenues	2(z)	510,734	651,879	815,655	127,994
Net service revenues	2(z)	66,154	93,923	135,937	21,332
<b>Total net revenues</b>		<u>576,888</u>	<u>745,802</u>	<u>951,592</u>	<u>149,326</u>
Cost of revenues		(492,467)	(636,694)	(822,526)	(129,072)
Fulfillment		(36,968)	(48,700)	(59,055)	(9,267)
Marketing		(22,234)	(27,156)	(38,743)	(6,080)
Research and development		(14,619)	(16,149)	(16,332)	(2,563)
General and administrative		(5,490)	(6,409)	(11,562)	(1,814)
Gain on sale of development properties	19	3,885	1,649	767	120
<b>Income from operations</b>		<u>8,995</u>	<u>12,343</u>	<u>4,141</u>	<u>650</u>
<b>Other income/(expense)</b>					
Share of results of equity investees	8	(1,738)	4,291	(4,918)	(772)
Interest expense	20	(725)	(1,125)	(1,213)	(190)
Others, net	21	7,161	35,310	(590)	(93)
<b>Income/(loss) before tax</b>		<u>13,693</u>	<u>50,819</u>	<u>(2,580)</u>	<u>(405)</u>
Income tax expenses	22	(1,803)	(1,482)	(1,887)	(296)
<b>Net income/(loss)</b>		<u>11,890</u>	<u>49,337</u>	<u>(4,467)</u>	<u>(701)</u>
Net loss attributable to non-controlling interests shareholders		(297)	(75)	(923)	(145)
Net income attributable to mezzanine equity classified as non-controlling interests shareholders		3	7	16	3
<b>Net income/(loss) attributable to ordinary shareholders</b>		<u>12,184</u>	<u>49,405</u>	<u>(3,560)</u>	<u>(559)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Operations and Comprehensive Income/(Loss)**

	Notes	For the year ended December 31,			
		2019 RMB	2020 RMB	2021 RMB	2021 US\$ Note 2(g)
<b>Net income/(loss)</b>		11,890	49,337	(4,467)	(701)
Other comprehensive income/(loss):	29				
Foreign currency translation adjustments		794	(7,955)	(2,872)	(451)
Net change in unrealized gains/(losses) on available-for-sale securities:					
Unrealized gains, net of tax		313	705	—	—
Reclassification adjustment for gains recorded in net income, net of tax		(259)	(760)	—	—
Net unrealized gains/(losses) on available-for-sale securities		54	(55)	—	—
Total other comprehensive income/(loss)		848	(8,010)	(2,872)	(451)
<b>Total comprehensive income/(loss)</b>		12,738	41,327	(7,339)	(1,152)
Total comprehensive loss attributable to non-controlling interests shareholders		(253)	(373)	(1,253)	(197)
Total comprehensive income attributable to mezzanine equity classified as non-controlling interests shareholders		3	7	16	3
<b>Total comprehensive income/(loss) attributable to ordinary shareholders</b>		12,988	41,693	(6,102)	(958)
<b>Net income/(loss) per share</b>	31				
Basic					
Net income/(loss) per share		4.18	16.35	(1.15)	(0.18)
Diluted					
Net income/(loss) per share		4.11	15.84	(1.15)	(0.18)
<b>Weighted average number of shares</b>					
Basic		2,912,637,241	3,021,808,985	3,107,436,665	3,107,436,665
Diluted		2,967,321,803	3,109,024,030	3,107,436,665	3,107,436,665

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Cash Flows**

	For the year ended December 31,			
	2019 RMB	2020 RMB	2021 RMB	US\$ Note 2(g)
	(in millions)			
<b>Cash flows from operating activities:</b>				
Net income/(loss)	11,890	49,337	(4,467)	(701)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
Depreciation and amortization	5,828	6,068	6,232	978
Share-based compensation	3,695	4,156	9,134	1,433
Losses from disposal of property, equipment and software	65	68	18	3
Gain from extinguishment of debt	—	(11)	—	—
Deferred income tax	533	(719)	(651)	(102)
Amortization of discounts and issuance costs of the unsecured senior notes	15	19	14	2
Allowance for doubtful accounts	424	353	708	111
Impairment of investments	1,954	208	574	90
Fair value change of long-term investments	(3,496)	(29,483)	7,252	1,138
Gain from business and investment disposals	(1,199)	(279)	(140)	(22)
Gain on sale of development properties	(3,885)	(1,649)	(767)	(120)
Share of results of equity investees	1,738	(4,291)	4,918	772
Foreign exchange (gains)/losses	(124)	90	(42)	(7)
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable	3,723	(412)	(5,632)	(884)
Advance to suppliers	(128)	(2,300)	(107)	(17)
Inventories	(13,916)	799	(16,697)	(2,620)
Prepayments and other current assets	276	(260)	(2,539)	(399)
Amount due from related parties	(1,501)	583	(278)	(44)
Operating lease right-of-use assets	(1,407)	(2,922)	(4,045)	(635)
Other non-current assets	(409)	(871)	(1,701)	(267)
Accounts payable	10,391	11,095	32,585	5,113
Advance from customers	3,061	4,052	8,702	1,366
Deferred revenues	455	(235)	(243)	(38)
Taxes payable	723	849	(468)	(73)
Amount due to related parties	135	282	(66)	(10)
Accrued expenses and other current liabilities	4,418	4,784	5,257	825
Operating lease liabilities	1,522	3,233	4,180	656
Other non-current liabilities	—	—	570	90
<b>Net cash provided by operating activities</b>	<u>24,781</u>	<u>42,544</u>	<u>42,301</u>	<u>6,638</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Cash Flows**

	For the year ended December 31,			
	2019 RMB	2020 RMB	2021 RMB	US\$ Note 2(g)
	(in millions)			
<b>Cash flows from investing activities:</b>				
Purchase of short-term investments	(24,501)	(60,747)	(167,684)	(26,313)
Maturity of short-term investments	2,018	25,148	113,362	17,789
Purchases of long-term time deposits	—	(5,000)	(160)	(25)
Purchases of investment securities	(771)	(1,122)	(2,656)	(417)
Cash received from disposal of investment securities	1,009	9,139	13,165	2,066
Prepayments and investments in equity investees	(10,508)	(16,939)	(11,576)	(1,817)
Cash received from disposal of equity investments	3,606	1,092	407	64
Cash paid for loan originations	(43,560)	(60,304)	(82,197)	(12,899)
Cash received from loan repayments	44,592	60,879	80,561	12,642
Purchase of property, equipment and software	(2,597)	(3,370)	(5,562)	(873)
Disposal of equipment and other assets (Note 6)	—	—	1,765	277
Purchase of intangible assets	(41)	(19)	(23)	(4)
Cash paid for asset acquisitions, net of cash acquired	—	—	(1,603)	(252)
Purchase of land use rights	(1,039)	(1,518)	(7,825)	(1,228)
Cash paid for construction in progress	(5,322)	(7,549)	(8,868)	(1,392)
Cash received from sale of development properties	7,905	4,787	3,549	557
Cash received from/(paid for) business combinations, net of cash acquired	(41)	671	(321)	(50)
Loans settled by/(provided to) JD Technology	4,149	(2,342)	(169)	(27)
Other investing activities	(248)	(617)	1,587	251
<b>Net cash used in investing activities</b>	<b>(25,349)</b>	<b>(57,811)</b>	<b>(74,248)</b>	<b>(11,651)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Cash Flows**

	For the year ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in millions)			
	Note 2(g)			
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of ordinary shares	—	31,342	—	—
Repurchase of ordinary shares	(131)	(312)	(5,246)	(823)
Proceeds from issuance of ordinary shares pursuant to share-based awards	112	236	62	10
Proceeds from issuance of convertible redeemable preferred shares of JD Logistics	—	443	—	—
Capital injection from non-controlling interest shareholders	6,649	34,579	27,662	4,341
Return of capital to non-controlling interests	—	—	(68)	(11)
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	—	(775)	(122)
Proceeds from short-term borrowings	5,804	14,766	7,133	1,119
Repayment of short-term borrowings	(5,970)	(16,582)	(5,982)	(938)
Repayment of long-term borrowings	—	(123)	(29)	(5)
Proceeds from unsecured senior notes	—	6,804	—	—
Repurchase and repayment of unsecured senior notes	—	(72)	(3,246)	(509)
Repayment of nonrecourse securitization debt	(3,886)	—	—	—
Other financing activities	(6)	(9)	(8)	(2)
<b>Net cash provided by financing activities</b>	<b>2,572</b>	<b>71,072</b>	<b>19,503</b>	<b>3,060</b>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	406	(5,082)	(1,498)	(235)
<b>Net increase/(decrease) in cash, cash equivalents, and restricted cash</b>	<b>2,410</b>	<b>50,723</b>	<b>(13,942)</b>	<b>(2,188)</b>
Cash, cash equivalents, and restricted cash at beginning of year, including cash and cash equivalents classified within assets held for sale	37,502	39,912	90,635	14,223
Less: cash, cash equivalents, and restricted cash classified within assets held for sale at beginning of year	—	—	116	18
Cash, cash equivalents, and restricted cash at beginning of year	<u>37,502</u>	<u>39,912</u>	<u>90,519</u>	<u>14,205</u>
Cash, cash equivalents, and restricted cash at end of year, including cash and cash equivalents classified within assets held for sale	39,912	90,635	76,693	12,035
Less: cash, cash equivalents, and restricted cash classified within assets held for sale at end of year	—	116	—	—
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b><u>39,912</u></b>	<b><u>90,519</u></b>	<b><u>76,693</u></b>	<b><u>12,035</u></b>
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid for income taxes	(808)	(1,190)	(2,538)	(398)
Cash paid for interest	(679)	(1,020)	(1,221)	(192)
<b>Supplemental disclosures of non-cash investing and financing activities:</b>				
Issuance of ordinary shares in connection with strategic cooperation agreement with Tencent	759	549	463	73
Equity investments obtained through commitment of future services and contribution of certain business	2,371	—	—	—
Right-of-use assets acquired under operating leases	4,861	10,678	10,228	1,605
Acquisition of equity interest in Jiangsu Five Star by loan conversion	—	1,025	—	—
Acquisition of equity interest in Kuayue Express by issuance of ordinary shares of JD Logistics	—	116	—	—

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**

	Ordinary shares		Treasury stock		Additional paid-in capital	Statutory reserves	Accumulated other comprehensive income/(loss)	Retained earnings/(accumulated deficit)	Non-controlling interests	Total shareholders' equity
	Shares	Amount RMB	Shares	Amount RMB						
	(in millions, except share data)									
<b>Balance as of December 31, 2018</b>	<u>2,965,815,847</u>	<u>—</u> *	<u>(71,519,492)</u>	<u>(3,784)</u>	<u>82,834</u>	<u>1,400</u>	<u>3,359</u>	<u>(24,038)</u>	<u>1,096</u>	<u>60,867</u>
Issuance of ordinary shares	8,127,302	—*	—	—	759	—	—	—	—	759
Repurchase of ordinary shares	—	—	(1,871,696)	(131)	—	—	—	—	—	(131)
Accretion of convertible redeemable non-controlling interests	—	—	—	—	—	—	—	(3)	—	(3)
Exercise of share-based awards	—	—	3,299,962	210	(79)	—	—	—	(11)	120
Share-based compensation and vesting of share-based awards	—	—	20,463,340	1,175	1,948	—	—	—	572	3,695
Net income/(loss)	—	—	—	—	—	—	—	12,187	(297)	11,890
Foreign currency translation adjustments	—	—	—	—	—	—	750	—	44	794
Net change in unrealized gains on available-for-sale debt securities	—	—	—	—	—	—	54	—	—	54
Statutory reserves	—	—	—	—	—	59	—	(59)	—	—
Change of the capital from non-controlling interest shareholders	—	—	—	—	5,229	—	—	—	1,400	6,629
Share of changes in the equity investee's capital accounts	—	—	—	—	(14)	—	—	—	—	(14)
<b>Balance as of December 31, 2019</b>	<u>2,973,943,149</u>	<u>—</u> *	<u>(49,627,886)</u>	<u>(2,530)</u>	<u>90,677</u>	<u>1,459</u>	<u>4,163</u>	<u>(11,913)</u>	<u>2,804</u>	<u>84,660</u>
Issuance of ordinary shares	155,850,684	—*	—	—	31,864	—	—	—	—	31,864
Repurchase of ordinary shares	—	—	(2,382,740)	(312)	—	—	—	—	—	(312)
Accretion of convertible redeemable non-controlling interests	—	—	—	—	—	—	—	(7)	—	(7)
Exercise of share-based awards	—	—	5,073,294	335	(115)	—	—	—	(11)	209
Share-based compensation and vesting of share-based awards	—	—	20,642,538	1,289	1,775	—	—	—	1,092	4,156
Net income/(loss)	—	—	—	—	—	—	—	49,412	(75)	49,337
Foreign currency translation adjustments	—	—	—	—	—	—	(7,656)	—	(299)	(7,955)
Net change in unrealized losses on available-for-sale debt securities	—	—	—	—	—	—	(55)	—	—	(55)
Statutory reserves	—	—	—	—	—	74	—	(74)	—	—
Change of the capital from non-controlling interest shareholders	—	—	—	—	23,548	—	—	—	11,327	34,875
Acquisition of subsidiaries	—	—	—	—	529	—	—	—	2,105	2,634
Share of changes in the equity investee's capital accounts	—	—	—	—	(574)	—	—	—	—	(574)
Conversion of profit sharing right in JD Technology	—	—	—	—	5,654	—	—	—	—	5,654
<b>Balance as of December 31, 2020</b>	<u>3,129,793,833</u>	<u>—</u> *	<u>(26,294,794)</u>	<u>(1,218)</u>	<u>153,358</u>	<u>1,533</u>	<u>(3,548)</u>	<u>37,418</u>	<u>16,943</u>	<u>204,486</u>

\* Absolute value is less than RMB1 million.

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**

	Ordinary shares		Treasury stock		Additional paid-in capital	Statutory reserves	Accumulated other comprehensive income/(loss)	Retained earnings/(accumulated deficit)	Non-controlling interests	Total shareholders' equity
	Shares	Amount RMB	Shares	Amount RMB						
	(in millions, except share data)									
<b>Balance as of December 31, 2020</b>	<u>3,129,793,833</u>	<u>—</u> *	<u>(26,294,794)</u>	<u>(1,218)</u>	<u>153,358</u>	<u>1,533</u>	<u>(3,548)</u>	<u>37,418</u>	<u>16,943</u>	<u>204,486</u>
Issuance of ordinary shares	1,914,998	—*	—	—	463	—	—	—	—	463
Issuance of Class A ordinary shares reserved for future exercise/vesting of share-based awards	27,600,000	—*	(27,600,000)	—*	—	—	—	—	—	—
Repurchase of ordinary shares	—	—	(20,429,654)	(5,246)	—	—	—	—	—	(5,246)
Accretion of convertible redeemable non-controlling interests	—	—	—	—	—	—	—	(16)	—	(16)
Exercise of share-based awards	—	—	1,962,856	252	(195)	—	—	—	(7)	50
Share-based compensation and vesting of share-based awards	—	—	23,844,410	3,244	2,124	—	—	—	4,902	10,270
Net loss	—	—	—	—	—	—	—	(3,544)	(923)	(4,467)
Foreign currency translation adjustments	—	—	—	—	—	—	(2,542)	—	(330)	(2,872)
Statutory reserves	—	—	—	—	—	53	—	(53)	—	—
Change of the capital from non-controlling interest shareholders	—	—	—	—	15,960	—	—	—	10,872	26,832
Conversion of JD Logistics preferred shares	—	—	—	—	11,799	—	—	—	4,604	16,403
Reorganization of JD Cloud & AI (Note 6, Note 8)	—	—	—	—	(901)	—	—	—	—	(901)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	600	600
Share of changes in the equity investee's capital accounts	—	—	—	—	(30)	—	—	—	—	(30)
<b>Balance as of December 31, 2021</b>	<u>3,159,308,831</u>	<u>—</u> *	<u>(48,517,182)</u>	<u>(2,968)</u>	<u>182,578</u>	<u>1,586</u>	<u>(6,090)</u>	<u>33,805</u>	<u>36,661</u>	<u>245,572</u>

\* Absolute value is less than RMB1 million.

The accompanying notes are an integral part of these consolidated financial statements.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**1. Principal activities and organization**

JD.com, Inc. (the “Company”) is a leading supply chain-based technology and service provider, providing products and services to consumers, third-party merchants, suppliers and other business partners through its subsidiaries, consolidated variable interest entities (“VIEs”) and consolidated VIEs’ subsidiaries (collectively, the “Group”). The Group operates e-commerce business, including online retail and online marketplace mainly through its retail mobile apps and www.jd.com website (collectively, “JD Platform”). The Group serves consumers through online retail, focusing on product selection, price and convenience, serves third-party merchants through online marketplace, offering programs that enable the merchants to sell their products on JD Platform and to fulfill the orders either by themselves or through the Group’s logistics services. Leveraging its AI capabilities and technologies, the Group provides a variety of marketing services to business partners through its proprietary advertisement technology platform. Leveraging its leading logistics network, the Group provides integrated supply chain solutions and logistics services, primarily including warehousing and distribution services, express and freight services and other value-added services to third parties, including both third-party merchants and suppliers on JD Platform and other business partners, through JD Logistics, Inc. (“JD Logistics”), the Group’s logistics subsidiary.

On June 18, 2020, the Company completed its global offering and the Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEX”) under the stock code “9618”. The Company issued 152,912,100 Class A ordinary shares, including the exercise of the over-allotment option, at Hong Kong Dollar (“HK\$”) 226 per share. Net proceeds from the global offering after deducting underwriting commissions, share issuance costs and offering expenses approximately amounted to RMB31.3 billion.

On December 8, 2020, JD Health International Inc. (“JD Health”), the Group’s healthcare subsidiary, completed its initial public offering (“IPO”) and JD Health’s shares have been listed on the Main Board of the HKEX under the stock code “6618” (“JD Health IPO”). JD Health issued 439,185,000 ordinary shares, including the exercise of the over-allotment option, at HK\$70.58 per share. Net proceeds from the JD Health IPO after deducting underwriting commissions, share issuance costs and offering expenses approximately amounted to RMB25.7 billion.

On May 28, 2021, JD Logistics completed its IPO and JD Logistics’s shares have been listed on the Main Board of the HKEX under the stock code “2618” (“JD Logistics IPO”). JD Logistics issued 700,534,900 ordinary shares, including the exercise of the over-allotment option, at HK\$40.36 per share. Net proceeds from the JD Logistics IPO after deducting underwriting commissions, share issuance costs and offering expenses approximately amounted to RMB22.9 billion.

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, consolidated VIEs and consolidated VIEs’ subsidiaries.

As of December 31, 2021, the Company’s major subsidiaries, consolidated VIEs and consolidated VIEs’ subsidiaries are as follows:

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**1. Principal activities and organization (Continued)**

<u>Subsidiaries</u>	<u>Equity interest held</u>	<u>Place and date of incorporation</u>
Beijing Jingdong Century Trade Co., Ltd. (“Jingdong Century”)	100%	Beijing, China, April 2007
Jiangsu Jingdong Information Technology Co., Ltd.	100%	Jiangsu, China, June 2009
Shanghai Shengdayuan Information Technology Co., Ltd. (“Shanghai Shengdayuan”)	100%	Shanghai, China, April 2011
JD Logistics Holding Limited	63%	Hong Kong, China, August 2011
Jingdong Technology Group Corporation	100%	Cayman Islands, November 2011
JD Property Group Corporation (“JD Property”)	84%	Cayman Islands, January 2012
JD Logistics, Inc.	63%	Cayman Islands, January 2012
JD.com E-Commerce (Technology) 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	100%	Hong Kong, China, February 2012
Beijing Jingdong Shangke Information Technology Co., Ltd. (“Beijing Shangke”)	100%	Beijing, China, March 2012
JD.com E-Commerce (Investment) Hong Kong Co., Ltd.	100%	Hong Kong, China, July 2013
Chongqing Jingdong Haijia E-commerce Co., Ltd. (“Chongqing Haijia”)	100%	Chongqing, China, June 2014
JD.com Overseas Innovation Limited	100%	Hong Kong, China, October 2014
JD.com Investment Limited	100%	British Virgin Islands, January 2015
JD Asia Development Limited	84%	British Virgin Islands, February 2015
Suqian Hanbang Investment Management Co., Ltd.	100%	Jiangsu, China, January 2016
Xi’an Jingxundi Supply Chain Technology Co., Ltd. (“Xi’an Jingxundi”)	63%	Shaanxi, China, May 2017
Xi’an Jingdong Xuncheng Logistics Co., Ltd.	63%	Shaanxi, China, June 2017
JD Assets Holding Limited	100%	Cayman Islands, March 2018
JD Property Holding Limited	100%	Cayman Islands, March 2018
Beijing Wodong Tianjun Information Technology Co., Ltd. (“Beijing Wodong Tianjun”)	100%	Beijing, China, May 2018
Beijing Jingdong Zhenshi Information Technology Co., Ltd.	63%	Beijing, China, August 2018
JD Health International Inc.	67%	Cayman Islands, November 2018
Jiangsu Huiji Space Technology Co., Ltd. (“Jiangsu Huiji”)	100%	Jiangsu, China, March 2019
JD Jiankang Limited	100%	British Virgin Islands, April 2019
JD Industrial Technology Limited	100%	British Virgin Islands, October 2019
JD Industrial Technology Inc. (“JD Industry”)	81%	Cayman Islands, November 2019
Jingdong Logistics Supply Chain Co., Ltd.	63%	Jiangsu, China, June 2020
Jingdong Five Star Appliance Group Co., Ltd.	100%	Jiangsu, China, December 1998
<u>Consolidated VIEs</u>		
Beijing Jingdong 360 Degree E-commerce Co., Ltd. (“Jingdong 360”)		Beijing, China, April 2007
Jiangsu Yuanzhou E-commerce Co., Ltd. (“Jiangsu Yuanzhou”)		Jiangsu, China, September 2010
Jiangsu Jingdong Bangneng Investment Management Co., Ltd. (“Jingdong Bangneng”)		Jiangsu, China, August 2015
Xi’an Jingdong Xincheng Information Technology Co., Ltd. (“Xi’an Jingdong Xincheng”)		Shaanxi, China, June 2017
Suqian Juhe Digital Enterprise Management Co., Ltd. (“Suqian Juhe”)		Jiangsu, China, June 2020
<u>Consolidated VIEs’ Subsidiaries</u>		
Beijing Jingbangda Trade Co., Ltd. (“Beijing Jingbangda”)		Beijing, China, August 2012
Suqian Jingdong Mingfeng Enterprise Management Co., Ltd.		Jiangsu, China, July 2017
Suqian Jingdong Jinyi Enterprise Management Co., Ltd.		Jiangsu, China, August 2017
Suqian Jingdong Sanhong Enterprise Management Center (L.P.)		Jiangsu, China, August 2017
Beijing Jingxundi Technology Co., Ltd.		Beijing, China, December 2017
Beijing Jingdong Qianshi Technology Co., Ltd.		Beijing, China, September 2018

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**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, May 2017, March 2019 and June 2019, the Company established Jingdong Century, Xi’an Jingxundi, Jiangsu Huiji and Beijing Jingdong Jiankang Co., Ltd. (“Jingdong Jiankang”) as wholly foreign-owned enterprises in the PRC, respectively. In April 2007, September 2010, August 2015, June 2017, June 2019 and June 2020, Jingdong 360, Jiangsu Yuanzhou, Jingdong Bangneng, Xi’an Jingdong Xincheng, Suqian Jingdong Tianning Jiankang Technology Co., Ltd. (“Suqian Jingdong Tianning”) and Suqian Juhe 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, Jiangsu Yuanzhou and Jingdong Bangneng became VIEs of Jingdong Century, Xi’an Jingdong Xincheng became a VIE of Xi’an Jingxundi, Suqian Jingdong Tianning became a VIE of Jingdong Jiankang and Suqian Juhe became a VIE of Jiangsu Huiji. Consequently, Jingdong Century became the primary beneficiary of Jingdong 360, Jiangsu Yuanzhou and Jingdong Bangneng, Xi’an Jingxundi became the primary beneficiary of Xi’an Jingdong Xincheng, Jingdong Jiankang became the primary beneficiary of Suqian Jingdong Tianning and Jiangsu Huiji became the primary beneficiary of Suqian Juhe.

**• Consolidated 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 individuals (“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 are substantially similar in key aspects governing the contractual arrangements with a variable interest entity of the Group, include loan agreements, exclusive purchase option agreements, exclusive technology consulting and services agreements or exclusive business cooperation agreements, as applicable, intellectual property rights license agreement, equity pledge agreements, powers of attorney, business cooperation agreement 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 consolidated 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 consolidated 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 the relevant VIEs, subject to any applicable PRC laws, rules and regulations. The loan agreements are renewable upon expiration.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**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 rights to purchase from the Nominee Shareholders, to the extent permitted under the 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 the 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 or exclusive business cooperation agreements***

The Group's relevant PRC subsidiaries and relevant VIEs entered into exclusive technology consulting and services agreements or exclusive business cooperation agreements, as applicable, under which the relevant VIEs engage the Group's relevant PRC subsidiaries as their exclusive provider of technical platform and technical support, business 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. All the benefits and interests generated from the agreements, including but not limited to intellectual property rights, know-how and trade secrets, will be the Group's relevant PRC subsidiaries' sole and exclusive rights. 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 the PRC. Jingdong 360 has agreed to pay license fees to Jingdong Century and the amount of the license fees is decided based on the agreed arrangement.

• ***Equity pledge agreements***

Pursuant to the relevant equity pledge agreements, the Nominee Shareholders of the VIEs have pledged all of their equity interests in the 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.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**1. Principal activities and organization (Continued)**

• ***Powers of attorney***

Pursuant to the irrevocable powers 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 the PRC laws 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 managers of the VIEs. Each power of attorney will remain in force during the period when the Nominee Shareholders continue to be the shareholders of the VIEs. Each of the 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 services to Jingdong Century and Shanghai Shengdayuan including operating the Group's website, posting Jingdong Century's and Shanghai Shengdayuan's products and services information on the website, transmitting the users' orders and transactions 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 is decided based on Jingdong 360's operating costs incurred.

• ***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 the VIEs' board of directors in accordance with applicable laws and the articles of association of the VIEs, and must cause the persons recommended by the Group's relevant PRC subsidiaries to be appointed as the VIEs' general manager, chief financial officer and other senior executives.

• ***Risks in relations to the VIE structure***

The Company believes that the contractual arrangements among its subsidiaries, the VIEs and their owners are in compliance with the current PRC laws and legally enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company's ability to enforce these contractual arrangements. As a result, the Company may be unable to consolidate the VIEs and VIEs' subsidiaries in the consolidated financial statements. The Company's ability to control its VIEs also depends on the authorization by the shareholders of the VIEs to exercise voting rights on all matters requiring shareholders' approval in the VIEs. The Company believes that the agreements on authorization to exercise shareholders' voting power are legally enforceable. In addition, if the legal structure and contractual arrangements with its VIEs were found to be in violation of any future PRC laws and regulations, the Company may be subject to fines or potentially be forced to relinquish Company's interests in those operations. The Company believes the possibility that it will no longer be able to control and consolidate its VIEs as a result of the aforementioned risks is remote.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**1. Principal activities and organization (Continued)**

The following table sets forth the assets, liabilities, results of operations and changes in cash, cash equivalents, and restricted cash of the consolidated VIEs (where appropriate, the term “VIEs” also refers to its subsidiaries as a whole) structured by the Contractual Agreements, which have eliminated the intercompany transactions within the consolidated VIEs:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Total assets	65,594	80,138
Total liabilities	59,298	77,858

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in millions)		
Total net revenues	59,306	86,054	117,419
Net loss	(2,268)	(422)	(3,069)

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in millions)		
Net cash provided by operating activities	954	9,912	1,593
Net cash used in investing activities	(6,450)	(11,053)	(10,089)
Net cash provided by financing activities	5,543	2,659	11,611
Net increase in cash, cash equivalents, and restricted cash	47	1,518	3,115
Cash, cash equivalents, and restricted cash at beginning of year	880	927	2,445
Cash, cash equivalents, and restricted cash at end of year	927	2,445	5,560

As of December 31, 2020 and 2021, the total assets of the Group’s consolidated VIEs after eliminating the intra-company balances and transactions within the Group were RMB64,492 million and RMB77,734 million, respectively, which were mainly consisting of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, net, inventories, net, investment securities, investment in equity investees, property, equipment and software, net, operating lease right-of-use assets and prepayments and other assets. As of December 31, 2020 and 2021, the total liabilities of the consolidated VIEs after eliminating the intra-company balance and transactions within the Group were RMB29,621 million and RMB32,642 million, respectively, which were mainly consisting of accounts payable, operating lease liabilities, accrued expenses and other liabilities.

For the years ended December 31, 2019, 2020 and 2021, the total net revenues of the Group’s consolidated VIEs were RMB26,845 million, RMB36,976 million and RMB59,124 million, respectively, which have been reflected in the Group’s consolidated financial statements with the intra-company transactions within the Group eliminated.

**JD.com, Inc.**

**Notes to the Consolidated Financial Statements**

**1. Principal activities and organization (Continued)**

In accordance with the Contractual Agreements, the Group's relevant PRC subsidiaries have the power to direct activities of the Group's consolidated VIEs, and can have assets transferred out of the Group's consolidated VIEs. Therefore, the Group's relevant PRC subsidiaries consider that there is no asset in the Group's consolidated VIEs that can be used only to settle their obligations except for registered capitals and the PRC statutory reserves of the Group's consolidated VIEs amounting to RMB3,151 million as of December 31, 2021. As the Group's consolidated VIEs 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 consolidated VIEs. As of December 31, 2020 and 2021, the total shareholders' equity of the Group's consolidated VIEs was RMB5,570 million and RMB1,535 million, 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 consolidated VIEs. As the Group is conducting certain businesses in the PRC through the consolidated VIEs, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

Prior to June 2020, the Group's former finance business ("JD Technology"), which had been deconsolidated from the Group since June 30, 2017 as a result of its reorganization (Note 6), was a VIE of the Group while the Group or any subsidiary was not considered as the primary beneficiary. Upon the conversion of the profit sharing right into equity interests in JD Technology completed in June 2020, JD Technology is no longer a VIE of the Group (Note 8).

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**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. All amounts, except for share, per share data or otherwise noted, are rounded to the nearest million.

***b. Principles of consolidation***

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the consolidated VIEs 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 consolidated VIE is an entity in which the Company, or its subsidiaries, through the Contractual Arrangements, bear the risks of, and enjoy 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 and the consolidated VIEs have been eliminated upon consolidation.

***c. Reclassifications***

Certain reclassifications have been made to the prior years’ consolidated financial statements to conform to the current year’s presentation. These reclassifications had no impact on net income/(loss), shareholders’ equity, or cash flows as previously reported.

***d. Non-controlling interests***

For the Company’s consolidated subsidiaries and VIEs, 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 income/(loss) to distinguish the interests from that of the Company.

***e. 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, returns allowance, vendor rebates and customer incentives, determination of the stand-alone selling price (“SSP”), the valuation and recognition of share-based compensation arrangements, taxation, fair value of assets and liabilities acquired in business combinations, fair value of certain equity investees, assessment for impairment of long-lived assets, investment in equity investees, investment securities, intangible assets and goodwill, allowance for doubtful accounts including expected credit losses, inventory reserve for excess and obsolete inventories, lower of cost and net realizable value of inventories, depreciable lives of property, equipment and software, useful lives of intangible assets, the discount rate for lease and consolidation of VIEs. Actual results may differ materially from those estimates.

In March 2020, the World Health Organization declared the outbreak of a disease caused by a novel strain of the coronavirus (“COVID-19”) to be a pandemic. After the initial outbreak of the COVID-19, some instances of COVID-19 infections have emerged from time to time. The COVID-19 pandemic has created and may continue to create significant uncertainty in the macroeconomic environment which, in addition to other unforeseen effects of this pandemic, may adversely impact the Group’s results of operations. The extent to which COVID-19 would impact the results of operations is contingent on the future developments of the outbreak, including constant updates concerning the global severity of and actions needed to contain the outbreak, which are highly uncertain and unpredictable. Due to the uncertainty and the economic implications on global economics conditions from the COVID-19 pandemic, certain estimates and assumptions may change in the near term.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**f. Foreign currency translation**

The Group's reporting currency is RMB. The functional currency of the Group's entities incorporated in Cayman Islands, BVI, Hong Kong, Singapore and the United States of America is U.S. dollars ("US\$"). The Group's PRC subsidiaries and consolidated VIEs determined their functional currency to be RMB. The Group's entities incorporated in the Republic of Indonesia, Japan, France, Australia and other jurisdictions generally use their respective local currencies as their functional currencies. The determination of the respective functional currency is based on the criteria of ASC Topic 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 income/(loss). Total exchange gains/(losses) were a gain of RMB124 million, a loss of RMB90 million and a gain of RMB42 million for the years ended December 31, 2019, 2020 and 2021, respectively.

The consolidated 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 year 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 gain of RMB794 million, a loss of RMB7,955 million and a loss of RMB2,872 million for the years ended December 31, 2019, 2020 and 2021, respectively.

**g. Convenience translation**

Translations of the consolidated balance sheets, the consolidated statements of operations and comprehensive income/(loss) and the consolidated statements of cash flows from RMB into US\$ as of and for the year ended December 31, 2021 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.3726, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 30, 2021. 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, 2021, or at any other rate.

**h. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, money market fund investments, time deposits, as well as highly liquid investments, which have original maturities of three months or less.

**i. 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 included in the total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows. The Group's restricted cash mainly represents security deposits held in designated bank accounts for issuance of bank acceptance and letter of guarantee.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**j. 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. Starting from 2021, the Group elects the fair value option to record wealth management products with variable interest rates and deposits indexed to foreign exchange with maturities less than one year at fair value in accordance with ASC 825 *Financial Instruments*. Changes in the fair value are reflected in the consolidated statements of operations and comprehensive income/(loss). The Group also holds some deposits that have fixed interest rates and they are classified as held-to-maturity when the Group has the positive intent and ability to hold the securities to maturity, and are recorded at amortized cost. Prior to 2021, the Group recorded equity classified securities at fair market value with fair value change gains or losses recorded in interest income in the consolidated statements of operations and comprehensive income/(loss) and recorded debt classified securities as available-for-sale debt securities and held-to-maturity securities. Available-for-sale securities were reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income. Realized gains or losses were included in interest income in the consolidated statements of operations and comprehensive income/(loss) during the period in which the gain or loss was realized.

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.

**k. Accounts receivable, net**

Accounts receivable mainly represent amounts due from customers and online payment channels and are recorded net of allowance for doubtful accounts.

The Group, in collaboration with JD Technology, provides consumer financing to the qualified customers in the online retail business, such consumer financing receivables are recorded as accounts receivable. Due to the legacy contractual arrangements with JD Technology, the Group remains as the legal owner of the consumer financing receivables, where JD Technology performs the related credit assessment.

JD Technology is obligated to purchase the consumer financing receivables past due over certain agreed period of time from the Group at carrying values to absorb the risks, no allowance for doubtful accounts were provided. The Group, in collaboration with JD Technology, periodically securitizes consumer financing receivables through the transfer of those assets to securitization vehicles, please refer to Note 2(w).

Other than the accounts receivable arising from the consumer financing, beginning on January 1, 2020, the Group evaluates its accounts receivable for expected credit losses on a regular basis. The Group maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group uses the length of time a balance has been outstanding, the payment history, creditworthiness and financial conditions of the customers and industry trend as credit quality indicators to monitor the Group's receivables within the scope of expected credit losses model and use these as a basis to develop the Group's expected loss estimates. The Group adjusts the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. If there is strong evidence indicating that the accounts receivable is likely to be unrecoverable, the Group also makes specific allowance in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted. Please refer to Note 2(u) for adoption of expected credit losses model.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)*****l. Inventories, net***

Inventories, consisting of products available for sale, are stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as inventory aging, historical and forecasted consumer demand, and market conditions that impact pricing. 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 income/(loss).

The Group also provides fulfillment-related services in connection with the Group's online marketplace. Third-party merchants maintain ownership of their inventories and therefore these products are not included in the Group's inventories.

***m. Loan receivables, net***

Loan receivables represent the consumer financing, in collaboration with JD Technology, provided to qualified individual customers on the Group's online marketplace. Due to the legacy contractual arrangements with JD Technology, the Group remains as the legal owner of the consumer financing receivables, including such loan receivables, where JD Technology performs the related credit assessment and absorbs the credit risks. The loan terms extended to the customers generally range from 1 month to 24 months. As JD Technology is obligated to purchase the receivables past due over certain agreed period of time from the Group at carrying values to absorb the credit risks, no provision for doubtful accounts was recorded for the years ended December 31, 2019, 2020 and 2021. The loan receivables were measured at amortized cost and reported in the consolidated balance sheets at outstanding principal. As of December 31, 2020 and 2021, the loan receivables with the collection period less than one year amounting to RMB683 million and RMB1,817 million, respectively, were classified into prepayments and other current assets in the consolidated balance sheets. As of December 31, 2020 and 2021, the loan receivables with the collection period over one year amounting to RMB259 million and RMB733 million, respectively, were classified into other non-current assets in the consolidated balance sheets. Cash paid for loan originations and cash received from loan repayments are classified as investing activities in the consolidated statements of cash flows. The Group, in collaboration with JD Technology, periodically securitizes loan receivables through the transfer of those assets to securitization vehicles, please refer to Note 2(w).

***n. 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 of major property, equipment and software are as follows:

<u>Category</u>	<u>Estimated useful lives</u>
Electronic equipment	3-5 years
Office equipment	5 years
Vehicles	3-5 years
Logistics, warehouse and other heavy equipment	5-10 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 income/(loss).

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

***o. 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, 2020 and 2021, construction in progress in the amount of RMB7,906 million and RMB5,817 million, respectively, were primarily relating to the construction of office buildings and warehouses.

***p. 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 18 to 50 years and represent the shorter of the estimated usage periods or the terms of the agreements.

***q. Intangible assets, net***

Intangible assets purchased from third parties are initially recorded at cost and amortized on a straight-line basis over the estimated economic useful lives. The Group performs valuation of the intangible assets arising from business combination to determine the 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.

The estimated useful lives of intangible assets are as follows:

<u>Category</u>	<u>Estimated useful lives</u>
Strategic cooperation	5 years
Non-compete	5-8 years
Domain names and trademarks	5-20 years
Customer relationship	3-10 years
Technology and others	2-10 years

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**r. 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 ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”) issued by the Financial Accounting Standards Board (“FASB”) guidance on testing of goodwill for impairment, the Group first assesses 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 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 fair value of the reporting unit and its carrying amount 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, consideration of the impact of COVID-19, and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**s. Investment in equity investees**

Investment in equity investees represents the Group's investments in privately held companies, publicly traded companies and private equity funds. 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 Topic 323, *Investment—Equity Method and Joint Ventures* ("ASC 323"), 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.

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 income/(loss) and its share of post-acquisition movements of accumulated other comprehensive income/(loss) 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 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, or the Group holds other investments in the equity investee.

The Group continually reviews its investment in equity investees under equity method 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.

Private equity funds pursue various investment strategies, including event driven and multi-strategy. Investments in private equity funds generally are not redeemable due to the closed-ended nature of these funds. These private equity funds, over which the Group does not have the ability to exercise significant influence, are accounted for under the existing practical expedient in ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") to estimate fair value using the net asset value per share (or its equivalent) of the investment ("NAV practical expedient").

The Group's equity investments without readily determinable fair values, which do not qualify for NAV practical expedient and over which the Group does not have the ability to exercise significant influence through the investments in common stock or in substance common stock, are accounted for under the measurement alternative (the "Measurement Alternative") in accordance with ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). Under the Measurement Alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. All gains and losses on these investments, realized and unrealized, are recognized in others, net in the consolidated statements of operations and comprehensive income/(loss). The Group makes assessment of whether an investment is impaired based on performance and financial position of the investee as well as other evidence of market value at each reporting date. Such assessment includes, but is not limited to, reviewing the investee's cash position, recent financing, as well as the financial and business performance. The Group recognizes an impairment loss equal to the difference between the carrying value and fair value in others, net in the consolidated statements of operations and comprehensive income/(loss) if there is any. When the investments become qualified for use of the equity method, the Group remeasures the previously held interest in the investments at fair value, if any observable price changes in orderly transactions identified for an identical or a similar investment, immediately before it applying the equity method, in accordance with ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323)*.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**t. Investment securities**

The Group invests in marketable equity securities to meet business objectives. These marketable securities are classified as investments with readily determinable fair values, which are reported at fair value in the consolidated balance sheets, the unrealized gains and losses on equity securities are recorded in others, net in the consolidated statements of operations and comprehensive income/(loss) under ASU 2016-01.

**u. Current expected credit losses impairment**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASC 326”), which requires entities to measure all expected credit losses for financial assets held at the reporting date using a current expected credit loss model based on historical experience, current conditions, and reasonable and supportable forecasts.

The Group adopted ASC 326 on January 1, 2020 using the modified retrospective transition approach. Based on the nature of the Group’s financial instruments within the scope of this standard, which are primarily accounts receivable and other receivables, the adoption of the new standard did not have a material effect on the Group’s consolidated financial statements.

**v. 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.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**w. Nonrecourse securitization debt and transfer of financial assets**

The Group, in collaboration with JD Technology, periodically securitizes accounts receivable and loan receivables arising from consumer financing through the transfer of those assets to securitization vehicles. The securitization vehicles then issue (1) debt securities to third-party investors and JD Technology, or (2) trust beneficiary rights to the Group which are immediately transferred to third-party investors, collateralized by the transferred assets. The asset-backed debt securities issued by the securitization vehicles and the trust beneficiary rights transferred by the Group are nonrecourse to the Group and are payable only out of collections on their respective underlying collateralized assets.

The securitization vehicles are considered variable interest entities pursuant to ASC Topic 810, *Consolidation*. The Group will consolidate the securitization vehicles when economic interests are retained in the form of subordinated interests, and acting as the servicer of securitization vehicles. Accordingly, the Group is precluded from recording the related transfers of assets in securitization transactions as sales. Asset-backed debt securities issued by the consolidated securitization vehicles are accounted for as the financing type transactions.

The Group does not consolidate the securitization vehicles when no economic interests are retained by the Group, and the Group has no continuing involvements, including the servicer of the securitization vehicles. Transfers are accounted for as sale and corresponding transferred accounts receivable are de-recognized in the consolidated balance sheets pursuant to ASC Topic 860, *Transfers and Servicing* ("ASC 860"), only if they meet all of the three criteria: (i) the transferred financial assets have been isolated from the transferor and its creditor, (ii) each transferee has the rights to pledge or exchange the transferred assets, or the transferor has no continuing involvement with the transferred financial assets, and (iii) the transferor does not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets. Otherwise, the transfers of the assets are accounted for as a financing type transaction if the conditions in ASC 860-10-40-5 are not met. The under common control relationship of the transferor and transferee should be ignored when applying ASC 860, as long as the transferee is not consolidated by the transferor. The gain/loss recorded upon the sale accounting was immaterial for the periods presented.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**x. Unsecured senior notes and long-term borrowings**

Unsecured senior notes are recognized initially at fair value, net of debt discounts or premiums and debt issuance costs. Debt discounts or premiums 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 income/(loss) over the maturities of the notes using the effective interest method.

Long-term borrowings are recognized at carrying amount. Interest expense is accrued over the estimated term of the facilities and recorded in the consolidated statements of operations and comprehensive income/(loss).

**y. 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 investments under the equity method on other-than-temporary basis, investments under the Measurement Alternative, intangible assets, goodwill and fixed assets at 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.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**z. Revenues**

Consistent with the criteria of ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), the Group recognizes revenues when the Group satisfies a performance obligation by transferring a promised good or service (that is, an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

In accordance with ASC 606, 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 a principal, that the Group obtains control of the specified goods or services before they are transferred to the customers, the revenues should be recognized in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. When the Group is an agent and its obligation is to facilitate third parties in fulfilling their performance obligation for specified goods or services, the revenues should be recognized in the net amount for the amount of commission which the Group earns in exchange for arranging for the specified goods or services to be provided by other parties. Revenues are recorded net of value-added taxes.

The Group recognizes revenues net of discounts and return allowances when the products are delivered and title is passed to customers. Significant judgement is required to estimate return allowances. For online retail business with return conditions, the Group reasonably estimate the possibility of return based on the historical experience, changes in judgments on these assumptions and estimates could materially impact the amount of net revenues recognized. As of December 31, 2020 and 2021, liabilities for return allowances were RMB496 million and RMB618 million, respectively, which were included in “Accrued expenses and other current liabilities”. The rights to recover products from customers associated with the Group’s liabilities for return allowances are the Group’s assets, which were RMB533 million and RMB660 million as of December 31, 2020 and 2021, respectively, and were included in “Prepayments and other current assets”.

The Group also sells prepaid cards which can be redeemed to purchase products sold on the JD Platform. In accordance with ASC 606, 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. The Group recognizes revenue from estimated unredeemed prepaid cards over the expected customer redemption periods, rather than waiting until prepaid cards expire or when the likelihood of redemption becomes remote in accordance with ASC 606.

Revenue arrangements with multiple deliverables are divided into separate units of accounting based on the SSP of each separate unit. In instances where SSP is not directly observable, such as the Group does not have vendor-specific objective evidence or third-party evidence of the selling prices of the deliverables, considerations are allocated using estimated selling prices. Determining the SSP of each separate unit may require significant judgments, and significant assumptions and estimates have been made in estimating the relative selling price of each single-element.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**z. Revenues (Continued)**

Net Product Revenues

The Group recognizes the product revenues from the online retail business on a gross basis as the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified goods. Revenues from the sales of electronics and home appliance products were RMB328,703 million, RMB400,927 million and RMB492,592 million, and revenues from the sales of general merchandise products were RMB182,031 million, RMB250,952 million and RMB323,063 million, for the years ended December 31, 2019, 2020 and 2021, respectively. The Group's net product revenues were mainly generated by the JD Retail segment.

Net Service Revenues

The Group charges commission fees to third-party merchants for participating in the Group's online marketplace, where the Group generally is acting as an agent and its performance obligation is to arrange for the provision of the specified goods or services by those third-party merchants. Upon successful sales, the Group charges the third-party merchants 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 allowances.

The Group provides marketing services to third-party merchants, suppliers and other business partners on its various website channels and third-party marketing affiliate's websites, including but not limited to pay for performance marketing services on which the customers are charged based on effective clicks on their product information, and display advertising services that allow customers to place advertisements on various websites. The Group recognizes revenues from pay for performance marketing services based on effective clicks, and recognizes revenues from display advertising services 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. The Group did not enter into material advertising-for-advertising barter transactions for the periods presented.

The Group opens its fulfillment infrastructure by offering integrated supply chain solutions and logistics services to third parties through JD Logistics, primarily including warehousing and distribution services, express and freight services and other value-added services. Revenues generated from these services are primarily recognized over time as the Group performs the services in the contracts because of the continuous transfer of control to the customers.

JD Plus memberships provide the Group's core customers with a better shopping experience, access to an evolving suite of benefits that represent a single stand-ready obligation. Subscriptions are paid for at the time of or in advance of delivering the services. Revenues from such arrangements are recognized over the subscription period.

The Group offers comprehensive customer services, primarily include 7\*24 hours customer services to respond to customers' post-sales requests, return and exchange services to facilitate customers' return, exchange and repair of defective goods. These services are free of charge. The Group also provides return/exchange logistics services to the customers, of which the revenues recognized were not material for the periods presented.

Revenues from online marketplace and marketing services were RMB42,680 million, RMB53,473 million and RMB72,118 million for the years ended December 31, 2019, 2020 and 2021, respectively, which were mainly generated by the JD Retail segment. Revenues from logistics and other services were RMB23,474 million, RMB40,450 million and RMB63,819 million, for the years ended December 31, 2019, 2020 and 2021, respectively, which were mainly generated by the JD Logistics segment.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**aa. Contract balances**

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represent amounts invoiced and revenues recognized prior to invoicing when the Group has satisfied the Group's performance obligation and has the unconditional rights to payment. The balances of accounts receivable, net of allowance for doubtful accounts were RMB7,112 million and RMB11,900 million as of December 31, 2020 and 2021, respectively.

Unearned revenues consist of payments received or awards to customers related to unsatisfied performance obligation at the end of the period, included in current and non-current deferred revenues and advance from customers in the Group's consolidated balance sheets. As of December 31, 2020, the Group's total unearned revenues were RMB26,033 million, of which RMB20,124 million was recognized as revenues for the year ended December 31, 2021. The Group's total unearned revenues were RMB29,184 million as of December 31, 2021.

The Group applied a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include certain partner sales incentive programs. The Group has no material incremental costs of obtaining contracts with customers that the Group expects the benefit of those costs to be longer than one year which need to be recognized as assets.

**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 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 rights to purchase discounted products in the future are not considered as a separate performance obligation under ASC 606, as the discount does not represent a material rights 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 revenues on the future purchase.
- J Coupons are given to a customer upon their qualified purchase or can be given for free to promote future purchases and are 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 are considered as a separate performance obligation within the scope of ASC 606, as J Coupons represent a material rights to the customer. Therefore, the delivered products and J Coupons awarded are treated as two distinct performance obligations identified in the contract. The total sales consideration is allocated based on management's best estimate of the relative SSP of each performance obligation. The amount allocated to J Coupons is deferred and recognized when 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, 2019, 2020 and 2021, the amounts of expired J Coupons were not material.

**JD.com, Inc.****Notes to the Consolidated Financial Statements****2. Summary of significant accounting policies (Continued)*****bb. Customer incentives and loyalty programs (Continued)***

Registered customers may also earn J Beans, which was launched based on certain activities performed on the Group's website by the customers such as purchasing merchandise or reviewing their buying experiences. J Beans can be used as cash to buy any products sold by the Group, which will directly reduce the amount paid by the customer, or redeemed for D Coupons that can be used in certain shops on JD Platform. The Group considers J Beans awarded from sales of products and reviewing buying experiences to be part of its revenue generating activities. Thus J Beans is considered to be a separate performance obligation identified in the contract. Therefore, the sales consideration is allocated to the products and J Beans based on the relative SSP of the products and J Beans awarded. Consideration allocated to J Beans is initially recorded as deferred revenues, and recognized as revenues when J Beans are used or expired. J Beans will expire at the subsequent year end after issuance. For the years ended December 31, 2019, 2020 and 2021, the amounts of expired J Beans were not material.

***cc. Cost of revenues***

Cost of revenues consists primarily of purchase price of products, inbound shipping charges, write-downs of inventories, traffic acquisition costs related to online marketing services, and cost related to logistics services provided to third parties.

***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 income/(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 expenses consist primarily of (i) expenses incurred in operating the Group's fulfillment centers, customer service centers and physical stores, 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 the Group's products, (iii) lease expenses of warehouses, delivery and pickup stations, and physical stores, and (iv) depreciation and amortization of logistics and electronic equipment. The cost related to logistics services provided to third parties is classified in cost of revenues in the consolidated statements of operations and comprehensive income/(loss). Shipping cost included in fulfillment expenses amounted to RMB17,859 million, RMB23,088 million and RMB27,786 million for the years ended December 31, 2019, 2020 and 2021, respectively.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**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 income/(loss).

Advertising costs, which consist primarily of online advertising, offline television, movie and outdoor advertising, and incentive programs to attract or retain consumers for the Group's online marketplace, are expensed as incurred, and totaled RMB19,286 million, RMB23,088 million and RMB32,704 million for the years ended December 31, 2019, 2020 and 2021, respectively.

***gg. Research and development***

Research and development expenses consist primarily of payroll and related expenses for research and development employees involved in designing, developing and maintaining technology platform, and application of artificial intelligence, big data and cloud technologies and services, and technology infrastructure costs. Technology infrastructure costs include servers and other equipment depreciation, bandwidth and data center costs, rent, utilities and other expenses necessary to support the Group's internal and external business. Research and development expenses are expensed as incurred. Software development costs are recorded in "Research and development" as incurred as the costs qualifying for capitalization have been insignificant.

***hh. General and administrative***

General and administrative expenses consist primarily of employee related expenses for general corporate functions, including accounting, finance, tax, legal and human relations; costs associated with these functions including facilities and equipment depreciation expenses, rental and other general corporate related expenses.

***ii. Share-based compensation***

The Group grants restricted share units ("RSUs") and share options of the Company and its subsidiaries to eligible employees and non-employees. The Group accounts for share-based awards issued to employees and non-employees in accordance with ASC Topic 718 *Compensation – Stock Compensation*.

Employees' share-based awards, non-employees' share-based awards and the founder's 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.

The Group uses the binomial option-pricing model to estimate the fair value of share options. The determination of estimated fair value of share-based payment awards on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected value volatility of the Company over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk-free interest rate, exercise multiple and expected dividend yield, if any.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**ii. Share-based compensation (Continued)**

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 estimates the Company's subsidiaries' enterprise value for purposes of recording share-based compensation, and the information considered by the Company mainly include but are not limited to the pricing of recent rounds of financing, future cash flow forecasts, discount rates, and liquidity factors.

The Group recognizes the estimated compensation cost of RSUs based on the fair value of its ordinary shares on the date of the grant. The Group recognizes the compensation cost, net of estimated forfeitures, over a vesting term for service-based RSUs.

The Group also recognizes the compensation cost of performance-based share awards, net of estimated forfeitures, if it is probable that the performance condition will be achieved at the end of each reporting period.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates. A change in the terms or conditions of a share-based award, or cancellation of a share-based award accompanied by the concurrent grant of a replacement award is accounted for as a modification (that is, an exchange of the original award for a new award), unless the award's fair value, vesting conditions, and classification as an equity instrument are the same as immediately before and after the change. The Group recognized incremental compensation cost for an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Therefore, in relation to the modified award, the Group recognize share-based compensation over the vesting periods of the modified award.

**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 income/(loss) in the period of change. Deferred tax assets and liabilities are classified as non-current in the consolidated balance sheets.

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, 2020 and 2021, the Group did not have any significant unrecognized uncertain tax positions.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

**kk. Leases**

In accordance with ASC Topic 842, *Leases* ("ASC 842"), The Group, using the modified retrospective transition approach through a cumulative-effect adjustment in the period of adoption rather than retrospectively adjusting prior periods and the package of practical expedients, categorizes leases with contractual terms longer than twelve months as either operating or finance lease. However, the Group has no finance leases for any of the periods presented.

Right-of-use ("ROU") assets represent the Group's rights to use underlying assets for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, reduced by lease incentives received, plus any initial direct costs, using the discount rate for the lease at the commencement date. As the implicit rate in lease is not readily determinable for the Group's operating leases, the Group generally use the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The Group's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Group accounts for lease and non-lease components separately.

The Group also enters into sale and leaseback transactions. The Group acts as the seller-lessee, transfers its assets to a third-party entity (the buyer-lessor) and then leases the transferred assets back from the buyer-lessor at an arm-length rental price. Upon consideration of ASC Topic 842-40-25-1 and ASC 606, the transfer of the underlying assets is considered as sales, and according to ASC 842, the leaseback transaction is classified as an operating lease. Therefore, the sale and the leaseback of the underlying assets are separately accounted for by the Group. Upon completion of the transaction, the legal titles of these assets are transferred to the third-party entity (the buyer-lessor), and the Group derecognizes these transferred assets and recognizes gains or losses from disposal of these assets in accordance with ASC Topic 360, *Property, Plant and Equipment*. The leaseback transactions are accounted for under ASC 842, and the ROU assets and lease liabilities are recognized at commencement date accordingly.

The Group leases warehouses, offices and store space to third-parties. The arrangements are in the nature of operating lease which is neither a sales-type nor direct-financing lease. As such, the underlying assets remain on the Group's balance sheet at its carrying value and continue to depreciate the asset based on its estimated useful life. Rental revenue should be recognized on a straight-line basis (or another systematic basis if that basis is more representative of the pattern in which income is earned from the underlying asset over the term of the respective lease). The Group records an unbilled rent receivable, which is the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease.

**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 income/(loss), change in unrealized gains/(losses) on available-for-sale debt securities, foreign currency translation adjustments, and share of change in other comprehensive income/(loss) of equity investees.

**mm. Net income/(loss) per share**

Basic net income/(loss) per share is computed by dividing net income/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For the calculation of diluted net income/(loss) per share, the weighted average number of ordinary shares is adjusted by the effect of dilutive potential ordinary shares, including unvested RSUs and ordinary shares issuable upon the exercise of outstanding share options using the treasury stock method. Additionally, the Company takes into account the effect of dilutive shares of entities in which the Company holds equity interests. The dilutive impact from equity interests mainly include equity investments accounted for using the equity method and the consolidated subsidiaries. The effect mentioned above is not included in the calculation of the diluted income/(loss) per share when inclusion of such effect would be anti-dilutive.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

***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.

Before 2021, the Group’s principal operations were organized into two major business segments, JD Retail and New Businesses, which were defined based on the products and services provided. JD Retail mainly consisted of online retail, online marketplace and marketing services in China. New Businesses included logistics services provided to third parties, overseas business, technology initiatives, as well as asset management services to logistics property investors and sale of development properties by JD Property.

Beginning with the first quarter of 2021, the Group implemented certain segment reporting changes to better reflect its recently optimized organizational structure and business developments. The major changes in segment information mainly include: (1) Reported the results of JD Logistics as a new standalone segment. JD Logistics listed on the Main Board of HKEX on May 28, 2021. (2) Moved the results of Jingxi and the internal business of JD Property from JD Retail to New businesses. The changes relate to the realignment of JD Retail in connection with the establishment of the new Jingxi business group and the closing of JD Property Series A Preference Shares financing. As a result, the Group reports three segments, JD Retail, JD Logistics and New businesses. JD Retail mainly consists of online retail, online marketplace and marketing services in China. JD Logistics includes both internal and external logistics businesses. New businesses mainly include JD Property, Jingxi, overseas businesses and technology initiatives. These changes align with the manner in which the Group’s CODM uses financial information to evaluate the performance of, and to allocate resources to, each of the segments. The prior periods’ segment operating results have been retrospectively recast to conform to current period presentation.

***oo. Statutory reserves***

The Company’s subsidiaries and consolidated VIEs 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 the 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 consolidated VIEs, 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 the 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.

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, 2019, 2020 and 2021, profit appropriation to statutory surplus fund for the Group’s entities incorporated in the PRC was approximately RMB59 million, RMB74 million and RMB53 million, respectively. No appropriation to other reserve funds was made for any of the periods presented.

**JD.com, Inc.****Notes to the Consolidated Financial Statements****2. Summary of significant accounting policies (Continued)*****pp. Recent accounting pronouncements******Recently adopted accounting pronouncements***

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The Group adopted this standard beginning January 1, 2021 and the impact was not material to the consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323)*, which clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted, including early adoption in an interim period, for periods for which financial statements have not yet been issued. The Group adopted this standard beginning January 1, 2021 and the impact was not material to the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional expedients and exceptions to contract modifications and hedging relationships that reference the London Interbank Offered Rate or another reference rate expected to be discontinued. The standard is effective upon issuance through December 31, 2022 and may be applied at the beginning of the interim period that includes March 12, 2020 or any date thereafter. In January 2021, the FASB issued a new pronouncement, ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, for computing variation margin settlements, and for calculating price alignment interest in connection with reference rate reform activities under way in global financial markets. The amendments in ASU 2021-01 are effective upon issuance. The Group adopted these new standards upon issuance and the impact was not material to the Group's consolidated financial statements.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**2. Summary of significant accounting policies (Continued)**

***pp. Recent accounting pronouncements (Continued)***

*Recently issued accounting pronouncements not yet adopted*

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. For public companies, the guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Group’s consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, which amends ASC 805 to “require acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination.” Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date. According to the FASB, this update is intended “to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the following: a. Recognition of an acquired contract liability; b. Payment terms and their effect on subsequent revenue recognized by the acquirer.” For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The amendments in this update should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Group is currently evaluating the impact of this update on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosure by Business Entities about Government Assistance (ASU 2021-10)*, which improves the transparency of government assistance received by most business entities by requiring the disclosure of: (1) the types of government assistance received; (2) the accounting for such assistance; and (3) the effect of the assistance on a business entity’s financial statements. This guidance will be effective in the year ended December 31, 2022, with early adoption permitted. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**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, 2019, 2020 and 2021.

*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 and short-term investments. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2020 and 2021, majority of the Group's cash and cash equivalents, restricted cash and short-term investments were held by major financial institutions located in the PRC and Hong Kong which the 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 Chinese 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 mainly 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 processes of outstanding balances. Besides, JD Technology performs the related credit assessment of the consumer financing receivables recorded in the Group's consolidated balance sheets. JD Technology purchases the consumer financing receivables past due over certain agreed period of time from the Group at carrying values without recourse and also agrees to bear other cost directly related to the consumer financing business to absorb the risks.

*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 RMB58,097 million and RMB99,174 million as of December 31, 2020 and 2021, 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 the PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

*Foreign currency exchange rate risk*

Since June 2010, the RMB has fluctuated against the US\$, at times significantly and unpredictably. The appreciation of the RMB against the US\$ was approximately 7% and 2% for the years ended December 31, 2020 and 2021, respectively. It is difficult to predict how market forces or the PRC or U.S. government policy may impact the exchange rate between the RMB and the US\$ in the future.

**4. Restricted cash**

To meet the requirements of specific business operations, primarily including secured deposits held in designated bank accounts for issuance of bank acceptance and letter of guarantee, the Group held restricted cash of RMB4,434 million and RMB5,926 million as of December 31, 2020 and 2021, respectively.

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**5. Fair value measurement**

As of December 31, 2020 and 2021, information about inputs into the fair value measurement of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follows:

Description	Fair Value as of December 31, 2020	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(RMB in millions)				
<b>Assets:</b>				
Restricted cash	4,434	—	4,434	—
<b>Short-term investments</b>				
Wealth management products	24,294	—	24,294	—
<b>Investment securities</b>				
Listed equity securities	39,085	39,085	—	—
<b>Total assets</b>	<b>67,813</b>	<b>39,085</b>	<b>28,728</b>	<b>—</b>

Description	Fair Value as of December 31, 2021	Fair value measurement at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(RMB in millions)				
<b>Assets:</b>				
Restricted cash	5,926	—	5,926	—
<b>Short-term investments</b>				
Wealth management products	77,010	—	77,010	—
<b>Investment securities</b>				
Listed equity securities	19,088	19,088	—	—
<b>Total assets</b>	<b>102,024</b>	<b>19,088</b>	<b>82,936</b>	<b>—</b>

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**

Money market funds. The Group values its money market funds using quoted prices in active markets for these investments, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 1.

**Restricted cash**

Restricted cash is valued based on the pervasive interest rates in the market, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

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**5. Fair value measurement (Continued)**

**Short-term investments**

Wealth management products. The Group elected the fair value option to record wealth management products with variable interest rates and deposits indexed to foreign exchange with maturities less than one year and accounted them at fair value since 2021. 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. For the year ended December 31, 2021, a gain of RMB1,514 million resulting from changes in fair value of the products under fair value option was recorded in others, net.

As of December 31, 2020 and 2021, gross unrealized gains of RMB11,000 and RMB474 million were recorded on wealth management products, respectively. No impairment charges were recorded for the years ended December 31, 2019, 2020 and 2021, 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.

For the years ended December 31, 2019, 2020 and 2021, the unrealized gains/(losses) of the investment securities were a gain of RMB3,414 million, a gain of RMB18,722 million and a loss of RMB9,344 million, respectively, which are recognized in others, net in the consolidated statements of operations and comprehensive income/(loss).

The material investment securities are set out as below:

In 2017, the Group invested in China United Network Communications Limited (“China Unicom”) with a total consideration of RMB5,000 million. For the years ended December 31, 2019, 2020 and 2021, the unrealized gain/(loss) related to the investment in China Unicom was a gain of RMB527 million, a loss of RMB1,047 million and a loss of RMB388 million, respectively.

In 2017, the Group invested in Vipshop Holdings Ltd. (“Vipshop”) with a total consideration of RMB2,795 million. In 2018 and 2019, the Group purchased additional shares with a total amount of RMB1,122 million. For the years ended December 31, 2019, 2020 and 2021, the unrealized gain/(loss) related to the investment in Vipshop was a gain of RMB3,082 million, a gain of RMB4,272 million and a loss of RMB6,560 million, respectively.

In 2017, 2018 and 2020, the Group invested in Farfetch.com Limited (“Farfetch”) with a total consideration of RMB2,975 million. In 2020, the Group sold approximately 44.2% of its investment in Farfetch. For the years ended December 31, 2019 and 2020, the unrealized gain/(loss) related to the investment in Farfetch was a loss of RMB2,091 million and a gain of RMB8,427 million, respectively. In 2021, the Group further sold its remaining investment in Farfetch. The realized gain over the entire period of holding this investment is RMB13,308 million.

In 2018, the Group invested in ESR Cayman Limited (“ESR”) with a total consideration of RMB1,952 million, and this investment was accounted for as equity investment measured at fair value using the Measurement Alternative as of December 31, 2018. On November 1, 2019, ESR completed its IPO on the HKEX. Concurrently with ESR’s IPO, the Group sold approximately 3.4% of its investment in ESR and started to account for the remaining investment at fair value. In 2020, the Group further sold approximately 8.0% of its remaining investment in ESR. For the years ended December 31, 2019, 2020 and 2021, the unrealized gain/(loss) related to the investment in ESR was a gain of RMB1,777 million, a gain of RMB1,632 million and a loss of RMB396 million, respectively.

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## 5. Fair value measurement (Continued)

### Other financial instruments

The followings are other material financial instruments not measured at fair value in the consolidated balance sheets, but for which the fair value is estimated for disclosure purposes.

**Time deposits.** Time deposits with original maturities of three months or less and longer than three months but less than one year have been classified as cash equivalents and short-term investments, respectively, in the consolidated balance sheets. The fair value of the Group's time deposits is determined based on the prevailing interest rates in the market, which have been categorized as Level 2 in the fair value hierarchy. As of December 31, 2020 and 2021, the fair value of time deposits classified as cash equivalents and short-term investments amounted to RMB36,473 million and RMB39,282 million, respectively. As of December 31, 2020 and 2021, time deposits with original maturities of more than one year with the fair value of RMB5,073 million and RMB5,427 million, respectively, have been classified as other non-current assets in the consolidated balance sheets. The carrying value of time deposits approximates to fair value.

**Held-to-maturity debt securities.** Wealth management products that the Group has positive intent and ability to hold to maturity are accounted for as held-to-maturity debt securities, classified as short-term investments in the consolidated balance sheets. The fair value of the Group's held-to-maturity debt securities is determined based on the prevailing interest rates in the market, which have been categorized as Level 2 in the fair value hierarchy. As of December 31, 2020 and 2021, the fair value of held-to-maturity debt securities amounted to RMB17,470 million and RMB3,008 million, respectively. The carrying value of held-to-maturity debt securities approximates to fair value.

**Unsecured senior notes.** The Group determines the fair value of its unsecured senior notes using quoted prices in less active markets, and accordingly the Group categorizes the unsecured senior notes as Level 2 in the fair value hierarchy. As of December 31, 2020 and 2021, the fair value of unsecured senior notes amounted to RMB14,008 million and RMB10,020 million, respectively.

**Short-term receivables and payables.** Accounts receivable, loan receivables and prepayments and other current assets are financial assets with carrying values that approximate to fair value due to their short-term nature. Accounts payable, accrued expenses and other current liabilities and advance from customers (exclude contract liabilities), are financial liabilities with carrying values that approximate to fair value due to their short-term nature. The Group classifies the valuation techniques that use these inputs as Level 2 in the fair value hierarchy.

**Short-term debts and long-term borrowings.** Interest rates under the borrowing agreements with the lending parties were determined based on the prevailing interest rates in the market. The carrying value of short-term debts and long-term borrowings approximates to fair value. The Group classifies the valuation techniques that use these inputs as Level 2 in the fair value hierarchy.

### 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 in the fair value hierarchy due to the significance of unobservable inputs using company-specific information.

**Investment in equity investees.** Investments in privately held companies and publicly traded companies included in 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 without readily determinable fair value were measured using significant unobservable inputs (Level 3) as of December 31, 2020 and 2021, and the impairment charges of RMB1,612 million, RMB202 million and RMB119 million were recorded in others, net in the consolidated statements of operations and comprehensive income/(loss) for the years ended December 31, 2019, 2020 and 2021, respectively. As of December 31, 2020 and 2021, the accumulated impairment of the Group's investments in privately held companies under the Measurement Alternative was RMB2,660 million and RMB2,779 million, respectively. The valuation methodology used to estimate the fair value of investments in publicly traded companies (Level 1) and associated impairment charges are discussed in Note 8 — "Investment in equity investees".

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## **6. JD Technology reorganization**

In the first half of 2017, the Group entered into a series of definitive agreements relating to the reorganization of JD Technology. Pursuant to the definitive agreements, the Group disposed all its equity stake of 68.6% in JD Technology so that it held neither legal ownership nor effective control of JD Technology, received RMB14.3 billion in cash and is entitled to a royalty and software technical services fee of 40% of the future pre-tax profit of JD Technology when JD Technology has a positive pre-tax income on a cumulative basis. In addition, the Group would be able to convert its profit sharing right with respect to JD Technology into 40% of JD Technology's equity interest, subject to applicable regulatory approvals. Upon the completion of the reorganization on June 30, 2017, JD Technology was deconsolidated from the Group. After JD Technology's additional round of financing in 2018, the Group's percentage of JD Technology's pre-tax profit sharing has been diluted to approximately 36%, and if permitted by the regulation, the Group is entitled to convert its profit-sharing right into approximately 36% of JD Technology's equity interest.

In June 2020, the Group entered into agreements with JD Technology, pursuant to which the Group has, through a consolidated PRC domestic company, acquired an aggregate of 36.8% equity interest in JD Technology by converting the profit sharing right and investing additional RMB1.78 billion in cash in JD Technology. In addition, in June 2020, the shareholders of JD Technology passed a unanimous resolution to restructure JD Technology as a company limited by shares and adopt the dual class voting structure. As a result of this dual class voting shareholding structure, the Group held approximately 18.7% voting power of JD Technology. The transaction has been completed in June 2020. Accordingly, subsequent to the completion of the transaction, investment in JD Technology has been accounted for using equity method, as the Group has significant influence but does not own a majority equity interest or otherwise control. The Group and JD Technology are both controlled by Mr. Richard Qiangdong Liu before and after the transaction, so the acquisition of JD Technology's equity interest was achieved through an under the common control transaction.

Pursuant to the supplemental agreement entered between JD Technology and its shareholders in June 2020, upon certain redemption events of JD Technology, the Group and Suqian Dongtai Jinrong Investment Management Center, Suqian Mingjin Chuangyuan Enterprise Management Consulting Partnership, Mr. Richard Qiangdong Liu, Mr. Shengqiang Chen have the obligation to make up the shortfall (if any) of the redemption price to the other shareholders of JD Technology when all other means are exhausted, and the shortfall is capped by the proceeds from the sales of the guarantor's shares of JD Technology. As the Group and JD Technology both are entities under common control of Mr. Richard Qiangdong Liu, the Group is therefore exempted from recording a guarantee liability in its consolidated financial statements. Based on the Group's assessment, the chance to settle the guarantee obligation by the Group is not probable as of December 31, 2021.

On March 31, 2021, the Group entered into definitive agreements with JD Technology relating to the reorganization of the Group's cloud computing and artificial intelligence business ("JD Cloud & AI"). Pursuant to the definitive agreements, the Group transferred JD Cloud & AI and additional RMB4 billion in cash, as consideration in exchange for newly issued ordinary shares of JD Technology. To support the smooth business transition of JD Cloud & AI, the Group also transferred some equipment and reserved some restricted share units of the Group for the employees of JD Cloud & AI, for which JD Technology paid cash consideration. Upon completion of the transactions on March 31, 2021, JD Cloud & AI was deconsolidated from the Group's consolidated financial statements, and the Group's equity interest in JD Technology increased from 36.8% to 41.7%. The Group and JD Technology are both controlled by Mr. Richard Qiangdong Liu before and after the transaction, so the acquisition of JD Technology's equity interest was achieved through an under the common control transaction.

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**7. Business acquisition****Acquisition of Jiangsu Five Star**

In April 2019, the Group invested RMB1,274 million with a combination of cash and assumption of the seller's debt as consideration to acquire ordinary shares of Jiangsu Five Star, a leading offline retailer of home appliances and consumer electronics, from its existing shareholder (the "Seller"), in exchange for 46% of Jiangsu Five Star's total equity interest. The Group also provided a fifteen months interest-bearing loan of RMB1,025 million to the Seller and has the rights to purchase additional shares.

In April 2020, the Group acquired additional 37% equity interest in Jiangsu Five Star by converting the loan of RMB1,025 million aforementioned. A gain of RMB442 million in relation to the revaluation of the previously held equity interests was recorded in "share of results of equity investees" in the consolidated statements of operations and comprehensive income/(loss) for the year ended December 31, 2020. The fair value of the previously held equity interests was estimated based on the equity value of Jiangsu Five Star, which is estimated by applying an income approach.

The purchase price as of the date of acquisition is comprised of:

	<u>Amounts</u> <u>(RMB in millions)</u>
Conversion of loan and assuming of debt	1,025
Fair value of previously held equity interests	1,274
Total	<u>2,299</u>

The transaction was considered a business acquisition and therefore was recorded using the acquisition method of accounting. The allocation of the purchase price based on the fair values of the acquired assets and liabilities as of the date of acquisition is summarized as follows:

	<u>Amounts</u> <u>(RMB in millions)</u>
Net liabilities assumed	(14)
Appreciation of property, equipment and software	190
Intangible assets	
- Trademark	489
Goodwill	2,185
Deferred tax liabilities	(170)
Non-controlling interests	(381)
Total	<u>2,299</u>

Net assets acquired primarily consisted of restricted cash of RMB1,720 million, inventories of RMB1,652 million and accounts payable of RMB4,102 million as of the date of acquisition. The amortization period for intangible assets acquired was 19 years. Fair value of the non-controlling interests was estimated by applying an income approach.

Accounts receivable acquired was immaterial at the date of acquisition.

Goodwill arising from the acquisition of Jiangsu Five Star was attributable to the benefit of expected synergies, the assembled workforce, revenue growth and future market development as of the date of acquisition and recorded in JD Retail segment. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

In June 2020, the Group acquired the remaining 17% equity interest in Jiangsu Five Star by assuming the Seller's RMB428 million debt owed to Jiangsu Five Star. Upon completion of the transaction, Jiangsu Five Star became a wholly-owned subsidiary of the Company.

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**7. Business acquisition (Continued)****Acquisition of Kuayue Express**

In August 2020, the Group entered in a definitive agreement pursuant to which JD Logistics, a subsidiary of the Company, acquired approximately 60.2% of the issued and outstanding ordinary shares of Kuayue-Express Group Co., Ltd. (“Kuayue Express”), a renowned modern integrated express transportation enterprise, for a consideration of RMB2,966 million with a combination of cash and ordinary shares of JD Logistics. Upon completion of the transaction, Kuayue Express became a consolidated subsidiary of the Company.

The purchase price as of the date of acquisition is comprised of:

	<u>Amounts</u> <u>(RMB in millions)</u>
Cash	2,850
Issuance of ordinary shares of JD Logistics less cash proceeds received	116
Total	<u>2,966</u>

The transaction was considered a business acquisition and therefore was recorded using the acquisition method of accounting. The allocation of the purchase price based on the fair values of the acquired assets and liabilities as of the date of acquisition is summarized as follows:

	<u>Amounts</u> <u>(RMB in millions)</u>
Net assets acquired	1,110
Appreciation of property, equipment and software	362
Intangible assets	
- Customer relationship	2,550
Goodwill	1,633
Deferred tax liabilities	(728)
Non-controlling interests	(1,961)
Total	<u>2,966</u>

Net assets acquired primarily consisted of cash and cash equivalents of RMB1,376 million and borrowings of RMB986 million as of the date of acquisition. The amortization period for intangible assets acquired was 9 years. Fair value of the non-controlling interests was estimated by applying an income approach.

The accounts receivable acquired with a fair value of RMB830 million at the date of acquisition had gross contractual amounts of RMB924 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB94 million.

Goodwill arising from the acquisition of Kuayue Express was attributable to the benefit of expected synergies, the assembled workforce, revenue growth and future market development as of the date of acquisition and recorded in JD Logistics segment. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Results of operations attributable to the aforementioned acquisitions and pro forma results of operations for the aforementioned acquisitions have not been presented because they are not material to the consolidated statements of operations and comprehensive income/(loss) for the year ended December 31, 2020, either individually or in aggregate. During the year ended December 31, 2021, the Group acquired a few businesses which were not material to the consolidated statements of operations and comprehensive income/(loss), either individually or in aggregate.

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**8. Investment in equity investees**

**Measurement Alternative and NAV practical expedient**

The carrying amount of the Group's equity investments measured at fair value using the Measurement Alternative was RMB21,624 million and RMB19,643 million as of December 31, 2020 and 2021, respectively, and the carrying amount of the Group's investments under NAV practical expedient was RMB6,712 million and RMB7,325 million as of December 31, 2020 and 2021, respectively. For the years ended December 31, 2019, 2020 and 2021, the Group invested RMB6,198 million, RMB10,201 million and RMB4,787 million in multiple private companies and private equity funds accounted for under the Measurement Alternative and NAV practical expedient, respectively, which may have operational synergy with the Group's core business. During the years ended December 31, 2019, 2020 and 2021, fair value changes recognized for equity investments which were measured using the Measurement Alternative, excluding the gain from fair value change recognized on ATRenew Inc. ("ATRenew", formerly known as AiHuiShou International Co. Ltd.) for the year ended December 31, 2021, and NAV practical expedient were not significant, respectively.

**Equity method**

As of December 31, 2021, the Group's investments accounted for under the equity method totaled RMB36,254 million (as of December 31, 2020: RMB30,165 million), which mainly included the investment in Yonghui Superstores Co., Ltd, ("Yonghui") amounting to RMB4,592 million, the investment in Dada Nexus Limited ("Dada") amounting to RMB6,075 million, the investment in JD Technology amounting to RMB11,202 million and investment in ATRenew amounting to RMB2,832 million. 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.

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**8. Investment in equity investees (Continued)****Equity method (Continued)**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. In 2018 and 2020, the Group acquired additional ordinary shares from the existing shareholders of Yonghui, the Group's interest in Yonghui's issued and outstanding ordinary shares increased from 10% to 13% accordingly. Yonghui is a leading hypermarket and supermarket operator in China and is listed on the Shanghai Stock Exchange. As of December 31, 2021, total consideration for the investment in Yonghui was RMB6,462 million in cash. Investment in Yonghui is accounted for using the equity method as the Group obtained significant influence by the rights to nominate two board members out of nine. The Group received dividend of RMB120 million, RMB147 million and RMB25 million for the years ended December 31, 2019, 2020 and 2021, respectively, which have been recorded as a reduction to the carrying amount of investment in Yonghui.

Investment in Yonghui is accounted for using the equity method with the investment cost allocated as follows:

	As of	
	<u>December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Carrying value of investment in Yonghui's ordinary shares	6,538	4,592
Proportionate share of Yonghui's net tangible and intangible assets	2,602	2,225
Positive basis difference	<u>3,936</u>	<u>2,367</u>
Positive basis difference has been assigned to:		
Goodwill(*)	2,603	1,111
Amortizable intangible assets (**)	1,777	1,674
Deferred tax liabilities	(444)	(418)
	<u>3,936</u>	<u>2,367</u>

(\*) In the third quarter of 2021, the Group conducted impairment assessments on its investment in Yonghui considering the duration and severity of the decline of Yonghui's stock price after the investment, and concluded the decline in fair value of the investment was other-than-temporary. Accordingly, the Group recorded impairment charges of RMB1,492 million, to write down the carrying value of its investment in Yonghui to its fair value, based on quoted closing prices of Yonghui as of September 30, 2021.

(\*\*) As of December 31, 2021, the weighted average remaining life of the intangible assets not included in Yonghui's consolidated financial statements was 14 years.

As of December 31, 2020 and 2021, the market value of the Group's investment in Yonghui was RMB8,723 million and RMB4,921 million based on its quoted closing price, respectively.

Investment in Dada

Prior to 2019, the Group acquired ordinary shares and preferred shares of Dada for total consideration of RMB5,723 million with a combination of RMB3,513 million in cash, the Group's a series of future services arrangements commenced from 2016, including supply chain support for a period of 10 years, traffic and other additional support for a period of 7 years, non-compete obligation for a period of 7 years from 2016 and the Group's O2O business, JD Daojia. On June 5, 2020, Dada completed its initial public offering on the Nasdaq Stock Market ("Dada IPO"). Concurrently with Dada IPO, the Group converted its preferred shares investment in Dada to ordinary shares in entirety. In addition, the Group subscribed for additional ordinary shares of Dada with cash consideration of RMB703 million in 2020. The Group's interest in Dada was diluted to approximately 46% and a deemed disposal gain of RMB5,229 million was recognized in "shares of results of equity investees" in the consolidated statements of operations and comprehensive income/(loss) for the year ended December 31, 2020. Dada is China's leading local on-demand delivery and retail platform. The investment in Dada's ordinary shares was accounted for using the equity method as the Group obtained significant influence by the rights to nominate three board members out of nine.

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**8. Investment in equity investees (Continued)****Equity method (Continued)**Investment in Dada (Continued)

The investment in Dada is accounted for using the equity method with the investment cost allocated as follows:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	<u>(RMB in millions)</u>	
Carrying value of investment in Dada's ordinary shares	7,280	6,075
Proportionate share of Dada's net tangible and intangible assets	3,336	2,136
Positive basis difference	<u>3,944</u>	<u>3,939</u>
Positive basis difference has been assigned to:		
Goodwill	3,893	3,893
Amortizable intangible assets (*)	68	61
Deferred tax liabilities	<u>(17)</u>	<u>(15)</u>
	<u>3,944</u>	<u>3,939</u>

(\*) As of December 31, 2021, the weighted average remaining life of the intangible assets not included in Dada's consolidated financial statements was 4 years.

As of December 31, 2020 and 2021, the market value of the Group's investment in Dada was RMB25,846 million and RMB9,106 million based on its quoted closing price, respectively.

Investment in JD Technology

As disclosed in Note 6 — "JD Technology reorganization", investment in JD Technology has been accounted for using the equity method subsequent to June 2020.

In June 2020, the Group entered into agreements with JD Technology, pursuant to which the Group has acquired an aggregate of 36.8% equity interest in JD Technology by converting the profit sharing right and investing additional RMB1.78 billion in cash in JD Technology. Upon the completion of the acquisition of JD Technology' equity interests, the investment in JD Technology is accounted for using the equity method. In March 2021, the Group transferred JD Cloud & AI with investing additional RMB4 billion in cash in exchange of ordinary shares in JD Technology, and the Group's equity interest in JD Technology increased to approximately 41.7%. As the Group and JD Technology are both controlled by Mr. Richard Qiangdong Liu before and after the acquisition of JD Technology' equity interests, the acquisition is considered to be a transaction under common control. Pursuant to ASC 805-50-25-2, the Group recorded the investment in JD Technology amounting to RMB7.43 billion and RMB2.62 billion in 2020 and 2021, respectively, based on its proportioned net assets of JD Technology. The difference between consideration transferred and the carrying amounts of the net assets received, which was an increase of RMB5.65 billion into additional paid-in capital and a decrease of RMB901 million into additional paid-in capital has been recorded for the years ended December 31, 2020 and 2021, respectively.

Investment in ATRenew*Pre-IPO investment in ATRenew*

Prior to 2018, the Group acquired preferred shares of ATRenew for total consideration of RMB359 million. In June 2019, the Group signed series of agreements with ATRenew, merged its Paipai Secondhand business into ATRenew with certain exclusive traffic resources for the next 5 years, and additionally invested RMB139 million in cash in exchange for an additional preferred shares investment in ATRenew. Total consideration for the above investment in ATRenew was RMB3,381 million. In 2020 and 2021, the Group completed further investment in preferred shares of ATRenew for a cash consideration of RMB401 million and RMB129 million, respectively. ATRenew is a leading technology-driven pre-owned consumer electronics transactions and services platform in China, the investment in ATRenew's preferred shares is accounted for under the Measurement Alternative as the underlying preferred shares were not considered in-substance common stock and had no readily determinable fair value.

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**8. Investment in equity investees (Continued)****Equity method (Continued)**Investment in ATRenew (Continued)*Post-IPO investment in ATRenew*

On June 18, 2021, ATRenew completed its initial public offering on the Nasdaq Stock Market (“ATRenew IPO”), upon which the preferred shares investment in ATRenew were converted to ordinary shares in entirety. Pursuant to ASU 2020-01, the Group remeasured its previously held interest based on the observable price in orderly transactions and recorded a gain from fair value change of RMB2,305 million in others, net in the consolidated statements of operations and comprehensive income/(loss) for the year ended December 31, 2021. Concurrently, the Group subscribed additional 2,333,333 ordinary shares of ATRenew with cash consideration of RMB321 million. Upon the offering, the Group held approximately 33% of ATRenew’s issued and outstanding shares and had two out of seven board seats. Accordingly, investment in ATRenew’s ordinary shares was accounted for using the equity method as the Group obtained significant influence. In December 2021, the Group purchased for additional ordinary shares of ATRenew with cash consideration of RMB41 million.

The investment in ATRenew is accounted for using the equity method with the investment cost allocated as follows:

	<u>As of December 31,</u> <u>2021</u> <u>(RMB in millions)</u>
Carrying value of investment in ATRenew’s ordinary shares	2,832
Proportionate share of ATRenew’s net tangible and intangible assets	2,209
Positive basis difference	623
Positive basis difference has been assigned to:	
Goodwill (*)	35
Amortizable intangible assets (**)	784
Deferred tax liabilities	(196)
	<u>623</u>

(\*) In the fourth quarter of 2021, the Group conducted impairment assessments on its investment in ATRenew considering the duration and severity of the decline of ATRenew’s stock price after the investment, and concluded the decline in fair value of the investment was other-than-temporary. Accordingly, the Group recorded impairment charges of RMB3,909 million, to write down the carrying value of its investment in ATRenew to its fair value, based on quoted closing prices of ATRenew as of December 31, 2021.

(\*\*) As of December 31, 2021, the weighted average remaining life of the intangible assets not included in ATRenew’s consolidated financial statements was 8 years.

As of December 31, 2021, the market value of the Group’s investment in ATRenew was RMB2,832 million based on its quoted closing price.

The Group recorded its interests in Yonghui, Dada, JD Technology and ATRenew one quarter in arrears to enable the Group to provide its financial disclosure independent of the reporting schedule of these equity investees.

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**8. Investment in equity investees (Continued)**

**Equity method (Continued)**

The Group summarizes the condensed financial information of the Group's equity investments under equity method as a group below in accordance with Rule 4-08 of Regulation S-X:

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in millions)		
Revenues	128,942	140,263	145,582
Gross profit	34,541	45,590	39,736
Income/(loss) from operations	(534)	5,157	1,877
Net income/(loss)	(565)	2,680	(250)
Net income/(loss) attributable to ordinary shareholders	(1,235)	3,292	675

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Current assets	129,535	150,304
Non-current assets	97,110	140,872
Current liabilities	97,669	109,790
Non-current liabilities	17,371	49,919
Non-controlling interests	1,119	973

The Group performs impairment assessment of its investments under the Measurement Alternative 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 equity method investments of RMB797 million, RMB488 million and RMB5,514 million were recorded in "share of results of equity investees" in the consolidated statements of operations and comprehensive income/(loss) for the years ended December 31, 2019, 2020 and 2021, respectively. The valuation of impairment in privately held companies under the Measurement Alternative is discussed in Note 5 — "Fair value measurement".

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**9. Accounts receivable, net**

Accounts receivable, net consist of the following:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Logistics receivables	4,406	6,204
Online retail and online marketplace receivables (*)	2,103	5,840
Advertising receivables and others	1,169	890
Accounts receivable	7,678	12,934
Allowance for doubtful accounts	(566)	(1,034)
Accounts receivable, net	<u>7,112</u>	<u>11,900</u>

The movements in the allowance for doubtful accounts are as follows:

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in millions)		
Balance at beginning of the year	(178)	(318)	(566)
Additions	(214)	(331)	(535)
Write-off	74	83	67
Balance at end of the year	<u>(318)</u>	<u>(566)</u>	<u>(1,034)</u>

- (\*) For the accounts receivable in relation to consumer financing business, which is recorded in online retail and online marketplace receivables, as JD Technology performs credit risk assessment services for the individuals and purchases the over-due receivables from the Group at carrying values to absorb the risks and obtain the rewards from such business, no allowance for doubtful accounts in relation to consumer financing receivables were provided.

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**10. Inventories, net**

Inventories, net consist of the following:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Products	60,455	77,422
Packing materials and others	470	478
Inventories	60,925	77,900
Inventory valuation allowance	(1,992)	(2,299)
Inventories, net	<u>58,933</u>	<u>75,601</u>

**11. Property, equipment and software, net**

Property, equipment and software, net consist of the following:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Electronic equipment	15,112	11,222
Building and building improvement	11,276	21,072
Logistics, warehouse and other heavy equipment	7,418	10,084
Vehicles	1,776	2,681
Leasehold improvement	2,900	3,766
Office equipment	440	530
Software	781	867
Total	39,703	50,222
Less: accumulated depreciation	<u>(17,106)</u>	<u>(17,278)</u>
Net book value	<u>22,597</u>	<u>32,944</u>

Depreciation expenses were RMB4,673 million, RMB5,037 million and RMB5,000 million for the years ended December 31, 2019, 2020 and 2021, respectively. No impairment charge was recorded for the years ended December 31, 2019, 2020 and 2021, respectively.

**12. Land use rights, net**

Land use rights, net consist of the following:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Land use rights	11,787	15,253
Less: accumulated amortization	(662)	(925)
Net book value	<u>11,125</u>	<u>14,328</u>

Amortization expenses for land use rights were RMB222 million, RMB229 million and RMB276 million for the years ended December 31, 2019, 2020 and 2021, respectively. No impairment charge was recorded for the years ended December 31, 2019, 2020 and 2021, respectively.

As of December 31, 2021, amortization expenses related to the land use rights for future periods are estimated to be as follows:

	<b>For the year ended December 31,</b>					
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027 and thereafter</b>
	<b>(RMB in millions)</b>					
Amortization expenses	319	319	319	319	319	12,733

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**13. Intangible assets, net**

Intangible assets, net consist of the following:

As of December 31, 2020					
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Impairment Amount	Net Carrying Amount
	Year	RMB in millions	RMB in millions	RMB in millions	RMB in millions
Strategic cooperation	5.0	6,075	(6,075)	—	—
Non-compete	8.0	2,467	(1,811)	—	656
Domain names and trademarks	18.9	3,911	(837)	(27)	3,047
Customer relationship	8.9	2,689	(155)	(60)	2,474
Technology and others	6.0	1,019	(648)	(85)	286
Total	9.5	16,161	(9,526)	(172)	6,463

As of December 31, 2021					
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Impairment Amount	Net Carrying Amount
	Year	RMB in millions	RMB in millions	RMB in millions	RMB in millions
Strategic cooperation	5.0	6,075	(6,075)	—	—
Non-compete	8.0	2,467	(2,120)	—	347
Domain names and trademarks	18.9	4,186	(1,066)	(27)	3,093
Customer relationship	8.8	2,713	(454)	(60)	2,199
Technology and others	6.0	1,050	(767)	(85)	198
Total	9.6	16,491	(10,482)	(172)	5,837

Amortization expenses for intangible assets were RMB933 million, RMB802 million and RMB956 million for the years ended December 31, 2019, 2020 and 2021, respectively. No impairment charge was recorded for the years ended December 31, 2019, 2020 and 2021, respectively.

As of December 31, 2021, amortization expenses related to the intangible assets for future periods are estimated to be as follows:

	For the year ended December 31,					2027 and thereafter
	2022	2023	2024	2025	2026	
	(RMB in millions)					(RMB in millions)
Amortization expenses	818	699	576	513	507	2,724

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**14. Goodwill**

The changes in the carrying amount of goodwill are as follows, with information retrospectively adjusted in accordance with the segment changes as disclosed in Note 33:

	<u>JD Retail</u>	<u>JD Logistics</u>	<u>New Businesses</u>	<u>Total</u>
	(RMB in millions)			
Balance as of December 31, 2019				
Goodwill	6,651	—	2,593	9,244
Accumulated impairment loss	(7)	—	(2,593)	(2,600)
	<u>6,644</u>	<u>—</u>	<u>—</u>	<u>6,644</u>
Transaction in 2020				
Additions	2,627	1,633	—	4,260
Balance as of December 31, 2020				
Goodwill	9,278	1,633	2,593	13,504
Accumulated impairment loss	(7)	—	(2,593)	(2,600)
	<u>9,271</u>	<u>1,633</u>	<u>—</u>	<u>10,904</u>
Transaction in 2021				
Additions	1,529	—	—	1,529
Balance as of December 31, 2021				
Goodwill	10,807	1,633	2,593	15,033
Accumulated impairment loss	(7)	—	(2,593)	(2,600)
	<u>10,800</u>	<u>1,633</u>	<u>—</u>	<u>12,433</u>

No impairment loss of goodwill was recorded for the years ended December 31, 2019, 2020 and 2021, respectively.

**15. Accounts payable**

Accounts payable consist of the following:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Vendor payable	84,643	112,317
Shipping charges payable and others	22,175	28,167
Total	<u>106,818</u>	<u>140,484</u>

JD Technology and other financial institutions (the “Institutions”) offer supply chain financing services to the Group’s suppliers. Suppliers can sell one or more of the Group’s payment obligations at their sole discretion to the Institutions to receive funds ahead of time to meet their cash flow needs. The Group’s rights and obligations are not impacted. The original payment terms, timing or amount, remain unchanged. As of December 31, 2020 and 2021, RMB11,942 million and RMB20,127 million, respectively, of the outstanding payment obligations were elected by the suppliers and sold to the Institutions.

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**16. Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consist of the following:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2021</u>
	(RMB in millions)	
Deposits	15,344	17,372
Salary and welfare	7,984	8,396
Rental fee payable	677	1,199
Accrued administrative expenses	513	1,165
Professional fee	756	904
Liabilities for return allowances	496	618
Internet data center fee	562	444
Vehicle fee	316	437
Payable related to employees' exercise of share-based awards	269	333
Interest payable	136	134
Others	2,982	3,466
Total	<u>30,035</u>	<u>34,468</u>

**17. 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 million. 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 unsecured senior notes were issued at a discount amounting to RMB79 million. The debt issuance costs of RMB36 million were presented as a direct deduction from the principal amount of the unsecured senior notes in the consolidated balance sheets. The five-year unsecured senior notes due 2021 for the principle amount of US\$500 million were mature on April 29, 2021, and the Company repaid the principle amount of US\$500 million and the last semi-annual interests.

In January 2020, the Company issued unsecured senior notes with two maturity dates for an aggregate principal amount of US\$1,000 million. 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 July 14, 2020. The unsecured senior notes were issued at a discount amounting to RMB37 million. The debt issuance costs of RMB45 million were presented as a direct deduction from the principal amount of the unsecured senior notes in the consolidated balance sheets.

For the year ended December 31, 2020, the Group repurchased the Company's unsecured senior notes from the open market with a total principal amounts of US\$12 million (RMB78 million) at a reacquisition price of US\$10 million (RMB72 million). The repurchased unsecured senior notes were derecognized from the Group's consolidated balance sheets, and the relevant repurchase gains amounting to RMB11 million were recognized in "interest expense" in the Group's consolidated statements of operations and comprehensive income/(loss) for the year ended December 31, 2020. There was no unsecured senior notes repurchased in 2021.

A summary of the Company's unsecured senior notes as of December 31, 2020 and 2021 is as follows:

	<u>As of December 31,</u>		<u>Effective interest rate</u>
	<u>2020</u>	<u>2021</u>	
	(RMB in millions)		
US\$500 million 3.125% notes due 2021	3,260	—	3.37%
US\$500 million 3.875% notes due 2026	3,220	3,154	4.15%
US\$700 million 3.375% notes due 2030	4,502	4,402	3.47%
US\$300 million 4.125% notes due 2050	1,872	1,830	4.25%
Carrying value	12,854	9,386	
Unamortized discount and debt issuance costs	118	101	
Total principal amounts of unsecured senior notes	<u>12,972</u>	<u>9,487</u>	

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**17. Unsecured senior notes (Continued)**

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 notes will rank senior in rights of payment to all of the Company's existing and future obligations expressly subordinated in rights of payment to the notes and rank at least equal in rights of payment with all of the Company's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law).

As of December 31, 2021, the principal of the unsecured senior notes of RMB3,188 million, RMB4,431 million and RMB1,868 million will be due in 2026, 2030 and 2050, respectively. The principal of the unsecured senior notes will be due according to the following schedule:

	<b>Principal amounts (RMB in millions)</b>
Within 1 year	—
Between 1 to 2 years	—
Between 2 to 3 years	—
Between 3 to 4 years	—
Between 4 to 5 years	3,188
Beyond 5 years	6,299
Total	<u>9,487</u>

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**18. Leases**

The Group has operating leases for warehouses, stores, office spaces, delivery centers and other corporate assets that the Group utilizes under lease arrangements.

A summary of supplemental information related to operating leases as of December 31, 2020 and 2021 is as follows:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Operating lease ROU assets	15,484	19,987
Operating lease liabilities-current	5,513	6,665
Operating lease liabilities-non-current	10,250	13,721
Total operating lease liabilities	<u>15,763</u>	<u>20,386</u>
Weighted average remaining lease term	4.8 years	5.6 years
Weighted average discount rate	5.0%	5.0%

A summary of lease cost recognized in the Group's consolidated statements of operations and comprehensive income/(loss) and supplemental cash flow information related to operating leases is as follows:

	<b>For the year ended</b>		
	<b>December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>		
Operating lease cost	3,377	4,903	6,763
Short-term lease cost	1,213	1,902	2,782
Total	<u>4,590</u>	<u>6,805</u>	<u>9,545</u>
Cash paid for operating leases	3,461	4,801	6,715

A summary of maturity of operating lease liabilities under the Group's non-cancelable operating leases as of December 31, 2021 is as follows:

	<b>As of</b>
	<b>December 31,</b>
	<b>2021</b>
	<b>(RMB in millions)</b>
2022	6,778
2023	4,807
2024	3,338
2025	2,292
2026	1,504
2027 and thereafter	4,843
Total lease payments	<u>23,562</u>
Less: interest	<u>(3,176)</u>
Present value of operating lease liabilities	<u>20,386</u>

As of December 31, 2021, the Group has no significant lease contract that has been entered into but not yet commenced.

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**19. Gain on sale of development properties**

Gain on sale of development properties for the years ended December 31, 2019, 2020 and 2021 were RMB3,885 million, RMB1,649 million and RMB767 million, respectively. The gain on sale of development properties for the years ended December 31, 2019, 2020 and 2021, were mainly derived from disposals of logistics facilities to JD Logistics Properties Core Fund, L.P. (“Core Fund”), JD Logistics Properties Core Fund II, L.P. (the “Core Fund II”), JD Logistics Properties Development Fund I, L.P. (“Development Fund I”) and JD Aries Development XXXXX (HK) Limited (“Acquisition Fund I”).

In 2018, the Group established JD Property to manage the expanding logistics facilities and other real estate properties. In February 2019 and January 2020, JD Property established Core Fund and Core Fund II (collectively, the “Core Funds”) together with GIC Private Limited (“GIC”), Singapore’s sovereign wealth fund, respectively. The Group serves as the general partner and committed 20% and 10% of the total capital of Core Fund and Core Fund II as the limited partner, and GIC committed the remaining 80% and 90%, respectively.

Furthermore, in February 2019 and January 2020, the Group entered into definitive agreements with Core Fund and Core Fund II, pursuant to which the Group will dispose of certain modern logistics facilities to Core Fund and Core Fund II for a total gross asset value of approximately RMB11 billion and RMB5 billion, respectively, and concurrently lease back these completed facilities for operational purposes with an initial lease term of 4 to 7 years. The annual rent for the completed facilities is set at fair market rent for the initial lease term and will be adjusted based on the growth rate of fair market rent at the beginning of each subsequent 5 years’ period. The Group may choose to renew the lease upon the expiry of the initial lease agreement if the adjusted rental rate is acceptable. Core Funds used leverage to finance the purchase, and the closing of the purchase is subject to certain conditions, including the availability of debt financing.

The investment committee of Core Fund and Core Fund II, which comprises the representatives from JD Property and GIC, will oversee the key operations of each fund, respectively. Given the control over Core Funds is shared between JD Property and GIC, JD Property does not consolidate Core Funds and investments in Core Funds are accounted for using the equity method as JD Property obtained significant influence by the rights to nominate two members of each investment committee out of four. The lease back transaction is accounted for under ASC 842 as operating lease, and the ROU assets and operating lease liabilities were recorded accordingly.

Since the second half of 2019 and 2020, the closing conditions for each asset group of completed logistics facilities were successively met and Core Fund and Core Fund II signed definitive facility agreements with bank consortium to finance the purchase, respectively. As of December 31, 2021, all logistics facilities under asset groups related to Core Funds have been completed and satisfied hand-over condition. Therefore, the Group recorded a disposal gain to Core Funds of RMB3,801 million, RMB1,181 million and RMB637 million for the years ended December 31, 2019, 2020 and 2021, respectively, which represents the excess of cash consideration of the net assets, including the consideration received and expected to receive, over the carrying value of the net assets disposed as of the disposal date. Regarding the logistics facilities that had not satisfied hand-over condition as of December 31, 2020, the Group classified the related undisposed assets and liabilities as assets and liabilities held for sale, which included cash and cash equivalents of RMB116 million.

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**19. Gain on sale of development properties (Continued)**

In the second half of 2020, JD Property entered into definitive agreements to establish another logistics investment fund, Development Fund I, together with GIC and Mubadala Investment Company (“MIC”) to replicate the successful experience of Core Funds. Development Fund I planned to acquire some of the Group’s uncompleted modern logistics facilities. JD Property serves as general partner and committed 40% of the total capital of Development Fund I as a limited partner, and GIC and MIC committed the remaining 60% collectively.

In December 2020, the Group entered into definitive agreements with Development Fund I to sell certain of its uncompleted modern logistics facilities, and will concurrently lease back such facilities for operational purposes when completed. The closing conditions for such facilities were successively met since December 2020 and the Group recorded a disposal gain of RMB468 million and RMB112 million for the years ended December 31, 2020 and 2021, respectively. As of December 31, 2021, all logistics facilities under asset groups related to Development Fund I have satisfied hand-over condition, and been derecognized by the Group.

In the second half of 2021, JD Property entered into definitive agreements to establish another logistics investment fund, Acquisition Fund I, by disposing 60% equity interests of JD Aries Development XXXXX (HK) Limited, which contained an uncompleted modern logistics facility, to a third party. The board of directors of Acquisition Fund I, which comprises board members from JD Property and the third-party investor, oversees the key operations of Acquisition Fund I. Given the control over Acquisition Fund I is shared between JD Property and the third-party investor, JD Property does not consolidate Acquisition Fund I and investment in Acquisition Fund I is accounted for using the equity method as JD Property obtained significant influence by the rights to nominate two members of the board of directors out of four. JD Property lost control of JD Aries Development XXXXX (HK) Limited and recognized a disposal gain of RMB18 million. Acquisition Fund I plans to acquire some of JD Property’s uncompleted modern logistics facilities and each shareholder of JD Aries Development XXXXX (HK) Limited committed to contribute proportionately.

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**20. Interest expense**

Interest expense consists of the following:

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Interest expense in relation to nonrecourse securitization debt	(38)	—	—
Interest expense in relation to unsecured senior notes, bank borrowings and others	(687)	(1,125)	(1,213)
<b>Total</b>	<b><u>(725)</u></b>	<b><u>(1,125)</u></b>	<b><u>(1,213)</u></b>

**21. Others, net**

Others, net consist of the following:

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Gains/(losses) from fair value change of long-term investments	3,496	29,483	(7,252)
Government financial incentives	2,222	2,545	2,482
Interest income	1,786	2,753	4,213
Gain from business and investment disposals	1,199	279	140
Impairment of investments	(1,954)	(208)	(574)
Foreign exchange gains/(losses), net	124	(90)	42
Others	288	548	359
<b>Total</b>	<b><u>7,161</u></b>	<b><u>35,310</u></b>	<b><u>(590)</u></b>

Government financial incentives represent rewards provided by the relevant PRC municipal government authorities to the Group for business achievements made by the Group. Government financial incentives are recognized in others, net in the consolidated statements of operations and comprehensive income/(loss) when the government financial incentives are received and no further conditions need to be met. 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.

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**22. Taxation**

**a) Value added tax (“VAT”)**

The Group is subject to statutory VAT rate of 10% from May 1, 2018 to March 31, 2019 and 9% from April 1, 2019 for revenues from sales of audio, video products and books in the PRC. The Group is subject to statutory VAT rate of 16% from May 1, 2018 to March 31, 2019 and 13% from April 1, 2019 for sales of other products in the PRC. The Group is exempted from VAT for revenues from sales of books from January 1, 2014 to December 31, 2023 in comply with relevant VAT regulations of the PRC.

The Group is subject to VAT at the rate of 6% or 10%/9% (10% from May 1, 2018 to March 31, 2019 and 9% from April 1, 2019) for revenues from logistics services, and 6% for revenues from online advertising and other services.

The Group is also subject to cultural undertaking development fees at the rate of 3% on revenues from online advertising services in the PRC, which is reduced by 50% from July 1, 2019 to December 31, 2019, and exempted from January 1, 2020 to December 31, 2021.

**b) 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 gains. 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 the British Virgin Islands are not subject to tax on their income or capital gains.

*Indonesia*

Under the current laws of the Republic of Indonesia, the Group’s subsidiaries in Indonesia are subject to 25%, 22%, and 22% income tax rate on its taxable income generated from operations in Indonesia for the years ended December 31, 2019, 2020 and 2021, respectively.

*Singapore*

Under the current laws of Singapore, the Group’s subsidiaries in Singapore are subject to 17% income tax rate on any taxable income accruing in or derived from Singapore, or received in Singapore from outside Singapore for the years ended December 31, 2019, 2020 and 2021, respectively.

*Hong Kong*

The Group’s subsidiaries incorporated in Hong Kong are subject to a two-tiered income tax rate on its taxable income generated from operations in Hong Kong effective on April 1, 2018. The first HK\$2 million of profits earned by its subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. Under the Hong Kong tax laws, entities in HK are exempted from the Hong Kong income tax on its foreign-derived income. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

*China*

Under the PRC Enterprise Income Tax Law (the “EIT Law”), the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. Most of the Group’s PRC subsidiaries and consolidated VIEs are subject to the statutory income tax rate of 25%.

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**22. Taxation (Continued)****b) Income tax (Continued)***China (Continued)*

The EIT Law and its implementation rules permit certain High and New Technologies Enterprises, or HNTEs, to enjoy a reduced 15% enterprise income tax rate subject to these HNTEs meeting certain qualification criteria. In addition, the relevant EIT laws and regulations also provide that entities recognized as Software Enterprises are able to enjoy a tax holiday consisting of a two-year-exemption commencing from their first profitable calendar year and a 50% reduction in ordinary tax rate for the following three calendar years. Beijing Shangke has been entitled to an exemption from income tax for the 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 HNTE and enjoys a preferential income tax rate of 15%. The privileges cannot be applied simultaneously. Beijing Shangke applied the privilege of “software enterprise” and enjoyed a preferential income tax rate of 12.5% in 2019 and 2020. Beijing Shangke applied the privilege of HNTEs and enjoyed a reduced 15% enterprise income tax rate since 2021. Beijing Wodong Tianjun has been entitled to an exemption from income tax for the first two years and 50% reduction for the next three years from its first profitable year as a “software enterprise”. It applied the privilege of “software enterprise” and enjoyed an exemption from income tax in 2020 and 2021.

Certain enterprises will benefit from a preferential tax rate of 15% under the EIT Law if they are located in applicable PRC regions as specified in the Catalogue of Encouraged Industries in Western Regions (initially effective through the end of 2010 and further extended to 2030), or the Western Regions Catalogue, subject to certain general restrictions described in the EIT Law and the related regulations. Chongqing Haijia and certain other entities of the Group are qualified as the enterprises within the Catalogue of Encouraged Industries in Western Regions and enjoyed 15% preferential income tax rate.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was announced in March 2021 to be further extended to December 31, 2023.

*Withholding tax on undistributed dividends*

The EIT 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 the 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 as a resident enterprise for the PRC tax purposes.

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a Foreign Investment Enterprise (“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 FIE satisfies the criteria for “beneficial owner” under Circular No. 9, which was issued by the State Administration of Taxation in February 2018, and the foreign investor owns directly at least 25% of the shares of the FIE). The Company did not record any dividend withholding tax on the retained earnings of its FIEs in the PRC, as the Company intends to reinvest all earnings in China to further expand its business in China, and its FIEs do not intend to declare dividends on the retained earnings to their immediate foreign holding companies.

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**22. Taxation (Continued)**

**b) Income tax (Continued)**

The components of income/(loss) before tax are as follows:

	<b>For the year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	(RMB in millions)		
Income/(loss) before tax			
Income from China operations	14,177	15,803	14,518
Income/(loss) from non-China operations	(484)	35,016	(17,098)
Total income/(loss) before tax	<u>13,693</u>	<u>50,819</u>	<u>(2,580)</u>
Income tax benefits/(expenses) applicable to China operations			
Current income tax expenses	(1,270)	(2,201)	(2,538)
Deferred tax benefits/(expenses)	(533)	719	651
Subtotal income tax expenses applicable to China operations	<u>(1,803)</u>	<u>(1,482)</u>	<u>(1,887)</u>
Total income tax expenses	<u>(1,803)</u>	<u>(1,482)</u>	<u>(1,887)</u>

Reconciliation of difference between the PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2019, 2020 and 2021 is as follows:

	<b>For the year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Statutory income tax rate	25.0%	25.0%	25.0%
Tax effect of preferential tax rates and tax holiday	(8.1)%	(2.3)%	86.0%
Tax effect of tax-exempt entities	3.7%	(16.8)%	(143.7)%
Effect on tax rates in different tax jurisdiction	(3.9)%	(0.5)%	(2.3)%
Tax effect of non-deductible expenses	5.7%	0.5%	(13.8)%
Tax effect of non-taxable income	(1.0)%	0.0%	1.4%
Tax effect of Super Deduction and others	(13.2)%	(4.2)%	105.9%
Changes in valuation allowance	5.0%	1.2%	(131.6)%
Effective tax rates	<u>13.2%</u>	<u>2.9%</u>	<u>(73.1)%</u>

The following table sets forth the effect of tax holiday:

	<b>For the year ended</b>		
	<b>December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Tax holiday effect (RMB in millions)	1,116	1,153	2,219
Effect of tax holiday on basic net income per share (RMB)	0.38	0.38	0.71
Effect of tax holiday on diluted net income per share (RMB)	0.38	0.37	0.71

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**22. Taxation (Continued)**

**c) Deferred tax assets and deferred tax liabilities**

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Deferred tax assets		
- Net operating loss carry forwards and others	3,145	6,303
- Deferred revenues	208	553
- Inventory valuation allowance	498	575
- Allowance for doubtful accounts	382	603
- Unrealized fair value losses for certain investments	589	747
Less: valuation allowance	<u>(4,289)</u>	<u>(7,670)</u>
Net deferred tax assets	<u>533</u>	<u>1,111</u>
Deferred tax liabilities		
- Intangible assets arisen from business combination	1,560	1,454
- Accelerated tax depreciation and others	362	443
Total deferred tax liabilities	<u>1,922</u>	<u>1,897</u>

As of December 31, 2021, the accumulated net operating loss of RMB10,905 million of the Company's subsidiaries incorporated in Singapore and Hong Kong can be carried forward indefinitely to offset future taxable income, the remaining accumulated net operating loss of RMB17,140 million mainly arose from the Company's subsidiaries and consolidated VIEs established in the PRC and Indonesia, which can be carried forward to offset future taxable income. The remaining accumulated net operating loss will expire during the period from 2022 to 2026 except for those arose from HNTes, which will expire during the period from 2022 to 2031.

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 entities' operating history, accumulated deficit, existence of taxable temporary differences and reversal periods.

Valuation allowances provided on the deferred tax assets mainly related to the net operating loss carry forwards, as the Group's management does not believe that sufficient positive evidence exists to conclude that the benefits of such deferred tax assets is more likely than not to be realized. The amount of valuation allowance offset in deferred tax assets as of December 31, 2020 and 2021 was RMB4,289 million and RMB7,670 million, respectively.

The movements of valuation allowance of deferred tax assets are as follows:

	<b>For the year ended</b>		
	<b>December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>		
Balance at beginning of the year	2,996	3,674	4,289
Additions	7,635	4,393	5,052
Reversals	<u>(6,957)</u>	<u>(3,778)</u>	<u>(1,671)</u>
Balance at end of the year	<u>3,674</u>	<u>4,289</u>	<u>7,670</u>

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**23. Convertible redeemable non-controlling interests**

As of December 31, 2020, convertible redeemable non-controlling interests mainly consisted of JD Logistics Series A preference shares and Kuayue Express Series A and A+ preference equity instruments. As of December 31, 2021, convertible redeemable non-controlling interests mainly consisted of Kuayue Express Series A and A+ preference equity instruments and preference equity instruments of other non-wholly owned subsidiaries.

Kuayue Express Series A and A+ preference equity instruments and preference equity instruments of other non-wholly owned subsidiaries are not material to the consolidated financial statements. Details of JD Logistics Series A Preference Shares are as follows:

**JD Logistics Series A Preference Shares**

In February 2018, the Group entered into definitive agreements with third-party investors to raise financing for JD Logistics, with the total amount of approximately US\$2.5 billion (RMB16.0 billion) by issuance of the series A preference shares of JD Logistics (“JD Logistics Series A Preference Shares”), representing approximately 19% of the ownership of JD Logistics on a fully diluted basis. In August 2020, JD Logistics issued additional JD Logistics Series A Preference Shares to third-party investors in exchange for approximately US\$64 million (RMB443 million).

The Group determined that JD Logistics Series A Preference Shares should be classified as mezzanine equity upon their issuance since they were contingently redeemable by the holders 5 years from the issuance date in the event that a qualified initial public offering (“Qualified IPO”) has not occurred and JD Logistics Series A Preference Shares have not been converted. The Qualified IPO is defined as an IPO that (i) has been approved by the Board of Directors of JD Logistics or (ii) with the offering price per share that values JD Logistics at no less than US\$20 billion on a fully diluted basis immediately following the completion of such offering.

The Group records accretion on JD Logistics Series A Preference Shares, where applicable, to the redemption value from the issuance date to the earliest redemption date.

The Group determined that there were no embedded derivatives requiring bifurcation as the economic characteristics and risks of the embedded conversion and redemption features are clearly and closely related to that of JD Logistics Series A Preference Shares. JD Logistics Series A Preference Shares are not readily convertible into cash as there is not a market mechanism in place for trading of JD Logistics’s shares.

The Group determined that there was no embedded beneficial conversion feature attributable to JD Logistics Series A Preference Shares because the initial effective conversion prices were higher than the fair value of JD Logistics’s ordinary shares determined by the Group with the assistance from an independent valuation firm.

The rights, preferences and privileges of JD Logistics Series A Preference Shares are as follows:

*Dividend Rights*

As regards to dividends, JD Logistics Series A Preference Shares shall rank *pari passu* with the ordinary shares and the holders of JD Logistics Series A Preference Shares shall be entitled to the same amount of dividends as the holders of the ordinary shares on an as converted basis as if they were a single class. No dividend or distribution shall be payable except out of any funds legally available.

*Voting Rights*

The holder of each ordinary share issued and outstanding should have one vote in respect of each ordinary share held and the holder of each JD Logistics Series A Preference Share shall carry such number of votes as is equal to the number of votes of ordinary shares then issuable upon the conversion of such JD Logistics Series A Preference Shares. The holders of JD Logistics Series A Preference Shares and the holders of ordinary shares shall vote together and not as a separate class.

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**23. Convertible redeemable non-controlling interests (Continued)**

*Liquidation Preferences*

In the event of any voluntary or involuntary liquidation, dissolution or winding up of JD Logistics, all assets and funds of JD Logistics legally available for distribution (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed ratably among the holders according to their relative number of ordinary shares held by such holders (all JD Logistics Series A Preference Shares as if they had been converted into ordinary shares immediately prior to such liquidation, dissolution or winding up of JD Logistics).

*Redemption Rights*

From and after the fifth anniversary of JD Logistics Series A Preference Shares original issuance date, and prior to the consummation of a Qualified IPO, each holder of JD Logistics Series A Preference Shares shall have the rights at any time to require and demand JD Logistics to redeem all or any portion of JD Logistics Series A Preference Shares held by such holder.

The initial redemption price payable on each JD Logistics Series A Preference Share is the total of:

- (i) any dividend relating to each JD Logistics Series A Preference Share which has been declared by JD Logistics but unpaid, to be calculated up to and including the date of the redemption; plus
- (ii) JD Logistics Series A Preference Shares purchase price, that is US\$2.50 per JD Logistics Series A Preference Shares, subject to appropriate adjustments in the event of any share dividend, share combination or similar recapitalization events.

JD Logistics accretes changes in the redemption value over the period from the date of issuance to the earliest redemption date of JD Logistics Series A Preference Shares using effective interest method. Changes in the redemption value are considered to be changes in accounting estimates. The accretion is recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in-capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit.

*Conversion Rights*

Each JD Logistics Series A Preference Share shall be convertible, at the option of the holder of JD Logistics Series A Preference Shares, at any time after the date of issuance of such JD Logistics Series A Preference Shares, into such number of fully paid and non-assessable ordinary shares as is determined by dividing JD Logistics Series A Preference Shares purchase price by the conversion price then applicable to such JD Logistics Series A Preference Shares. The conversion price of each JD Logistics Series A Preference Share is the same as its original issuance price if no adjustments to conversion price have occurred. As of December 31, 2020, each JD Logistics Series A Preference Share is convertible into one ordinary share.

Each JD Logistics Series A Preference Share shall automatically be converted into ordinary shares (i) upon the consummation of a Qualified IPO; or (ii) in the event that the holders of JD Logistics Series A Preference Shares holding at least 50% of JD Logistics Series A Preference Shares in issue elect to convert JD Logistics Series A Preference Shares.

Upon the completion of JD Logistics IPO in May 2021, JD Logistics Series A Preference Shares have been converted into ordinary shares of JD Logistics. JD Logistics received proceeds of RMB22.9 billion from JD Logistics IPO, among which RMB6.1 billion was recorded as non-controlling interests and RMB16.8 billion was recorded as additional paid-in capital.

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**23. Convertible redeemable non-controlling interests (Continued)***Conversion Rights (Continued)*

The convertible redeemable non-controlling interests of JD Logistics Series A Preference Shares for the years ended December 31, 2020 and 2021 are summarized as follows:

	<u>Number of shares</u>	<u>Amount (RMB in millions)</u>
Balance as of December 31, 2019	1,004,000,000	15,964
Issuance	22,867,347	443
Net loss attributable to mezzanine equity classified as non-controlling interests shareholders	—	— *
Balance as of December 31, 2020	<u>1,026,867,347</u>	<u>16,407</u>
Net loss attributable to mezzanine equity classified as non-controlling interests shareholders	—	(4)
Conversion of convertible redeemable preferred shares to ordinary shares	<u>(1,026,867,347)</u>	<u>(16,403)</u>
Balance as of December 31, 2021	<u>—</u>	<u>—</u>

\* Absolute value is less than RMB1 million.

**24. Financing for JD Health**

In May 2019, JD Health entered into definitive agreements for the non-redeemable series A preference share financing (“JD Health Series A Preference Shares”) with a group of third-party investors. The total amount of financing raised from JD Health Series A Preference Shares was approximately RMB6.5 billion, representing 13.5% of the ownership of JD Health on a fully diluted basis.

In August 2020, JD Health entered into definitive agreements for the non-redeemable series B preferred share financing (“JD Health Series B Preference Shares”) with a group third-party investors. The total amount of financing raised from JD Health Series B Preference Shares was approximately RMB6.3 billion, representing 4.5% of the ownership of JD Health on a fully diluted basis.

The Group determined that JD Health Series A Preference Shares and JD Health Series B Preference Shares should be classified as non-controlling interests upon its issuance since they were not redeemable by the holders.

In December 2020, JD Health IPO was completed with net proceeds after deducting underwriting commissions, share issuance costs and offering expenses approximately amounted to RMB25.7 billion, representing 13.8% of the issued share capital of JD Health immediately after the completion of the exercise of the over-allotment option. Upon the completion of JD Health IPO, JD Health Series A Preference Shares and JD Health Series B Preference Shares have been converted into ordinary shares of JD Health.

As of December 31, 2019, among the proceeds received, RMB1.0 billion was recorded as non-controlling interests and RMB5.2 billion was recorded as additional paid-in capital. As of December 31, 2020, among the proceeds received, RMB11.8 billion was recorded as non-controlling interests and RMB26.7 billion was recorded as additional paid-in capital.

**25. Financing for JD Industry**

In April and December 2020, JD Industry, the Group’s subsidiary dedicated to empowering industrial development by supply chain, technology and services, entered into definitive agreements for non-redeemable series A and series A-1 preference share financing (“JD Industry Series A and A-1 Preference Shares”) with a group of third-party investors. The total amount of financing arising from JD Industry Series A and A-1 Preference Shares was US\$335 million. The Group held 81% of JD Industry’s issued and outstanding shares after the financing of JD Industry Series A and A-1 Preference Shares.

The Group determined that JD Industry Series A and A-1 Preference Shares should be classified as non-controlling interests upon its issuance since they were not redeemable by the holders.

Among the proceeds received, RMB510 million was recorded as non-controlling interests and RMB1,792 million was recorded as additional paid-in capital.

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**26. Financing for JD Property**

In March 2021, JD Property, the Group's subsidiary which focuses on infrastructure asset management and integrated property services, entered into definitive agreements for the non-redeemable series A preference share financing ("JD Property Series A Preference Shares") with a group of third-party investors. The total amount of financing arising from JD Property Series A Preference Shares was US\$703 million. The Group held 84% of JD Property's issued and outstanding shares after the financing of JD Property Series A Preference Shares.

The Group determined that JD Property Series A Preference Shares should be classified as non-controlling interests upon its issuance since they were not redeemable by the holders.

As of December 31, 2021, among the proceeds received, RMB3.1 billion was recorded as non-controlling interests and RMB1.3 billion was recorded as additional paid-in capital.

**27. 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 Holdings Limited ("Tencent"), in connection with Tencent transaction (Note 32). 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 Wal-Mart Stores, Inc. ("Walmart"), in connection with Walmart transaction. In the transaction, Walmart transferred Yihaodian marketplace platform assets to the Group, including the Yihaodian brand, mobile apps and websites, and entered into business cooperation arrangements with the Group in return.

In June 2018, the Company issued 27,106,948 Class A ordinary shares to Google LLC, and received a consideration of RMB3,531,870,000 after deducting financing charges.

In May 2019, May 2020 and June 2021, the Company issued 8,127,302, 2,938,584 and 1,914,998 Class A ordinary shares, respectively, to Huang River Investment Limited (Note 32).

In June 2020, the Company completed its global offering and the Company's shares have been listed on the Main Board of the HKEX. Accordingly, the Company issued 152,912,100 Class A ordinary shares, including the exercise of the over-allotment option.

The ordinary shares reserved for future exercise of the RSUs and share options were 139,186,246 and 124,045,978 as of December 31, 2020 and 2021, respectively.

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**28. Share repurchase program**

In December 2018, the Company's Board of Directors authorized a share repurchase program ("2018 share repurchase program") under which the Company may repurchase up to US\$1,000 million worth of its ADSs over the following 12 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.

Under the 2018 share repurchase program, the Company repurchased 2,332,048 ADSs. For the year ended December 31, 2018, the Company repurchased 1,396,200 ADSs for US\$30 million (RMB206 million) on the open market, at a weighted average price of US\$21.48 per ADS. For the year ended December 31, 2019, the Company repurchased 935,848 ADSs for US\$19 million (RMB131 million) on the open market, at a weighted average price of US\$20.41 per ADS.

In March 2020, the Company's Board of Directors authorized a share repurchase program ("2020 share repurchase program") under which the Company may repurchase up to US\$2,000 million 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. In December 2021, the Company's Board of Directors approved modifications to 2020 share repurchase program, pursuant to which the repurchase authorization has increased from US\$2,000 million to US\$3,000 million and has been extended until March 17, 2024.

Under the 2020 share repurchase program, for the year ended December 31, 2020, the Company repurchased 1,191,370 ADSs for US\$44 million (RMB312 million) on the open market, at a weighted average price of US\$37.04 per ADS. For the year ended December 31, 2021, the Company repurchased 10,214,827 ADSs for US\$806 million (RMB5,246 million) on the open market, at a weighted average price of US\$78.92 per ADS.

The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders' equity.

**JD.com, Inc.**  
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**29. Other comprehensive income**

Changes in the composition of accumulated other comprehensive income attributable to ordinary shareholders for the years ended December 31, 2019, 2020 and 2021 are as follows:

	Foreign currency translation adjustments	Net unrealized gains/(losses) on available-for-sale securities (RMB in millions)	Total
Balances as of December 31, 2018	3,358	1	3,359
Other comprehensive income	750	54	804
Balances as of December 31, 2019	4,108	55	4,163
Other comprehensive loss	(7,656)	(55)	(7,711)
Balances as of December 31, 2020	(3,548)	—	(3,548)
Other comprehensive loss	(2,542)	—	(2,542)
Balances as of December 31, 2021	(6,090)	—	(6,090)

The income tax effects related to the accumulated other comprehensive income were insignificant for all periods presented.

**30. Share-based compensation**

For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses recognized were RMB3,695 million, RMB4,156 million and RMB9,134 million, respectively. The following table sets forth the allocation of share-based compensation expenses:

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Cost of revenues	82	98	102
Fulfillment	440	646	882
Marketing	259	347	586
Research and development	1,340	1,400	1,781
General and administrative	1,574	1,665	5,783
Total	3,695	4,156	9,134

**Share incentive plan**

The Company granted share-based awards to eligible employees and non-employees pursuant to a share incentive plan entitled "Share Incentive Plan", which was adopted on November 13, 2014 and governed the terms of the awards.

As of December 31, 2021, the Group had reserved 163,391,869 ordinary shares available to be granted as share-based awards under the Share Incentive Plan.

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**30. Share-based compensation (Continued)****(1) Employee and non-employee awards**

The RSUs and share options are generally scheduled to be vested over two to ten years. One-second, one-third, one-fourth, one-fifth, one-sixth, or one-tenth of the awards, depending on different vesting schedules of the plans, are usually 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. Starting from the year ended December 31, 2021, certain granted RSUs are subject to vesting ratably over a 4-year vesting period from the grant dates.

Upon the reorganization of JD Technology, the employees' status of JD Technology changed from the employees of the Company's subsidiary to non-employees of the Company. Subsequent to June 2020, the employees' status of JD Technology changed from non-employees of the Company to employees of the Company's equity method investee. Share-based awards granted by the Company to employees of JD Technology and share-based awards granted by JD Technology to employees of the Company were insignificant for all periods presented.

**RSUs***a) Service-based RSUs*

A summary of activities of the service-based RSUs for the years ended December 31, 2019, 2020 and 2021 is presented as follows:

	<u>Number of RSUs</u>	<u>Weighted-Average Grant-Date Fair Value</u> US\$
Unvested as of December 31, 2018	118,496,092	15.58
Granted	33,202,744	14.29
Vested	(20,423,568)	14.96
Forfeited or cancelled	(30,444,064)	15.36
Unvested as of December 31, 2019	100,831,204	15.35
Granted	42,621,084	26.44
Vested	(20,632,596)	15.25
Forfeited or cancelled	(14,550,450)	16.13
Unvested as of December 31, 2020	108,269,242	19.62
Granted	30,069,498	39.93
Vested	(23,834,466)	18.89
Forfeited or cancelled	(19,395,408)	21.30
Unvested as of December 31, 2021	<u>95,108,866</u>	25.89

As of December 31, 2020 and 2021, 3,325,796 and 8,208,616 outstanding service-based RSUs were held by non-employees and employees of the Company's equity method investee, respectively, mainly including employees of JD Technology.

For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses recognized by the Group for the service-based RSUs granted were RMB2,959 million, RMB3,085 million and RMB4,129 million, respectively.

As of December 31, 2021, there were RMB7,574 million 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 4.6 years. The total fair value and intrinsic value of service-based RSUs vested was US\$313 million (RMB2,126 million), US\$494 million (RMB3,458 million) and US\$973 million (RMB6,359 million) during the years ended December 31, 2019, 2020 and 2021, respectively.

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**Notes to the Consolidated Financial Statements**

**30. Share-based compensation (Continued)**

**(1) Employee and non-employee awards (Continued)**

***RSUs (Continued)***

*b) Performance-based RSUs*

As of December 31, 2020, there were 9,944 unvested performance-based RSUs which were all vested in 2021.

For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses recognized by the Group for the performance-based RSUs granted were insignificant.

As of December 31, 2021, there were no unrecognized share-based compensation expenses related to the performance-based RSUs granted.

The total fair value and intrinsic value of the performance-based RSUs vested was insignificant during the years ended December 31, 2019, 2020 and 2021, respectively.

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**30. Share-based compensation (Continued)**

**(1) Employee and non-employee awards (Continued)**

*Share options*

A summary of activities of the service-based share options for the years ended December 31, 2019, 2020 and 2021 is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value US\$ in millions
		US\$	Year	
Outstanding as of December 31, 2018	15,747,736	6.55	5.3	73
Exercised	(3,299,962)	5.72		
Forfeited or cancelled	(2,223,650)	8.52		
Outstanding as of December 31, 2019	10,224,124	6.39	4.3	115
Exercised	(5,073,294)	6.23		
Forfeited or cancelled	(243,770)	10.24		
Outstanding as of December 31, 2020	4,907,060	6.38	3.0	184
Exercised	(1,962,856)	5.49		
Forfeited or cancelled	(7,092)	13.42		
Outstanding as of December 31, 2021	2,937,112	6.95	2.9	82
Vested and expected to vest as of December 31, 2021	2,917,942	6.91	2.8	82
Exercisable as of December 31, 2021	2,853,764	6.77	2.8	81

As of December 31, 2020 and 2021, 71,502 and 167,206 outstanding share options were held by non-employees and employees of the Company's equity method investee, respectively, mainly including employees of JD Technology.

There was no option granted during the years ended December 31, 2019, 2020 and 2021.

The total intrinsic value of options exercised during the years ended December 31, 2019, 2020 and 2021 was US\$32 million (RMB220 million), US\$111 million (RMB762 million) and US\$70 million (RMB453 million), 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, 2019, 2020 and 2021 was US\$16 million (RMB112 million), US\$34 million (RMB236 million) and US\$10 million (RMB62 million), respectively. Cash receivable from the exercises of share options of the Company as of December 31, 2020 and 2021 was US\$0.8 million (RMB5 million) and US\$77,000 (RMB491,000), respectively.

For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses recognized by the Group for the share options granted were insignificant. As of December 31, 2021, the unrecognized share-based compensation expenses related to the share options granted were insignificant. The expenses are expected to be recognized over a weighted-average period of 2.0 years.

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**Notes to the Consolidated Financial Statements**

**30. Share-based compensation (Continued)**

**(2) Founder awards**

In May 2015, with approval of the board of directors of the Company, Mr. Richard Qiangdong Liu (Mr. Liu), the Founder, 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, 2019, 2020 and 2021, total share-based compensation expenses recognized for the Founder's share options were RMB134 million, RMB104 million and RMB73 million, respectively.

As of December 31, 2021, there were RMB109 million of unrecognized share-based compensation expenses related to the Founder's share options. The expenses are expected to be recognized over a weighted-average period of 3.4 years.

**(3) Share-based compensation of subsidiaries**

*JD Logistics*

JD Logistics approved and adopted a Pre-IPO share incentive plan on March 31, 2018 and a Post-IPO share option scheme and a Post-IPO share award scheme on May 10, 2021, collectively the "JD Logistics Plan". JD Logistics launched the JD Logistics Plan to eligible employees and non-employees to attract and retain the best available personnel, provide additional incentives to its employees and non-employees for promoting the success of JD Logistics. The JD Logistics Plan consists of share options, RSUs and other types of awards.

JD Logistics granted 83,476,500, 224,511,105 and 30,030,446 share options of JD Logistics to its employees and non-employees for the years ended December 31, 2019, 2020 and 2021, respectively, including the share options granted to Mr. Liu as mentioned below. The estimated fair value of each option granted is estimated on the date of grant using the binominal option-pricing model. The weighted average grant date fair value of options granted for the years ended December 31, 2019, 2020 and 2021 was US\$1.67, US\$2.00 and US\$4.31 per share, respectively. For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses for the share options granted under the JD Logistics Plan were RMB572 million, RMB640 million and RMB1,162 million, respectively. As of December 31, 2021, there were RMB1,589 million of unrecognized share-based compensation expenses related to the share options granted. The expenses were expected to be recognized over a weighted-average period of 4.5 years.

In October 2020, options to acquire 99,186,705 ordinary shares of JD Logistics with an exercise price of US\$0.01 per share were granted to Mr. Liu according to the JD Logistics Plan. The grant was awarded to Mr. Liu to motivate him to continue leading the future success of JD Logistics. The grant by JD Logistics is subject to a 6-year vesting schedule with 16.7% of the awards vesting on each anniversary of the grant date.

Starting July 2021, JD Logistics granted RSUs to its employees and non-employees. JD Logistics granted 9,663,953 RSUs of JD Logistics to its employees and non-employees for the year ended December 31, 2021. The estimated fair value of each RSU granted is based on market value of the JD Logistics's shares on each date of grant. The weighted average grant date fair value of RSUs granted for the year ended December 31, 2021 was HK\$35.00 per share. For the year ended December 31, 2021, total share-based compensation expenses for the RSUs granted under JD Logistics Plan were RMB39 million. As of December 31, 2021, there were RMB174 million of unrecognized share-based compensation expenses related to the RSUs granted. The expenses are expected to be recognized over a weighted-average period of 3.9 years.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**30. Share-based compensation (Continued)**

**(3) Share-based compensation of subsidiaries (Continued)**

*JD Health*

JD Health approved and adopted a Pre-IPO share incentive plan on September 14, 2020 and a Post-IPO share option scheme and a Post-IPO share award scheme on November 23, 2020, collectively the “JD Health Plan”. JD Health launched the JD Health Plan to eligible employees and non-employees to attract and retain the best available personnel, provide additional incentives to its employees and non-employees for promoting the success of JD Health. The JD Health Plan consists of share options, RSUs and other types of awards.

JD Health granted 94,770,812 share options of JD Health to its employees and non-employees for the year ended December 31, 2020, including the share options granted to Mr. Liu as mentioned below. There was no option granted in 2021. The estimated fair value of each option grant is estimated on the date of grant using the binominal option-pricing model. The weighted average grant date fair value of options granted for the year ended December 31, 2020 was US\$7.45 per share. For the years ended December 31, 2020 and 2021, total share-based compensation expenses for the share options granted under the JD Health Plan were RMB331 million and RMB1,133 million, respectively. As of December 31, 2021, there were RMB1,962 million of unrecognized share-based compensation expenses related to the share options granted. The expenses were expected to be recognized over a weighted-average period of 5.8 years.

In October 2020, options to acquire 53,042,516 ordinary shares of JD Health with an exercise price of US\$0.0000005 per share were granted to Mr. Liu according to the JD Health Plan. The grant was awarded to Mr. Liu to motivate him to continue leading the future success of JD Health. The grant by JD Health is subject to a 6-year vesting schedule with 16.7% of the awards vesting on each anniversary of the grant date.

Starting January 2021, JD Health granted RSUs to its employees and non-employees. JD Health granted 80,582,712 RSUs of JD Health to its employees and non-employees for the year ended December 31, 2021. The estimated fair value of each RSU granted is based on market value of the JD Health’s shares on each date of grant. The weighted average grant date fair value of RSUs granted for the year ended December 31, 2021 was HK\$112.31 per share. For the year ended December 31, 2021, total share-based compensation expenses for the RSUs granted under the JD Health Plan were RMB1,428 million. As of December 31, 2021, there were RMB2,435 million of unrecognized share-based compensation expenses related to the RSUs granted. The expenses are expected to be recognized over a weighted-average period of 4.9 years.

*Other Subsidiaries*

In 2021, JD Property and JD Industry each approved and adopted their own share incentive plan (“JD Property Plan” and “JD Industry Plan”), respectively, to eligible employees and non-employees to attract and retain the best available personnel, provide additional incentives to its employees and non-employees for promoting the success of JD Property and JD Industry. The JD Property Plan and JD Industry Plan both consist of share options, RSUs and other types of awards. JD Property granted 193,059,698 RSUs with grant date fair value of RMB2.42 per share to Mr. Liu for the year ended December 31, 2021. The RSUs granted fully vested on November 25, 2021. The estimated fair value of each RSU granted is estimated on the date of grant using the Black-Scholes option pricing model. For the year ended December 31, 2021, total share-based compensation expenses for the RSUs granted under JD Property Plan were RMB467 million. JD Industry granted 90,629,636 RSUs with grant date fair value of US\$1.18 per share to Mr. Liu for the year ended December 31, 2021. The RSUs granted fully vested on December 30, 2021. The estimated fair value of each RSU granted is estimated on the date of grant based on the recent rounds of financing. For the year ended December 31, 2021, total share-based compensation expenses for the RSUs granted under JD Industry Plan were RMB684 million.

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**Notes to the Consolidated Financial Statements**

**31. Net income/(loss) per share**

Basic and diluted net income/(loss) per share for each of the years presented are calculated as follows:

	For the year ended December 31,		
	2019	2020	2021
<b>Numerator:</b>			
Net income/(loss) attributable to ordinary shareholders – basic (RMB in millions)	12,184	49,405	(3,560)
Impact of subsidiaries' diluted earnings (RMB in millions)	—	(157)	(2)
Net income/(loss) attributable to ordinary shareholders – diluted (RMB in millions)	12,184	49,248	(3,562)
<b>Denominator:</b>			
Weighted average number of shares – basic	2,912,637,241	3,021,808,985	3,107,436,665
Adjustments for dilutive options and RSUs	54,684,562	87,215,045	—
Weighted average number of shares – diluted	2,967,321,803	3,109,024,030	3,107,436,665
Basic net income/(loss) per share attributable to ordinary shareholders (RMB)	4.18	16.35	(1.15)
Diluted net income/(loss) per share attributable to ordinary shareholders (RMB)	4.11	15.84	(1.15)

Generally, basic net income/(loss) per share is computed using the weighted average number of ordinary shares outstanding during the respective year. Diluted net income/(loss) per share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the respective year. The potentially dilutive ordinary shares included RSUs and options to purchase ordinary shares of 149,343,638, 138,762,892 and 127,098,868 for the years ended December 31, 2019, 2020 and 2021 on a weighted average basis, respectively. They were not included in the calculation of diluted net income/(loss) per share in the periods presented where their inclusion would be anti-dilutive.

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**32. Related party transactions**

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2021:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Tencent and its subsidiaries (“Tencent Group”)	A shareholder of the Group
Dada and its subsidiaries (“Dada Group”)	An investee of the Group
JD Technology (*)	An investee of the Group, and controlled by the Founder
Core Fund, Core Fund II, Development Fund I and Acquisition Fund I (“Property Funds”)	Investees of the Group
ATRenew and its subsidiaries (“ATRenew Group”)	An investee of the Group

(\*) JD Technology became an investee of the Group since June 2020 (Note 6).

(a) The Group entered into the following transactions with the major related parties:

<u>Transactions</u>	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in millions)		
<b>Revenues:</b>			
Commission from cooperation on advertising business with Tencent Group(**)	288	355	248
Services provided and products sold to Tencent Group(**)	399	375	553
Services provided and products sold to Dada Group	133	179	523
Services provided and products sold to ATRenew Group	349	664	894
Services provided and products sold to JD Technology	342	598	882
<b>Operating expenses:</b>			
Services received and purchases from Tencent Group(**)	2,222	3,226	5,010
Services received from Dada Group	1,565	2,200	1,087
Payment processing and other services received from JD Technology	4,981	6,945	8,762
Lease and property management services received from Property Funds	476	838	1,180
Services received from ATRenew Group	10	32	31
<b>Other income:</b>			
Income from non-compete agreement with Dada Group	82	82	77
Interest income from loans provided to JD Technology	41	31	253
Interest income from loans provided to Property Funds	75	49	39

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**32. Related party transactions (Continued)**

(a) The Group entered into the following transactions with the major related parties (Continued):

(\*\*) In March 2014, the Group entered into a series of agreements with Tencent and its affiliates pursuant to which the Group acquired 100% interests in Tencent's Paipai and QQ Wanggou online marketplace businesses, a 9.9% stake in Shanghai Icsen E-Commerce Development Company Limited, logistics personnel and certain other assets. The Group also entered into a five-year strategic cooperation agreement and an eight-year non-compete agreement with Tencent. In April 2016, the Group acquired the remaining equity interest in Shanghai Icsen E-Commerce Development Company Limited by exercising the rights previously granted to the Group in March 2014.

On May 10, 2019, the Company renewed the strategic cooperation agreement with Tencent, for a period of three years starting from May 27, 2019. Tencent continued to offer the Group prominent level 1 and level 2 access points on its Weixin platform to provide traffic support, and the two parties also intend to continue to cooperate in a number of areas including communications, advertising and membership services, among others. As part of the total consideration, the Company agreed to issue to Tencent a certain number of the Company's Class A ordinary shares for a consideration of approximately US\$250 million at prevailing market prices at certain pre-determined dates during the three-year period, of which 8,127,302, 2,938,584 and 1,914,998 of the Company's Class A ordinary shares were issued in May 2019, May 2020 and June 2021, respectively.

Revenues from related parties, excluding those from the major related parties as stated above, represented approximately 0.26%, 0.15% and 0.24% of total net revenues of the Group for the years ended December 31, 2019, 2020, and 2021, respectively. Transactions with related parties included in operating expenses, excluding those with the major related parties as stated above, represented 0.20%, 0.28% and 0.17% of total operating expenses of the Group for the years ended December 31, 2019, 2020, and 2021, respectively.

(b) The Group had the following balances with the major related parties:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>	
Due from Tencent Group	791	1,956
Due from JD Technology		
Loans provided to JD Technology (***)	2,707	2,876
Other receivables from/(payables) to JD Technology	1,359	(416)
Due from Property Funds		
Loans provided to Property Funds (***)	1,045	769
Other receivables from Property Funds	615	87
Due from ATRenew Group	5	—
<b>Total</b>	<b>6,522</b>	<b>5,272</b>
Due to Dada Group	(498)	(337)
Due to ATRenew Group	—	(45)
<b>Total</b>	<b>(498)</b>	<b>(382)</b>
Deferred revenues in relation to traffic support, marketing and promotion services to be provided to Dada Group	(145)	(83)
Deferred revenues in relation to traffic support, marketing and promotion services to be provided to ATRenew Group	(1,468)	(1,038)
<b>Total</b>	<b>(1,613)</b>	<b>(1,121)</b>
Other liabilities in relation to non-compete obligation to Dada Group	(181)	(101)
<b>Total</b>	<b>(181)</b>	<b>(101)</b>

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**32. Related party transactions (Continued)**

(b) The Group had the following balances with the major related parties (Continued):

(\*\*\*) In relation to the loans provided to JD Technology and Property Funds, the Group charged JD Technology and Property Funds based on fair market interest rate, and cash flows resulted from the loans were presented within investing activities in the consolidated statements of cash flows.

As of December 31, 2020 and 2021, the Group recorded amount due from related parties other than the major related parties as stated above of RMB388 million and RMB492 million, which represented approximately 2.87% and 2.28% of the Group's total accounts receivable, net and prepayments and other current assets, respectively. As of December 31, 2020 and 2021, 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 RMB87 million and RMB137 million, which represented approximately 0.05% and 0.07% of the Group's total accounts payable, advance from customers, accrued expenses and other current liabilities, deferred revenues and other non-current liabilities, respectively.

(c) Other information related to related party transactions:

Based on a series of agreements signed on January 1, 2016, JD Technology will perform the credit risk assessment and other related services in relation to consumer financing business and obtain the rewards from such services, thus JD Technology will purchase the consumer financing receivables past due over certain agreed period of time from the Group at carrying values without recourse and also agree to bear other cost in direct relation to the consumer financing business to absorb the risks. In connection with the agreements, the total amount of over-due consumer financing receivable related to the consumer financing business transferred from the Group to JD Technology were RMB189 million, RMB493 million and RMB77 million for the years ended December 31, 2019, 2020 and 2021, respectively. In connection with the consumer financing business, JD Technology charged the Group RMB1,285 million, RMB1,721 million and RMB1,985 million, for the years ended December 31, 2019, 2020 and 2021 for payment processing services provided to the Group, respectively, which are included in "payment processing and other services received from JD Technology" stated above.

The Group also transferred certain financial assets to JD Technology with or without recourse at fair value. The accounts receivable transferred without recourse were RMB24,586 million, RMB33,406 million and RMB43,299 million for the years ended December 31, 2019, 2020 and 2021, respectively, and were derecognized.

Mr. Richard Qiangdong Liu, the Group's Chairman of the board since the Group's inception and the Chief Executive Officer since the Group's inception to April 2022, has purchased his own aircraft for both business and personal use. The use of the aircraft in connection with the performance of his duty as employee is free of charge to the Group, and the Group has agreed to assume the cost of maintenance, crew and operations of the aircraft relating to the use of the aircraft. Such maintenance and incidental costs were insignificant for all periods presented.

The terms of the agreements with the related parties are determined based on contracted prices negotiated with other parties in normal commercial terms.

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**33. Segment reporting**

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 revenues 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.

As disclosed in Note 2(nn), beginning with the first quarter of 2021, the Group implemented certain segment reporting changes to better reflect its recently optimized organizational structure and business developments. As a result, the Group reports three segments, JD Retail, JD Logistics and New businesses. JD Cloud & AI businesses were deconsolidated from the Company from March 31, 2021, thus the operating results of JD Cloud & AI businesses were not included in New businesses segment from the second quarter of 2021.

The table below provides a summary of the Group's operating segment results for the years ended December 31, 2019, 2020 and 2021, with prior periods' segment information retrospectively recast to conform to current period presentation:

	<b>For the year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>		
<b>Net revenues:</b>			
JD Retail	545,281	693,965	866,303
JD Logistics	49,848	73,375	104,693
New Businesses	11,740	17,601	26,063
Inter-segment(*)	<u>(31,127)</u>	<u>(39,945)</u>	<u>(46,043)</u>
Total segment net revenues	575,742	744,996	951,016
Unallocated items	1,146	806	576
Total consolidated net revenues	<u>576,888</u>	<u>745,802</u>	<u>951,592</u>
<b>Operating income/(loss):</b>			
JD Retail	14,991	20,611	26,613
JD Logistics	(508)	1,098	(1,827)
New Businesses	(1,730)	(4,723)	(10,600)
Including: gain on sale of development properties (Note 19)	<u>3,885</u>	<u>1,649</u>	<u>767</u>
Total segment operating income	12,753	16,986	14,186
Unallocated items(**)	<u>(3,758)</u>	<u>(4,643)</u>	<u>(10,045)</u>
Total consolidated operating income	8,995	12,343	4,141
Total other income/(expense)	4,698	38,476	(6,721)
Income/(loss) before tax	<u>13,693</u>	<u>50,819</u>	<u>(2,580)</u>

(\*) The inter-segment eliminations mainly consist of revenues from supply chain solutions and logistics services provided by JD Logistics to JD Retail, and property leasing services provided by JD Property to JD Logistics.

(\*\*) A summary of unallocated items for the years presented is as follows:

	<b>For the year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>(RMB in millions)</b>		
Share-based compensation	(3,695)	(4,156)	(9,134)
Amortization of intangible assets resulting from assets and business acquisitions	(885)	(723)	(940)
Effects of business cooperation arrangements	822	236	29
Total	<u>(3,758)</u>	<u>(4,643)</u>	<u>(10,045)</u>

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**34. 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 and consolidated VIEs 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 RMB5,694 million, RMB4,580 million and RMB7,894 million for the years ended December 31, 2019, 2020 and 2021, respectively. Employee benefit expenses for the year ended December 31, 2020 was partially offset by the one-off benefit of the social security relief.

**35. Lines of credit and loan facilities**

As of December 31, 2021, the Group had agreements with reputable commercial banks for unsecured revolving lines of credit, and increased its revolving lines of credit to RMB115,281 million. The Group was in compliance with the financial covenants, if any, under those lines of credit as of December 31, 2021. As of December 31, 2021, under the lines of credit, the Group mainly had RMB28,749 million reserved for the issuance of bank acceptance and RMB2,146 million reserved for the bank guarantee.

In December 2017, the Group entered into a 5-year US\$1,000 million term and revolving credit facilities agreement with a group of 24 arrangers. The facilities were priced at 115 basis points over London Interbank Offered Rate. The use of proceeds of the facilities was intended for general corporate purposes. In June 2018, the Group drew down US\$450 million under the facility commitment, and the borrowings will be due in 2022, which were recorded in long-term borrowings and short-term debts in the consolidated balance sheets as of December 31, 2020 and 2021, respectively. In April 2020, the Group drew down US\$550 million under the facility commitment, and the borrowings were fully repaid in July 2020. As of December 31, 2021, the Group had an undrawn balance of US\$550 million under the credit facilities agreement, which will expire one month prior to the final maturity date, which is sixty months after the date of this credit facilities agreement. As of December 31, 2021, the aggregate amounts repayable within a period of less than one year was US\$450 million.

As of December 31, 2021, in addition to the aforementioned borrowings, the Group's short-term debts included a one-year corporate bond of RMB1.5 billion issued in July 2021. The bond was with fixed interest rate of 2.8% and repayable in one payment at maturity.

In October 2021, the Group entered into a one-year HK\$15,931 million term loan facility agreement with 5 lead arrangers. As of December 31, 2021, the undrawn balance was HK\$15,931 million under this agreement. The term loans under this facility were priced at 50 basis points over Hong Kong Interbank Offered Rate ("HIBOR") on and from the date of first loan made or to be made ("Initial Utilization Date") to and including the date falling 6 months from the Initial Utilization Date, and thereafter at 70 basis points over HIBOR. In February 2022, the Group drew down HK\$6,300 million under the facility commitment, and the borrowing will be due in March 2023.

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**36. Commitments and contingencies***Commitments for internet data center (IDC) service fee*

The Group entered into non-cancelable IDC service agreements. The related expenses were RMB2,494 million, RMB2,864 million and RMB2,236 million for the years ended December 31, 2019, 2020 and 2021, respectively, and were charged to the consolidated statements of operations and comprehensive income/(loss) when incurred. Future minimum payments under these non-cancelable agreements with initial terms of one year or more consist of the following:

	<b>As of December 31, 2021</b>
	<b>(RMB in millions)</b>
2022	958
2023	817
2024	779
2025	354
2026	327
2027 and thereafter	2,263
	<u>5,498</u>

*Capital commitments*

The Group's capital commitments primarily relate to commitments on construction and purchase of office building and warehouses. Total capital commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB10,207 million as of December 31, 2021. All of these capital commitments will be fulfilled in the following years according to the construction progress.

*Investment commitments*

The Group's investment commitments primarily related to capital contribution obligation for the investments in Dada, China Logistics Property Holdings Co., Ltd. ("CNLP") and certain fund investments. Total investment commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB14,915 million as of December 31, 2021.

*Long-term debt obligations*

The Group's long-term debt obligations include unsecured senior notes. The amounts exclude the corresponding interest payable. The expected repayment schedule of the unsecured senior notes have been disclosed in Note 17.

*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, 2020 and 2021.

*Purchase commitments*

The Group's purchase commitments primarily relate to purchase of products. Total purchase commitments contracted but not yet reflected in the consolidated financial statements as of December 31, 2021 represented less than 1% of total net revenues of the Group for the year ended December 31, 2021.

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**37. Restricted net assets**

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's subsidiaries and consolidated VIEs incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with the 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 Company'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 Company's PRC subsidiaries and consolidated VIEs are restricted in their ability to transfer a portion of their net assets to the Company.

Amounts restricted include paid-in capital, additional paid-in capital and statutory reserve funds, as determined pursuant to the PRC GAAP, totaling approximately RMB46,420 million, or 22% of the Company's total consolidated net assets, as of December 31, 2021. Except for the above, there is no other restriction on the use of proceeds generated by the Company's subsidiaries and consolidated VIEs to satisfy any obligations of the Company.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**38. Subsequent events**

*Investment in Dada*

On March 22, 2021, the Group entered into a share purchase agreement with Dada, under which the Group has agreed to invest a total of US\$800 million in newly issued ordinary shares of Dada, at a per share purchase price equal to the closing trading price of Dada's ordinary shares on the Nasdaq, on March 19, 2021, the last trading day prior to the date of the share purchase agreement.

Upon the closing of this transaction, Dada issued to the Group certain number of ordinary shares of Dada in consideration for US\$546 million in cash and certain strategic resources from the Group. The Group held, taking into account its existing shareholding, approximately 52% of Dada's issued and outstanding shares and consolidated the financial results of Dada into the Group's consolidated financial statements since February 28, 2022.

*Acquisition of CNLP*

On September 1, 2021, JD Property entered into a sale and purchase agreement to acquire shares of CNLP, representing approximately 26.38% of the issued share capital of CNLP, for a total consideration of HK\$3.99 billion in cash. Upon completion of the proposed transactions, JD Property held approximately 37.02% of the issued share capital of CNLP. In accordance with relevant listing rules, JD Property were required to make an offer for all the issued shares of CNLP and an offer for all the outstanding convertible bonds of CNLP. As of March 1, 2022, JD Property held all the outstanding convertible bonds and approximately 80% of CNLP's issued and outstanding shares, and consolidated the financial results of CNLP into consolidated financial statements. As of date of this report, JD Property has accumulatively paid approximately HK\$13 billion as consideration for this transaction.

*Regulatory Approval of Green Loan Facility*

In December 2021, the Group entered into a 5-year US\$2,000 million unsecured term and revolving loan facility with 5 lead arrangers. This loan facility is the Company's first green loan facility. The term and revolving loans under this facility were priced at 85 basis points over London Interbank Offered Rate. The Company intended to use the proceeds from this loan facility to (i) finance or refinance in whole or in part, one or more of its new or existing eligible green projects and/or (ii) general corporate purposes. In April 2022, the Group completed the loan facility's final registration with the applicable regulatory authority in China.

*Investment in Deppon Holdco*

On March 11, 2022, the Group, through a subsidiary of JD Logistics, entered into a series of agreements with the shareholders of the Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited ("Deppon Holdco"), in relation to the proposed acquisition of approximately 99.99% equity interest of Deppon Holdco, which in turn holds a total of approximately 66.50% of the issued share capital of Deppon Logistics Co., Ltd ("Deppon"), for a total consideration of approximately RMB9.0 billion. The transaction is subject to a staggered acquisition arrangement and certain customary closing conditions, including relevant regulatory approvals. Upon completion of the proposed transactions, the financial results of Deppon Holdco will be consolidated into the Group's consolidated financial statements.

**JD.com, Inc.**  
**Notes to the Consolidated Financial Statements**

**38. Subsequent events (Continued)**

*JD Logistics's Financing*

On March 25, 2022, JD Logistics entered into a placing agreement, pursuant to which JD Logistics had agreed to issue 150,500,000 of its ordinary shares to a group of third-party investors for net proceeds of approximately HK\$3,102 million in a placement (the "JDL Placement"). Concurrently, the Company, through its wholly-owned subsidiary (the "JD Entity"), had entered into a subscription agreement with JD Logistics, pursuant to which the JD Entity had agreed to subscribe for, and JD Logistics had agreed to issue, 261,400,000 ordinary shares of JD Logistics, at the same per share price for the JDL Placement, for net proceeds of approximately US\$692 million in cash (the "JD Subscription"). On April 1, 2022, the JDL Placement completed in accordance with the terms and conditions of the placing agreement. JD Subscription is subject to certain customary closing conditions, including the approval of the HKEX for the listing of the newly issued shares, and the closing conditions for the JD Subscription also include the approval of JD Logistics's independent shareholders. Upon completion of the JDL Placement and the JD Subscription, the Company, through the JD Entity, will maintain its shareholding in JD Logistics at approximately 63.5%, and continue to consolidate JD Logistics's financial results into its consolidated financial statements.

### *JD Property's Financing*

On March 28, 2022, JD Property entered into definitive agreements for its non-redeemable series B preferred share financing with investors led by Hillhouse Investment, Warburg Pincus, and one leading global institutional investor, among others. The total amount raised in this round is expected to be approximately US\$800 million. The Group will remain the majority shareholder of JD Property after the completion of this transaction.

### *Share Repurchase Program*

Under the 2020 share repurchase program, as of the date of this report, the Company had repurchased 16,416,400 ADSs for approximately US\$1,137 million, including 5,010,203 ADSs for approximately US\$286 million during the period from January 1, 2022 to the date of this report.

**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.

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.

- 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.

- 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:	***
	***
Phone:	***
Facsimile:	***
Attention:	***

**If to the Pledgors: Richard Qiangdong Liu**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Facsimile: \*\*\*

**Pang Zhang**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Facsimile: \*\*\*

**Yayun Li**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Facsimile: \*\*\*

**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.**

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

Schedule 1:

Register of Shareholders of Beijing Jiasheng Investment Management Co., Ltd.

Name of Shareholder	Capital Contribution Amount/Shareholding Percentage	Registration of Pledge
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

**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

**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

**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

## Schedule A

The following schedule sets forth information about the equity pledge agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities 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 Pledge	Effective Date	Execution Date
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 Yayun 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%)			
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 Yayun 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%)			
Suzhou Guanyinghou Media Technology Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd.	The registered capital of Suzhou Guanyinghou Media Technology Co., Ltd. is RMB 10,000,000.00.	December 11, 2017	December 11, 2017	December 11, 2017
	Party B: Qian Yang				
	Party C: Suzhou Guanyinghou Media Technology Co., Ltd.	The capital contribution amount and shareholding percentage of the shareholders are as follows: Qian Yang: RMB 10,000,000.00 (100%)			

Beijing JPT E-Commerce Co., Ltd.	Party A: Beijing QGX Information Technology Co., Ltd.	The registered capital of Beijing JPT E-Commerce Co., Ltd is RMB10,000,000	March 28, 2018	March 28, 2018	March 28, 2018
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang	The capital contribution amount and shareholding percentage are as follows: Richard Qiangdong Liu: RMB4,500,000 (45%) Yayun Li: RMB3,000,000 (30%) Pang Zhang: RMB2,500,000 (25%)			
	Party C: Beijing JPT E-Commerce Co., Ltd.				
Suqian Jiantong Enterprise Management Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd.	The registered capital of Suqian Jiantong Enterprise Management Co., Ltd. is RMB10,010,000.			
	Party B: Suzhou Guanyinghou Media Technology Co., Ltd.	The capital contribution amount and shareholding percentage are as follows: Suzhou Guanyinghou Media Technology Co., Ltd.: RMB10,000,000 (99.99%), Xinshi Wang: RMB10,000 (0.1%)			
	Party C: Suqian Jiantong Enterprise Management Co., Ltd.				
Suqian Juhe Digital Enterprise Management Co., Ltd.	Party A: Jiangsu Huiji Space Technology Co., Ltd.	The registered capital of Suqian Juhe Digital Enterprise Management CO., Ltd. is RMB10,000,000			
	Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang	The capital contribution amount and shareholding percentage are as follows: Richard Qiangdong Liu: RMB4,500,000 (45%) Yayun Li: RMB3,000,000 (30%) Pang Zhang: RMB2,500,000 (25%)			
	Party C: Suqian Juhe Digital Enterprise Management Co., Ltd.				
Suqian Yueyang Information Technology Co., Ltd.	Party A: Beijing Jingdong Donghong Management Consulting Co., Ltd.	The registered capital of Suqian Yueyang Information Technology Co., Ltd. is RMB1,000,000			
	Party B: Tingting Sui, Bo Xin and Pang Zhang	The capital contribution amount and shareholding percentage are as follows: Tingting Sui: RMB450,000 (45%) Bo Xin: RMB300,000 (30%) Pang Zhang: RMB250,000 (25%)			
	Party C: Suqian Yueyang Information Technology Co., Ltd.				

**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.

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

## 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.

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

## 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.

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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

### Schedule A

The following schedule sets forth information about the power of attorney substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities. 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 Date</u>
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Richard Qiangdong Liu	September 8, 2016
	Yayun Li	September 8, 2016
	Pang Zhang	September 8, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Richard Qiangdong Liu	December 20, 2016
	Yayun Li	December 20, 2016
	Pang Zhang	December 20, 2016
Suzhou Guanyinghou Media Technology Co., Ltd.	Qian Yang	December 11, 2017
Beijing JPT E-Commerce Co., Ltd.	Richard Qiangdong Liu	March 28, 2018
	Yayun Li	March 28, 2018
	Pang Zhang	March 28, 2018
Suqian Jiantong Enterprise Management Co., Ltd.	Xinshi Wang	April 18, 2019
	Suzhou Guanyinghou Media Technology Co., Ltd.	April 18, 2019
Suqian Juhe Digital Enterprise Management Co., Ltd.	Richard Qiangdong Liu	June 22, 2020
	Yayun Li	June 22, 2020
	Pang Zhang	June 22, 2020
Suqian Yueyang Information Technology Co., Ltd.	Tingting Sui	November 2, 2021
	Bo Xin	November 2, 2021
	Pang Zhang	November 2, 2021

**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.

## **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 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 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.

If to **Party A: Beijing Jingdong Century Trade Co., Ltd.**

Address: \*\*\*

\*\*\*

Telephone: \*\*\*

Fax: \*\*\*

Attention: \*\*\*

If to **Party B: Beijing Jiasheng Investment Management Co., Ltd.**

Address: \*\*\*

Telephone: \*\*\*

Fax: \*\*\*

Attention: \*\*\*

#### **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

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**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.

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**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.

### Schedule A

The following schedule sets forth information about the exclusive technology consulting and service agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities. 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>Calculation and Payment of Technology Consulting and Services Fee</u>	<u>Execution Date</u>
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 services fee based on the amount and composition of the consulting and services fee payable by Party B.	August 7, 2015
Suzhou Guanyinghou Media Technology Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd.  Party B: Suzhou Guanyinghou Media Technology Co., Ltd.	Same as this exhibit	December 11, 2017
Beijing JPT E-Commerce Co., Ltd.	Party A: Beijing QGX Information Technology Co., Ltd.  Party B: Beijing JPT E-Commerce Co., Ltd.	Same as this exhibit	March 28, 2018

Suqian Jiantong Enterprise Management Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd. Party B: Suqian Jiantong Enterprise Management Co., Ltd.	Same as this exhibit	April 18, 2019
Suqian Juhe Digital Enterprise Management Co., Ltd.	Party A: Jiangsu Huiji Space Technology Co., Ltd. Party B: Suqian Juhe Digital Enterprise Management Co., Ltd.	Same as this exhibit	June 22, 2020
Suqian Yueyang Information Technology Co., Ltd.	Party A: Beijing Jingdong Donghong Management Consulting Co., Ltd. Party B: Suqian Yueyang Information Technology Co., Ltd.	Same as this exhibit	November 2, 2021

**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.

- 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.

## **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.

**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:           \*\*\*  
                         \*\*\*  
Phone:             \*\*\*  
Fax:                \*\*\*

Attention: \*\*\*

If to Party B: **Beijing Jiasheng Investment Management Co., Ltd.** with registered address at

Address: \*\*\*

\*\*\*

Phone: \*\*\*

Fax: \*\*\*

Attention: \*\*\*

If to Party C:

**Richard Qiangdong Liu**

Address: \*\*\*

\*\*\*

Phone: \*\*\*

Fax: \*\*\*

**Yayun Li**

Address: \*\*\*

\*\*\*

Phone: \*\*\*

Fax: \*\*\*

**Pang Zhang**

Address: \*\*\*

\*\*\*

Phone: \*\*\*

Fax: \*\*\*

#### **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.

- 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]

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

## Schedule A

The following schedule sets forth information about the business operations agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities. 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 Date</u>
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	September 8, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	December 20, 2016
Suzhou Guanyinghou Media Technology Co., Ltd.	Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party A: Suqian Daxi Information Technology Co., Ltd. Party B: Suzhou Guanyinghou Media Technology Co., Ltd.	December 11, 2017
Beijing JPT E-Commerce Co., Ltd.	Party C: Qian Yang Party A: Beijing QGX Information Technology Co., Ltd. Party B: Beijing JPT E-Commerce Co., Ltd.	March 28, 2018
Suqian Jiantong Enterprise Management Co., Ltd.	Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party A: Suqian Daxi Information Technology Co., Ltd. Party B: Suqian Jiantong Enterprise Management Co., Ltd.	April 18, 2019
Suqian Juhe Digital Enterprise Management Co., Ltd.	Part C: Xinshi Wang, Suzhou Guanyinghou Media Technology Co., Ltd. Party A: Jiangsu Huiji Space Technology Co., Ltd. Party B: Suqian Juhe Digital Enterprise Management Co., Ltd.	June 22, 2020
Suqian Yueyang Information Technology Co., Ltd.	Party C: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party A: Beijing Jingdong Donghong Management Consulting Co., Ltd. Party B: Suqian Yueyang Information Technology Co., Ltd. Party C: Tingting Sui, Bo Xin and Pang Zhang	November 2, 2021

## 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, any purchase option, right of acquisition, right of first refusal, right of set-off, ownership detainment 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;
  - 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.

- 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 retrospect 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. 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 (7<sup>th</sup>) 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 (4<sup>th</sup>) 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: \*\*\*  
\*\*\*  
\*\*\*

Phone: \*\*\*  
Fax: \*\*\*  
Attention: \*\*\*

If to **Party B:**

**Richard Qiangdong Liu**

Address: \*\*\*  
\*\*\*  
\*\*\*

Phone: \*\*\*  
Fax: \*\*\*

**Pang Zhang**

Address: \*\*\*  
\*\*\*  
\*\*\*

Phone: \*\*\*  
Fax: \*\*\*

**Yayun Li**

Address: \*\*\*  
\*\*\*  
\*\*\*

Phone: \*\*\*  
Fax: \*\*\*

If to **Party C: Beijing Jiasheng Investment Management Co., Ltd.**

Address: \*\*\*  
\*\*\*  
\*\*\*

Phone: \*\*\*  
Fax: \*\*\*  
Attention: \*\*\*

**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

- 
- 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 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.**

/s/ Beijing Jiasheng Investment Management Co., Ltd.

(Seal of Beijing Jiasheng Investment Management Co., Ltd.)

By: /s/ Pang Zhang

## Schedule A

The following schedule sets forth information about the exclusive purchase option agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities. 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>Effective Date</u>	<u>Execution Date</u>
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party C: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	September 8, 2016	September 8, 2016
Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	Party A: Beijing Jingdong Century Trade Co., Ltd. Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party C: Shanghai Jingdong Cai'ao E-commercial Co., Ltd.	December 20, 2016	December 20, 2016
Suzhou Guanyinghou Media Technology Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd. Party B: Qian Yang Party C: Suzhou Guanyinghou Media Technology Co., Ltd.	December 11, 2017	December 11, 2017
Beijing JPT E-Commerce Co., Ltd.	Party A: Beijing QGX Information Technology Co., Ltd. Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party C: Beijing JPT E-Commerce Co., Ltd.	March 28, 2018	March 28, 2018
Suqian Jiantong Enterprise Management Co., Ltd.	Party A: Suqian Daxi Information Technology Co., Ltd. Party B: Xinshi Wang, Suzhou Guanyinghou Media Technology Co., Ltd. Party C: Suqian Jiantong Enterprise Management Co., Ltd.	April 18, 2019	April 18, 2019
Suqian Juhe Digital Enterprise Management Co., Ltd.	Party A: Jiangsu Huiji Space Technology Co., Ltd. Party B: Richard Qiangdong Liu, Yayun Li and Pang Zhang Party C: Suqian Juhe Digital Enterprise Management Co., Ltd.	June 22, 2020	June 22, 2020
Suqian Yueyang Information Technology Co., Ltd.	Party A: Beijing Jingdong Donghong Management Consulting Co., Ltd. Party B: Tingting Sui, Bo Xin and Pang Zhang Party C: Suqian Yueyang Information Technology Co., Ltd.	November 2, 2021	November 2, 2021

**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.

- 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;

- (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;

- (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;

- (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.

If to the **Lender: Beijing Jingdong Century Trade Co., Ltd.**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Fax: \*\*\*  
Attention: \*\*\*

If to **the Borrowers:**

**Richard Qiangdong Liu**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Fax: \*\*\*

**Pang Zhang**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Fax: \*\*\*

**Yayun Li**

Address: \*\*\*  
\*\*\*  
Phone: \*\*\*  
Fax: \*\*\*

## **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.

- 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)

(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

## Schedule A

The following schedule sets forth information about the loan agreements substantially in form as this exhibit that the Registrant entered into with certain other Chinese variable interest entities. 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>Loan Amount</u>	<u>Effective Date</u>	<u>Execution Date</u>
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
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
Suzhou Guanyinghou Media Technology Co., Ltd.	Lender: Suqian Daxi Information Technology Co., Ltd.  Borrower: Qian Yang	Amount: an aggregate of RMB10,000,000.00 lent to Qian Yang.	December 11, 2017	December 11, 2017
Beijing JPT E-Commerce Co., Ltd.	Lender: Beijing QGX Information Technology Co., Ltd.  Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate RMB 10,000,000 lent to the Borrowers, of which RMB4,500,000 will be provided to Richard Qiangdong Liu, RMB3,000,000 will be provided to Yayun Li and RMB2,500,000 will be provided to Pang Zhang.	March 28, 2018	March 28, 2018
Suqian Jiantong Enterprise Management Co., Ltd.	Lender: Suqian Daxi Information Technology Co., Ltd.  Borrowers: Xinshi Wang, Suzhou Guanyinghou Media Technology Co., Ltd.	Amount: an aggregate amount of RMB10,010,000, of which RMB10,000,000 will be provided Suzhou Guanyinghou Media Technology Co., Ltd. and RMB10,000 will be provided to Xinshi Wang	April 18, 2019	April 18, 2019
Suqian Juhe Digital Enterprise Management Co., Ltd.	Lender: Jiangsu Huiji Space Technology Co., Ltd.  Borrowers: Richard Qiangdong Liu, Yayun Li and Pang Zhang	Amount: an aggregate RMB 10,000,000 lent to the Borrowers, of which RMB4,500,000 will be provided to Richard Qiangdong Liu, RMB3,000,000 will be provided to Yayun Li and RMB2,500,000 will be provided to Pang Zhang.	June 22, 2020	June 22, 2020
Suqian Yueyang Information Technology Co., Ltd.	Lender: Beijing Jingdong Donghong Management Consulting Co., Ltd.  Borrowers: Tingting Sui, Bo Xin and Pang Zhang	Amount: an aggregate RMB 1,000,000 lent to the Borrowers, of which RMB450,000 will be provided to Tingting Sui, RMB300,000 will be provided to Bo Xin and RMB250,000 will be provided to Pang Zhang.	November 2, 2021	November 2, 2021

THE SYMBOL “[\*\*\*]” OR “[REDACTED]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

EXECUTION VERSION

**FACILITIES AGREEMENT**

**US\$2,000,000,000 TERM AND REVOLVING CREDIT FACILITIES**

**29 DECEMBER 2021**

**Between**

**JD.COM, INC.  
as Borrower**

**BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH  
BANK OF CHINA LIMITED  
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED  
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED  
and  
STANDARD CHARTERED BANK (HONG KONG) LIMITED  
as Mandated Lead Arrangers, Bookrunners and Underwriters**

**BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH  
BANK OF CHINA LIMITED  
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED  
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED  
and  
STANDARD CHARTERED BANK (HONG KONG) LIMITED  
as Green Loan Coordinators**

**STANDARD CHARTERED BANK (HONG KONG) LIMITED  
as Agent**

**and**

**THE BANKS AND FINANCIAL INSTITUTIONS LISTED HEREIN  
as Original Lenders**

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THIS AGREEMENT is made on 29 December 2021 and made

**BETWEEN:**

- (1) **JD.COM, INC.**, an exempted company registered by way of continuation into the Cayman Islands with limited liability and registration number 284373 whose registered office is at Maples Corporate Services Limited, P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands (the **Borrower**);
- (2) **BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH**, a branch of a national banking association organized and existing with limited liability under the laws of the United States of America, **BANK OF CHINA LIMITED** (incorporated under the laws of the People's Republic of China and whose members' liability is limited), **THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED** (incorporated under the laws of Hong Kong with limited liability), **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED** and **STANDARD CHARTERED BANK (HONG KONG) LIMITED** (incorporated under the laws of Hong Kong with limited liability), as mandated lead arrangers, bookrunners and underwriters (the **MLABUs** and each an **MLABU**);
- (3) **BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH**, a branch of a national banking association organized and existing with limited liability under the laws of the United States of America, **BANK OF CHINA LIMITED** (incorporated under the laws of the People's Republic of China and whose members' liability is limited), **THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED** (incorporated under the laws of Hong Kong with limited liability), **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED** and **STANDARD CHARTERED BANK (HONG KONG) LIMITED** (incorporated under the laws of Hong Kong with limited liability), as green loan coordinators (the **Green Loan Coordinators** and each a **Green Loan Coordinator**);
- (4) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1 (The Original Lenders) as lenders (the **Original Lenders** and each an **Original Lender**); and
- (5) **STANDARD CHARTERED BANK (HONG KONG) LIMITED** (incorporated under the laws of Hong Kong with limited liability), as agent of the Finance Parties (other than itself) (the **Agent**).

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement:

**Adjusted Consolidated EBITDA** has the meaning given to it in Clause 19.1 (Financial definitions).

**Administrative Parties** means each of the Agent, the MLABUs, the Arrangers and the Green Loan Coordinators (each an **Administrative Party**).

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of any Holding Company of that person.

**APLMA** means the Asia Pacific Loan Market Association Limited.

**Arranger** means any person which enters into a Syndication Agreement and been awarded the title of mandated lead arranger and bookrunner, mandated lead arranger, lead arranger, arranger or similar.

**Assignment Agreement** means, in relation to any assignment by any Lender of any or all of its rights under this Agreement, an assignment agreement substantially in a recommended form of the APLMA or any other form agreed between the applicable assignor, the applicable assignee and the Agent.

**Auditors** means (i) one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche, (ii) any locally established or incorporated auditor firm that is a recognised affiliate of any firm referred to in (i), or (iii) or any other firm mutually agreed to by the Borrower and the Agent (acting on the instructions of the Majority Lenders).

**Authorisation** means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; and/or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

**Availability Period** means:

- (a) (in relation to Facility A) the Facility A Availability Period; or
- (b) (in relation to Facility B) the Facility B Availability Period.

**Available Commitment** means in relation to a Lender:

- (a) (in relation to Facility A) that Lender's Facility A Available Commitment; or
- (b) (in relation to Facility B) that Lender's Facility B Available Commitment.

**Available Facility** means:

- (a) (in relation to Facility A) the Facility A Available Facility; or
- (b) (in relation to Facility B) the Facility B Available Facility.

**Break Costs** means the amount (if any) by which:

- (a) the interest (excluding any portion thereof attributable to the Margin) which a Finance Party should have received pursuant to the terms of this Agreement for the period from the date of receipt or recovery of all or any part of the principal amount of a Loan or an Unpaid Sum to the last day of the current Interest Period in respect of that Loan or that Unpaid Sum, had the principal amount of that Loan or had that Unpaid Sum so received or recovered been paid on the last day of that Interest Period;

exceeds:

- (b) the amount of interest which that Finance Party would be able to obtain by placing an amount equal to the principal amount of that Loan or equal to that Unpaid Sum so received or recovered by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following such receipt or recovery and ending on the last day of that current Interest Period.

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, the PRC, Singapore and (in relation to any payment in US\$) New York.

**Code** means the US Internal Revenue Code of 1986.

**Commitment** means in relation to a Lender:

- (a) in relation to Facility A shall be a reference to Facility A Commitment; and
- (b) in relation to Facility B shall be a reference to Facility B Commitment.

**Compliance Certificate** means a certificate substantially in the form set out in Schedule 5 (Form of Compliance Certificate) and signed by an authorised signatory of the Borrower.

**Confidential Information** means all information relating to the Borrower, any Group Member, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any Group Member or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Group Member or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 24 (Disclosure of Information); or
- (ii) is identified in writing at the time of delivery as non-confidential by any Group Member or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

**Confidentiality Undertaking** means a confidentiality undertaking substantially in a recommended form of the APLMA or in any other form agreed between the Borrower and the Agent.

**Consolidated Total Assets** means, at any time, the consolidated total assets of the Group as at the date as of which the consolidated financial statements of the Borrower then most recently delivered in accordance with paragraph (a) of Clause 18.1 (Financial statements) (or, if such time falls prior to the delivery of the first set of consolidated financial statements of the Borrower in accordance with paragraph (a) of Clause 18.1 (Financial statements), the Original Financial Statements) were prepared.

**Core Business** means the provision of e-commerce services through the establishment of online direct sales and online marketplace retail networks (excluding, for the avoidance of doubt, the establishment and operation of any fulfilment infrastructure which supports or is otherwise ancillary to such e-commerce services and the business of developing financial products and services for the online market (including supply chain financing and microcredit) and consumer financing).

**Core Business Group Member** means at any time, any Group Member the majority of the total revenue of which (being more than 50% of the total revenue) for the then Most Recent Testing Period and excluding all items between Group Members derive from activities or operations in the Core Business.

**Debt Purchase Transaction** means, in relation to a person, a transaction where such person:

- (a) purchases or acquires by way of assignment or transfer any rights and/or obligations in respect of;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment in respect of any Facility (or any commitment represented thereby) or any amount outstanding under any Finance Document.

**Default** means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

**Defaulting Lender** means any Lender:

- (a) which has failed to make its participation in any Loan available (or has notified the Agent that it will not make its participation in any Loan available) by the Utilisation Date of that Loan as required in accordance with Clause 5.4 (Lenders' participation);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andsuch payment is made within five Business Days of its due date; or
- (ii) such Lender is disputing in good faith whether it is contractually obliged to make such payment and/or to make its participation in such Loan available.

**Disruption Event** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and/or

- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

**Eligible Green Project** has the meaning given to it in Schedule 8 (Green Loan Principles Memorandum).

**Equity Interest** means, in relation to any person:

- (a) any shares of any class or capital stock of or equity interest (including partnership or membership interest) in such person or any depositary receipt in respect of any such shares, capital stock or equity interest;
- (b) any securities convertible or exchangeable (whether at the option of the holder thereof or otherwise and whether such conversion is conditional or otherwise) into any such shares, capital stock, equity interest or depositary receipt, or any depositary receipt in respect of any such securities; or
- (c) any option, warrant or other right to acquire any such shares, capital stock, equity interest, securities or depositary receipts referred to in paragraphs (a) and/or (b).

**Existing Controller** has the meaning given to it in Clause 7.6 (Change of control).

**Event of Default** means any event or circumstance specified in any of Clauses 21.1 (Non-payment) to 21.13 (Material adverse change).

**Facilities** means Facility A and Facility B (each a **Facility**).

**Facility A** means the term loan facility made or to be made available under this Agreement as described in paragraph (a) of Clause 2.1 (The Facilities).

**Facility A Availability Period** means the period from and including the date of this Agreement to and including the earlier of (a) the date falling six Months after the date of this Agreement and (b) the first date on which the Facility A Available Facility is zero.

**Facility A Available Commitment** means in relation to a Lender and save as otherwise provided in this Agreement, that Lender's Facility A Commitment minus:

- (a) the aggregate amount of its participation in any outstanding Facility A Loan (for such purpose taking into account the principal amount of each such Facility A Loan when it is made and disregarding any subsequent reduction in such principal amount); and
- (b) in relation to any proposed Utilisation, that Lender's participation in any Facility A Loan (other than the Facility A Loan the subject of such proposed Utilisation) that is due to be made on or before the Utilisation Date for such proposed Utilisation.

**Facility A Available Facility** means the aggregate for the time being of each Lender's Facility A Available Commitment.

**Facility A Commitment** means:

- (a) in relation to an Original Lender, the sum of the amount set opposite its name under the heading "Facility A Commitment" in Schedule 1 (The Original Lenders) and the amount of any other Facility A Commitment transferred to it pursuant to Clause 22 (Changes to the Lenders) or assumed by it in accordance with Clause 2.3 (Increase); and
- (b) in relation to any other Lender, the amount of any Facility A Commitment transferred to it pursuant to Clause 22 (Changes to the Lenders) or assumed by it in accordance with Clause 2.3 (Increase),

to the extent not cancelled or reduced under this Agreement or transferred by it pursuant to Clause 22 (Changes to the Lenders).

**Facility A Loan** means, as the context requires, a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

**Facility B** means the revolving credit facility made or to be made available under this Agreement as described in paragraph (b) of Clause 2.1 (The Facilities).

**Facility B Availability Period** means the period from and including the date of this Agreement to and including the date falling one Month prior to the Final Maturity Date.

**Facility B Available Commitment** means in relation to a Lender and save as otherwise provided in this Agreement, that Lender's Facility B Commitment minus:

- (a) the aggregate amount of its participation in any outstanding Facility B Loan (for such purpose taking into account the principal amount of each such Facility B Loan when it is made and disregarding any subsequent reduction in such principal amount); and
- (b) in relation to any proposed Utilisation, that Lender's participation in any Facility B Loan (other than the Facility B Loan the subject of such proposed Utilisation) that is due to be made on or before the Utilisation Date for such proposed Utilisation,

**provided that** for the purposes of calculating a Lender's Facility B Available Commitment in relation to any proposed Utilisation under Facility B only, the amount of that Lender's participation in any Facility B Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date (for such proposed Utilisation) shall not be deducted from that Lender's Facility B Available Commitment.

**Facility B Available Facility** means the aggregate for the time being of each Lender's Facility B Available Commitment.

**Facility B Commitment** means:

- (a) in relation to an Original Lender, the sum of the amount set opposite its name under the heading "Facility B Commitment" in Schedule 1 (The Original Lenders) and the amount of any other Facility B Commitment transferred to it pursuant to Clause 22 (Changes to the Lenders) or assumed by it in accordance with Clause 2.3 (Increase); and
- (b) in relation to any other Lender, the amount of any Facility B Commitment transferred to it pursuant to Clause 22 (Changes to the Lenders) or assumed by it in accordance with Clause 2.3 (Increase), to the extent not cancelled or reduced under this Agreement or transferred by it pursuant to Clause 22 (Changes to the Lenders).

**Facility B Loan** means, as the context requires, a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

**Facility Office** means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office(s) through which it will perform its obligations under this Agreement.

**FATCA** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**FATCA Application Date** means:

- (a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or
- (b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

**FATCA Deduction** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**FATCA Exempt Party** means a Party that is entitled to receive payments free from any FATCA Deduction.

**Fee Letter** means any letter or letters referring to this Agreement or the Facility:

- (a) between one or more of the Administrative Parties (on the one hand) and the Borrower (on the other hand) setting out any fees (including any of the fees referred to in Clause 11 (Fees)); or
- (b) setting out any fees payable to a Finance Party referred to in paragraph (g) of Clause 2.3 (Increase).

**Final Maturity Date** means the date falling 60 Months from the earlier of:

- (a) the Initial Utilisation Date; and
- (b) the last date of the Facility A Availability Period,

and if that date is not a Business Day, the preceding Business Day.

**Finance Documents** means this Agreement, the Fee Letters, any Utilisation Request, any Selection Notice, any Compliance Certificate and any other document(s) designated as a “Finance Document” by the Agent and the Borrower (each a **Finance Document**).

**Finance Lease** means any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with GAAP immediately before the adoption of ASC 840 (Lease), have been treated as an operating lease).

**Finance Parties** means the Agent, the MLABUs, the Green Loan Coordinators, the Arrangers and the Lenders (each a **Finance Party**).

**Financial Half Year** means the period commencing on the date falling immediately after a Half Year Date and ending on the next Half Year Date.

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) any moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility (including any dematerialised equivalent thereof);
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount of any liability under an advance or deferred purchase agreement primarily entered into as a method of raising finance or to finance the acquisition of any asset;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and/or
- (j) the amount of any liability in respect of any guarantee or indemnity or similar assurance against financial loss for any of the items referred to in paragraphs (a) to (i) above.

**Financial Year** means the annual accounting period of the Group ending on 31 December in each year.

**GAAP** means generally accepted accounting principles in the United States of America.

**Governmental Agency** means any government or any governmental, semi-governmental, regulatory or judicial agency, department, body, entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

**Green Finance Framework** has the meaning given to it in Schedule 8 (Green Loan Principles Memorandum).

**Green Loan Principles** has the meaning given to it in Schedule 8 (Green Loan Principles Memorandum).

**Green Loan Principles Memorandum** means the memorandum annexed in Schedule 8 (Green Loan Principles Memorandum) (which, for the avoidance of doubt, forms part of this Agreement).

**Group** means the Borrower and its Subsidiaries from time to time.

**Group Member** means any member of the Group.

**Half Year Dates** means each of 30 June and 31 December (each a **Half Year Date**).

**Holding Company** means, in relation to a company, corporation or entity, any other company, corporation or entity in respect of which it is a Subsidiary.

**Hong Kong** means the Hong Kong Special Administrative Region of the People's Republic of China.

**Hong Kong Stock Exchange** means The Stock Exchange of Hong Kong Limited or any successor.

**Impaired Agent** means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a), (b) or (c) of the definition of "Defaulting Lender"; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andsuch payment is made within five Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

**Increase Confirmation** means a confirmation substantially in the form set out in Schedule 7 (Form of Increase Confirmation).

**Indirect Tax** means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

**Information Memorandum** means the document in the form approved by the Borrower concerning, among other things, the Group which, at the Borrower's request and on its behalf, has been prepared in relation to the Facilities (or any part thereof) and has been or will be distributed by one or more of the MLABUs in connection with Syndication of the Facilities (or any part thereof).

**Initial Utilisation Date** means the first Utilisation Date under this Agreement.

**Insolvency Event** in relation to an entity means that the entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with, or for the benefit of, its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or

- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**Intellectual Property** means:

- (a) any patents, trade-marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use any or all of the assets referred to in paragraph (a) (which may now or in the future subsist).

**Interest Period** means:

- (a) in relation to a Loan, any period determined in accordance with Clause 9 (Interest Periods); and/or
- (b) in relation to an Unpaid Sum, any period determined in accordance with Clause 8.3 (Default interest).

**Interpolated Screen Rate** means, in relation to LIBOR for any Loan or any Unpaid Sum and any Interest Period relating thereto, the rate per annum (rounded upwards to four decimal places) for a period equal to the length of such Interest Period which results from interpolating on a linear basis between:

- (a) the rate per annum that is equal to the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the length of such Interest Period; and
- (b) the rate per annum that is equal to the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the length of such Interest Period,

each as of the Specified Time on the Quotation Day for the currency of such Loan or such Unpaid Sum and for such Interest Period.

**JD Health Group** means JD Health International Inc. and its Subsidiaries from time to time.

**JD Health Group Member** means any member of the JD Health Group.

**JD Logistics Group** means JD Logistics, Inc. and its Subsidiaries from time to time.

**JD Logistics Group Member** means any member of the JD Logistics Group.

**Legal Reservations** means:

- (a) the principle that certain (including equitable) remedies may be granted or refused at the discretion of a court, the principle of reasonableness and fairness where implied by law and the limitation of enforcement by laws relating to bankruptcy, insolvency, reorganisation, court schemes, administration, moratoria and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable statutes of limitation (or equivalent legislation), the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void and defences of acquiescence, set off or counterclaim;

- (c) similar principles, rights and defences in respect of the enforceability of a contract, agreement or undertaking under the laws of any Relevant Jurisdiction;
- (d) the principle that additional interest imposed pursuant to any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void;
- (e) the principle that a court may not give effect to an indemnity for legal costs incurred by an unsuccessful litigant; and
- (f) any other matters which are set out as qualifications or reservations as to matters of law of general application and which are set out in the legal opinions required to be delivered under this Agreement (as if references therein to any document to which such legal opinions apply were references to any document to which any representation or warranty under any Finance Document (which is qualified by the Legal Reservations) relates).

**Lender** means:

- (a) any Original Lender; and/or
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 22 (Changes to the Lenders) or Clause 2.3 (Increase),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

**LIBOR** means, in relation to any Loan or Unpaid Sum and any Interest Period relating thereto, the rate per annum equal to:

- (a) the applicable Screen Rate as of the Specified Time for the currency of that Loan or Unpaid Sum and for a period equal in length to that Interest Period; or
- (b) as otherwise determined pursuant to Clause 10.1 (Unavailability of Screen Rate),

and if such rate is less than zero, LIBOR for such Loan or Unpaid Sum and such Interest Period shall be deemed to be zero.

**Loan** means a Facility A Loan or a Facility B Loan.

**London Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business including dealings in interbank deposits in London.

**Majority Facility A Lenders** means a Lender or Lenders whose Facility A Commitments aggregate 66 $\frac{2}{3}$ % or more of the Total Facility A Commitments (or, if the Total Facility A Commitments have been reduced to zero, aggregated 66 $\frac{2}{3}$ % or more of the Total Facility A Commitments immediately prior to the reduction of the Total Facility A Commitments to zero).

**Majority Facility B Lenders** means a Lender or Lenders whose Facility B Commitments aggregate 66 $\frac{2}{3}$ % or more of the Total Facility B Commitments (or, if the Total Facility B Commitments have been reduced to zero, aggregated 66 $\frac{2}{3}$ % or more of the Total Facility B Commitments immediately prior to the reduction of the Total Facility B Commitments to zero).

**Majority Lenders** means a Lender or Lenders whose Commitments (for any or all Facilities) aggregate 66 $\frac{2}{3}$ % or more of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated 66 $\frac{2}{3}$ % or more of the Total Commitments immediately prior to the reduction of the Total Commitments to zero).

**Mandate Letter** means the mandate letter dated on or about the date of this Agreement and made between the Borrower and the MLABUs.

**Margin** means 0.85% per annum.

**Material Adverse Effect** means a material adverse effect on:

- (a) the business or financial condition of:
  - (i) the Borrower; or
  - (ii) the Group (taken as a whole);
- (b) the ability of the Borrower to perform its payment obligations under any Finance Document; or
- (c) the validity, legality or enforceability of any Finance Document or the rights or remedies of any Finance Party under any of the Finance Documents.

**Material Entities** means:

- (a) the Borrower; and
- (b) each other Material Subsidiary which is a Core Business Group Member,

and each a **Material Entity**.

**Material Subsidiary** means each Group Member (excluding any JD Health Group Member, any JD Logistics Group Member and any other Group Member whose Equity Interests (of any class) are listed or admitted to trading on any stock or securities exchange or market) whose earnings before interest, tax, depreciation and amortisation calculated on the same basis as Adjusted Consolidated EBITDA (calculated mutatis mutandis as if any reference in the definition of "Adjusted Consolidated EBITDA" and any related definition to the Borrower or Group were a reference to such Group Member and (if any) its Subsidiaries (on a consolidated basis) represents 10 per cent. or more of Adjusted Consolidated EBITDA, all as calculated by reference to the audited consolidated financial statements of the Borrower then most recently delivered under this Agreement (including the Original Financial Statements) and the period covered thereby (and the then most recently delivered Compliance Certificate in respect of such financial statements) and (where available) the financial statements of that Group Member (if applicable and where available, on a consolidated basis) (for the period covered by such most recently delivered audited consolidated financial statements of the Borrower).

For the avoidance of doubt, at any time prior to the first delivery of the audited consolidated financial statements of the Borrower pursuant to Clause 18.1 (Financial statements) and its accompanying Compliance Certificate pursuant to Clause 18.2 (Compliance Certificate), Material Subsidiary shall be each Group Member listed in the list of Material Subsidiaries delivered to the Agent pursuant to Clause 4.1 (Initial conditions precedent) (calculated by reference to the Original Financial Statements and on the basis set out in the preceding paragraph).

A report by the Auditors of the Borrower that a Group Member is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all Parties.

**Month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day in that next calendar month (in which that period is to end) is not a Business Day, that period shall end on the next Business Day in that next calendar month if there is one, or if there is not, on the immediately preceding Business Day in that next calendar month;
- (b) if there is no numerically corresponding day in that next calendar month (in which that period is to end), that period shall end on the last Business Day in that next calendar month; and
- (c) if any period begins on the last Business Day of a calendar month, that period shall end on the last Business Day in the calendar month in which that period is to end.

The above rules will only apply to the last Month of any period.

**Most Recent Testing Period** has the meaning given to that term in Clause 20.10 (Core Business Coverage).

**New Lender** has the meaning given to it in Clause 22 (Changes to the Lenders).

**NDRC** means the National Development and Reform Commission of the PRC (including its successors) and its local counterparts.

**NDRC Circular** means the Notice on Promoting the Reform of Managing the External Debt Issuance by Enterprises with a Record-filing and Registration System (《国家发展改革委关于推进企业发行外债备案登记制管理改革的通知》) (发改外资[2015] No. 2044) promulgated by the NDRC on 14 September 2015 and its implementation rules and interpretations.

**Nei Bao Wai Dai Transaction** means any transaction under which any person that is incorporated or organised outside of the PRC incurs any Financial Indebtedness from any creditor which is incorporated or organised outside of the PRC and where such Financial Indebtedness is supported by any guarantee or Security over assets granted by any person that is incorporated or organised in (or is a resident or citizen of) the PRC.

**Nei Cun Wai Dai Transaction** means any transaction or banking arrangement entered into by any Material Entity involving any netting or set-off or cash-pooling arrangement where:

- (a) any provider of any cash deposit or credit balance (involved in such transaction or arrangement) is incorporated or organised in (or is a resident or citizen of) the PRC; and
- (b) any person that can benefit from such cash deposit or credit balance pursuant to such transaction or arrangement is incorporated or organised outside the PRC.

**OFAC** means the Office of Foreign Assets Control of the US Department of the Treasury (or any successor thereto).

**Original Financial Statements** means the audited consolidated financial statements of the Borrower for its Financial Year ended 31 December 2020.

**Party** means a party to this Agreement.

**PRC** means the People's Republic of China (which, for the purposes of the Finance Documents, does not include Hong Kong, the Special Administrative Region of Macau or Taiwan).

**Quotation Day** means:

- (a) in relation to any period for which an interest rate is to be determined (other than any Interest Period referred to in paragraph (b)), two London Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days); or
- (b) in relation to any Interest Period the duration of which is selected by the Agent pursuant to Clause 8.3 (Default interest), such date as may be determined by the Agent (acting reasonably).

**Reference Bank Rate** means, in relation to any Loan or Unpaid Sum and any period relating thereto, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by each of the Reference Banks as the rate at which such Reference Bank could borrow funds in the Relevant Interbank Market for such period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in such currency and for such period.

**Reference Banks** means the principal London offices of any bank(s) as may be appointed by the Agent after consultation with the Borrower, **provided that** no bank shall be appointed as a Reference Bank without its prior consent and the Borrower's prior consent (**provided further that** the Borrower's consent shall not be unreasonably withheld or delayed and will be deemed to be given five Business Days after the Agent has requested in writing).

**Related Fund** in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**Relevant Interbank Market** means the London interbank market.

**Relevant Jurisdiction** means, in relation to the Borrower:

- (a) its jurisdiction of incorporation; and
- (b) any jurisdiction where it conducts a material part of its business.

**Relevant Period** means has the meaning given to it in Clause 19.1 (Financial definitions).

**Repeating Representations** means each of the representations and warranties set out in Clauses 17.1 (Status) to 17.6 (Governing law and enforcement) (inclusive), paragraph (b) of Clause 17.9 (No default), paragraph (c) of Clause 17.10 (No misleading information), paragraphs (a) and (b) of Clause 17.11 (Financial statements) and Clause 17.13 (No proceedings pending or threatened) to Clause 17.15 (Sanctions, anti-money laundering and anti-corruption) (inclusive).

**Representative** means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

**Rollover Loan** means one or more Facility B Loans:

- (a) made or to be made on the same day that a maturing Facility B Loan is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the amount of that maturing Facility B Loan; and

- (c) made or to be made for the purpose of refinancing that maturing Facility B Loan and identified as a “Rollover Loan” or “Rollover Loans” in the Utilisation Request for such first-mentioned Facility B Loans.

**Sanctions** means the sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any of the Sanctions Authorities.

**Sanctions Authorities** means:

- (a) the United States government;
- (b) the United Nations;
- (c) the European Union;
- (d) the United Kingdom government;
- (e) the Hong Kong government;
- (f) the Hong Kong Monetary Authority;
- (g) the Singapore government;
- (h) the Monetary Authority of Singapore;
- (i) the Republic of France;
- (j) the PRC government; or
- (k) the respective Governmental Authorities of any of the foregoing, including without limitation, OFAC, the US Department of State, the US Department of the Treasury’s Office of Foreign Assets Control and Her Majesty’s Treasury.

**Screen Rate** means, in relation to any Loan or Unpaid Sum and any period relating thereto, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the currency of such Loan or Unpaid Sum and such period, as displayed (before any correction, recalculation or republication by such administrator) on the appropriate page (being currently page LIBOR01 in the case of US dollars) of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may select such replacement page or service displaying such rate after consultation with the Borrower and the Lenders.

**Second Party Opinion** has the meaning given to it in Schedule 8 (Green Loan Principles Memorandum).

**Second Party Opinion Provider** has the meaning given to it in Schedule 8 (Green Loan Principles Memorandum).

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**Selection Notice** means a notice in substantially the form set out in Part 2 of Schedule 3 (Requests).

**Senior Debt** means the Financial Indebtedness of the Borrower under or in relation to (i) (prior to its discharge in full) the US\$1,000,000,000 term and revolving credit facilities agreement dated 21 December 2017 between (among others) the Borrower as borrower, Bank of America, N.A., Bank of China (Hong Kong) Limited, Deutsche Bank AG, Singapore Branch and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners, and Standard Chartered Bank (Hong Kong) Limited as agent, (ii) the Senior Notes and (iii) any Financial Indebtedness (**Refinancing Debt**) incurred by the Borrower for the purpose of directly or indirectly, in full or in part, refinancing any of the Financing Indebtedness referred to in (i) or (ii) or any Refinancing Debt.

**Senior Notes** means (i) the 3.875% notes in the aggregate principal amount of US\$500,000,000 due 2026 issued by the Borrower in April 2016, (ii) 3.375% notes in the aggregate principal amount of US\$700,000,000 due 2030, and (iii) the 4.125% notes in the aggregate principal amount of US\$300,000,000 due 2050 issued by the Borrower in January 2020 (in each case, as such notes may be amended and supplemented from time to time).

**Specified Time** means the applicable time determined in accordance with Schedule 6 (Timetables).

**Split Commitment** has the meaning given to that term in paragraph (f) of Clause 25.7 (Majority Lenders' instructions).

**Split Participation** has the meaning given to that term in paragraph (f) of Clause 25.7 (Majority Lenders' instructions).

**Subsidiary** means in relation to any company, corporation or entity, a company, corporation or entity:

- (a) which is controlled, directly or indirectly, by the first mentioned company, corporation or entity;
- (b) more than half the issued equity share capital, registered capital or equity interest of which is beneficially owned, directly or indirectly by the first mentioned company, corporation or entity;
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company, corporation or entity; or
- (d) the financial condition or results of operation of which are or are required under GAAP to be consolidated for the purposes of the consolidated financial statements of the first mentioned company, corporation or entity (including any VIE Entity that is the subject of any VIE Contract),

and for this purpose, a company, corporation or entity shall be treated as being controlled by another if that other company, corporation or entity is able to direct its affairs and/or to control the majority of the composition of its board of directors or equivalent body.

**Super Majority Lenders** means a Lender or Lenders whose Commitments (for any or all Facilities) aggregate 80% or more of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated 80% or more of the Total Commitments immediately prior to the reduction of the Total Commitments to zero).

**Syndication** means the primary syndication of the Facilities as contemplated in the Mandate Letter.

**Syndication Agreement** has the meaning given to it in Clause 22.4 (Master assignment or transfer).

**Syndication Date** means the last day of the Syndication Period (as defined in the Mandate Letter).

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Tax Deduction** has the meaning given to such term in paragraph (a) of Clause 12.1 (Definitions).

**Total Book Equity** means, at any time, the amount specified on the consolidated balance sheet of the Borrower as “Total shareholders’ equity” in the consolidated financial statements of the Borrower then most recently delivered pursuant to Clause 18.1 (Financial statements) (or, if no such consolidated statements of the Borrower have been so delivered as at such time, the Original Financial Statements).

**Total Commitments** means the aggregate of the Total Facility A Commitments and the Total Facility B Commitments, being US\$2,000,000,000 at the date of this Agreement.

**Total Facility A Commitments** means the aggregate of the Facility A Commitments, being US\$1,000,000,000 at the date of this Agreement.

**Total Facility B Commitments** means the aggregate of the Facility B Commitments, being US\$1,000,000,000 at the date of this Agreement.

**Transfer Certificate** means a certificate substantially in the form set out in Schedule 4 (Form of Transfer Certificate) or any other form agreed between the Agent and the Borrower.

**Transfer Date** means, in relation to an assignment by a Lender of any or all of its rights under this Agreement or a transfer by a Lender of any or all of its rights and obligations under this Agreement, the later of:

- (a) the proposed Transfer Date specified in the Assignment Agreement relating to such assignment or (as the case may be) the Transfer Certificate relating to such transfer; and
- (b) the date on which the Agent executes the Assignment Agreement relating to such assignment or (as the case may be) the Transfer Certificate relating to such transfer.

**Unpaid Sum** means any sum due and payable but unpaid by the Borrower under any or all of the Finance Documents.

**US, U.S. and United States** means the United States of America, its territories, possessions and other areas subject to the jurisdiction of the United States of America.

**U.S.A. Patriot Act** means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

**US Bankruptcy Code** means Title 11 of the United States Code, 11 USC. 101 et seq., entitled “Bankruptcy”.

**US Tax Obligor** means the Borrower if:

- (a) it is resident for tax purposes in the US; or
- (b) its payments under the Finance Documents are from sources within the US for United States federal income tax purposes.

**Utilisation** means a utilisation of any Facility.

**Utilisation Date** means the date of a Utilisation, being the date on which the Loan (the subject of such Utilisation) is made or to be made.

**Utilisation Request** means a notice substantially in the form set out in Part 1 (Form of Utilisation Request) of Schedule 3 (Requests).

**VIE Contract** means any agreement, instrument or arrangement that constitutes, or forms part of, any contractual arrangements enabling a Group Member to exercise Control over a person (in respect of whom the Borrower does not beneficially own, directly or indirectly, more than half of its Equity Interests) (a **VIE Entity**) or consolidate the financial condition or results of operation of any VIE Entity for the purposes of the consolidated financial statements of the Group or any Group Member, including any loan agreement between any Group Member and any VIE Entity or any holder of any Equity Interest in any VIE Entity, any pledge agreement relating to any Equity Interest in any VIE Entity and any proxy relating to any Equity Interest in any VIE Entity. For the purposes of this definition, “**Control**” means, in relation to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies or affairs of such person, whether through the ownership of voting securities, by contract or otherwise.

**VIE Entity** has the meaning in the definition of “VIE Contract”.

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
- (i) the **Agent**, any **MLABU**, any **Green Loan Coordinator**, any **Arranger**, any **Administrative Party**, any **Finance Party**, any **Lender** or any **Party** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
  - (ii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended and/or restated from time to time;
  - (iii) a document in **agreed form** is a document which is in the form agreed in writing by or on behalf of the Borrower and the Agent;
  - (iv) **asset** includes present and future properties, revenues and rights of every description;
  - (v) **disposal** includes any sale, lease, transfer, conveyance, assignment and other disposal of any asset or any interest therein (including any other transaction or arrangement pursuant to which the economic benefit of or beneficial interest in such asset is lost or diluted) and “**dispose**” shall be construed accordingly;
  - (vi) **guarantee** includes any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness (and **guarantor** shall be construed accordingly);
  - (vii) **including** shall be construed as “including without limitation” (other than when used in references to time periods) (and cognate expressions shall be construed similarly);
  - (viii) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

- (ix) a Finance Party's **participation** in any Loan or Unpaid Sum includes an amount (in the currency of such Loan or Unpaid Sum) representing the fraction or portion (attributable to such Finance Party by virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and such Finance Party's rights under this Agreement and/or any other Finance Document in respect thereof;
  - (x) a **person** includes any individual, firm, limited liability company or other company, corporation, vessel, government, government authority, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (xi) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, which is generally complied with by those to whom it is addressed) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (xii) any gender shall be construed to include a reference to each other gender;
  - (xiii) a provision of law is a reference to that provision as amended or re-enacted; and
  - (xiv) a time of day is a reference to Hong Kong time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
  - (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
  - (d) A Default (including an Event of Default) is **continuing** if it has not been remedied or waived.
  - (e) The **equivalent** of an amount in a given currency (the **specified currency**) is a reference to the amount of any other currency which, when converted into the specified currency utilising the Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Agent, such other prevailing market rate of exchange selected by the Agent) for the purchase of the specified currency with that other currency at or about 11am on the applicable date of determination, is equal to the applicable amount in the specified currency.
  - (f) Unless a contrary indication appears, **knowledge** means, in respect of the Borrower, to the best of the knowledge and belief of the Borrower, having made due and careful enquiry.

### 1.3 Currency symbols and definitions

- (a) **US\$, US dollar** or **US dollars** denote the lawful currency of the United States of America.
- (b) **Renminbi** or **RMB** denote the lawful currency of the PRC.

### 1.4 Third party rights

- (a) A person who is not a Party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623) (the **Third Parties Ordinance**) to enforce or to enjoy the benefit of any term of this Agreement, except as otherwise provided in paragraph (b) of Clause 25.10 (Exclusion of liability).

- (b) Notwithstanding any provision of this Agreement (including paragraph (a) above), the Parties do not require the consent of any person who is not a Party to rescind, amend, vary or waive any provision of this Agreement at any time.

## 2. THE FACILITIES

### 2.1 The Facilities

Subject to the terms of this Agreement, the Lenders agree to make available to the Borrower:

- (a) a US dollar term loan facility in an aggregate amount of up to the Total Facility A Commitments; and
- (b) a US dollar revolving credit facility in an aggregate amount of up to the Total Facility B Commitments.

### 2.2 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under any or all of the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under any or all of the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under any or all of the Finance Documents to a Finance Party from the Borrower shall be a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by the Borrower which relates to a Finance Party's participation in a Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by the Borrower.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

### 2.3 Increase

- (a) The Borrower may by giving prior notice to the Agent by no later than the date falling 15 Business Days after the effective date of a cancellation of the Available Commitment or the Commitment (in respect of any Facility) of a Lender (a **Cancelled Lender**) in accordance with paragraph (a) of Clause 7.5 (Right of repayment and cancellation in relation to a single Lender) (such Available Commitment or Commitment so cancelled being the **Cancelled Commitment** in respect of that Facility) request that the Commitments relating to that Facility be increased (and the Commitments relating to that Facility shall be so increased) up to an amount of the Cancelled Commitment as follows:
  - (i) such increased Commitments under that Facility will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an **Increase Lender**) selected by the Borrower (which is not a Group Member and which satisfies the criteria for a Lender under Clause 22.1 (Assignments and transfers by the Lenders)) each of which confirms in writing (whether in the relevant Increase Confirmation or otherwise) its willingness to assume and does assume all the obligations of a Lender corresponding to that part of such increased Commitments which it is to assume (the **Assumed Commitment** of such Increase Lender in respect of such Facility), as if it had been an Original Lender with such Assumed Commitment in addition to any other Commitment in respect of any Facility which it may otherwise have in accordance with this Agreement (for the avoidance of doubt, the aggregate Assumed Commitments of all of the Increase Lenders shall not exceed such Cancelled Commitment in respect of such Facility);

- (ii) the Borrower and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Borrower and that Increase Lender would have assumed and/or acquired had that Increase Lender been an Original Lender (with the Assumed Commitment in respect of such Increase Lender and such Facility, in addition to any other Commitment in respect of any Facility which such Increase Lender may otherwise have in accordance with this Agreement);
  - (iii) each Increase Lender shall become a Party as a "Lender" (with the Assumed Commitment in respect of such Facility so assumed by it, in addition to any other Commitment in respect of any Facility which that Increase Lender may otherwise have in accordance with this Agreement) and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had that Increase Lender been an Original Lender;
  - (iv) the Commitments of the other Lenders in respect of any or all of the Facilities shall continue in full force and effect; and
  - (v) any such increase in the Commitments under such Facility shall take effect on the later of (A) the date specified by the Borrower in the notice referred to above or (B) the date on which the conditions set out in paragraph (b) below are satisfied in respect of such increase.
- (b) An increase in the Commitments under any Facility pursuant to paragraph (a) will only be effective on:
- (i) the execution by the Agent of an Increase Confirmation from each Increase Lender in respect of such increase (setting out the Assumed Commitment under such Facility which such Increase Lender is assuming in accordance with paragraph (a)); and
  - (ii) in relation to an Increase Lender which is not a Lender immediately prior to such increase in Commitments under such Facility, the Agent being satisfied that it has completed all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the Assumed Commitment in respect of such Facility by that Increase Lender.
- (c) The Agent shall promptly notify to the Borrower and that Increase Lender upon the effectiveness of such increase, **provided that** the Agent shall have received confirmation from either such Cancelled Lender or the Borrower of the completion of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the Assumed Commitment in respect of such Facility by that Increase Lender.
- (d) Each Increase Lender, by executing an Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase in Commitments (to which such Increase Confirmation relates) becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as it would have been had it been an Original Lender.

- (e) The Borrower shall promptly on demand pay the Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with any increase in Commitments under this Clause 2.3.
- (f) An Increase Lender shall, on the date upon which the assumption of any Assumed Commitment in respect of any Facility takes effect, pay to the Agent (for its own account) a fee in an amount equal to the fee which would be payable under Clause 22.3 (Assignment or transfer fee) if such assumption were a transfer of such Assumed Commitment to such Increase Lender pursuant to Clause 22.6 (Procedure for transfer) and if such Increase Lender were a New Lender.
- (g) The Borrower may pay to an Increase Lender a fee in the amount and at the times agreed between the Borrower and that Increase Lender in a Fee Letter.
- (h) Neither the Agent nor any Lender shall have any obligation to find an Increase Lender and in no event shall any Lender whose Cancelled Commitment in respect of any Facility is assumed or replaced by an Increase Lender be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents.
- (i) Clause 22.5 (Limitation of responsibility of Existing Lenders) shall apply mutatis mutandis in this Clause 2.3 in relation to an Increase Lender as if references in that Clause to:
  - (i) an **Existing Lender** were references to all the Lenders immediately prior to the relevant increase in Commitments or the assumption of any Assumed Commitment in respect of any Facility by such Increase Lender;
  - (ii) the **New Lender** were references to that **Increase Lender**; and
  - (iii) a **re-transfer** and **re-assignment** were references to respectively a **transfer** and **assignment**.

### 3. PURPOSE

#### 3.1 Purpose

The Borrower shall ensure that all amounts borrowed by it under the Facilities are applied towards:

- (a) (in the case of Facility A) financing or refinancing (including by way of replenishing the working capital used for) any investment in any Eligible Green Project and payment of transaction fees, costs and expenses in relation to the Finance Documents or such Eligible Green Project; or
- (b) (in the case of Facility B) financing the general corporate purposes of the Group (including refinancing any Financial Indebtedness of any member of the Group) and payment of fees, costs and expenses incurred by the Borrower in connection with the Finance Documents.

#### 3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

## **4. CONDITIONS OF UTILISATION**

### **4.1 Initial conditions precedent**

- (a) The Borrower may not deliver a Utilisation Request unless the Agent has received (or the Agent has waived the requirement to receive (acting on the instructions of the Majority Lenders)) all of the documents and other evidence listed in Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent. The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.
- (b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

### **4.2 Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (Lenders' participation) in relation to any Loan if on the date of the Utilisation Request (relating to such Loan) and on the proposed Utilisation Date (for such Loan):

- (a) (A) (in the case of a Rollover Loan) the Agent has not (acting on the instructions of the Majority Lenders) given notice to the Borrower to the effect that an Event of Default is continuing and no Rollover Loan shall be made or (B) (in the case of any Loan other than a Rollover Loan) no Default is continuing or would result from such proposed Loan; and
- (b) the Repeating Representations are true in all material respects (whether before or after giving effect to such proposed Loan).

### **4.3 Maximum number of Loans**

- (a) The Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation, five or more Facility A Loans would be outstanding.
- (b) The Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation, five or more Facility B Loans would be outstanding.
- (c) The Borrower may not request that any Facility A Loan be divided if, as a result of the proposed division, five or more Facility A Loans would be outstanding.
- (d) The Borrower may not request that a Facility B Loan be divided.

## **5. UTILISATION**

### **5.1 Delivery of a Utilisation Request**

The Borrower may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request via email to [loansAgency.HK@sc.com](mailto:loansAgency.HK@sc.com) (or any substitute email address as the Agent may notify the Borrower) not later than the Specified Time.

## 5.2 Completion of a Utilisation Request

- (a) Each Utilisation Request for a Loan under any Facility is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Facility to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the Availability Period for such Facility;
  - (iii) the proposed Utilisation Date is not a Syndication Date;
  - (iv) the currency and amount of such Loan comply with Clause 5.3 (Currency and amount); and
  - (v) the proposed first Interest Period complies with Clause 9 (Interest Periods).
- (b) Only one Loan in respect of each Facility may be requested in each Utilisation Request.

## 5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be US dollars.
- (b) The amount of the proposed Loan under any Facility specified in a Utilisation Request must be an amount which does not exceed the Available Facility for such Facility and which is (i) a minimum of US\$50,000,000 and an integral multiple of US\$10,000,000, or (ii) if less, the Available Facility for such Facility.

## 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met and subject to Clause 7.1 (Illegality), Clause 7.6 (Change of control) and paragraph (b) of Clause 6.2 (Repayment of Facility B Loans), each Lender shall make its participation in each Loan available by the Utilisation Date for such Loan through its Facility Office.
- (b) The amount of each Lender's participation in each Loan under any Facility will be equal to a proportion of such Loan, such proportion being equal to the proportion borne by such Lender's Available Commitment for such Facility to the Available Facility for such Facility immediately prior to making such Loan.
- (c) The Agent shall notify each Lender of the amount of each Loan and the amount of its participation in that Loan (and, in the case of a Facility B Loan and if different, the amount of its participation in that Loan to be made available to the Agent under Clause 27.1 (Payments to the Agent) in accordance with paragraph (b) of Clause 6.2 (Repayment of Facility B Loans)), in each case by the Specified Time.

## 5.5 Cancellation of Available Facility

- (a) The Facility A Commitments which, at that time, are unutilised (being, in respect of each Lender, the amount by which the Facility A Commitment of such Lender exceeds its aggregate participation in the Facility A Loans) shall be immediately cancelled at 5pm on the last day of the Availability Period for Facility A.
- (b) The Facility B Commitments which, at that time, are unutilised (being, in respect of each Lender, the amount by which the Facility B Commitment of such Lender exceeds its aggregate participation in the Facility B Loans) shall be immediately cancelled at 5pm on the last day of the Availability Period for Facility B.

## 6. REPAYMENT

### 6.1 Repayment of Facility A Loans

- (a) The Borrower shall repay each Facility A Loan in full on the Final Maturity Date.
- (b) The Borrower may not re-borrow any part of Facility A which is repaid.

### 6.2 Repayment of Facility B Loans

- (a) Subject to paragraph (c), the Borrower shall repay each Facility B Loan in full on the last day of its Interest Period.
- (b) Without prejudice to the Borrower's obligation under paragraph (a) above, if:
  - (i) one or more Facility B Loans are to be made available to the Borrower in accordance with the provisions of this Agreement (**New Facility B Loans**):
    - (A) on the same day that a maturing Facility B Loan is due to be repaid; and
    - (B) in whole or in part for the purpose of refinancing such maturing Facility B Loan (as specified in the Utilisation Request(s) for such New Facility B Loans); and
  - (ii) each Lender's aggregate participation in such New Facility B Loans (expressed as a percentage of the aggregate amount of such New Facility B Loans) is equal to such Lender's participation in such maturing Facility B Loan (expressed as a percentage of the aggregate amount of such Facility B Loan),

the aggregate amount of such New Facility B Loans shall, unless the Borrower notifies the Agent to the contrary in the Utilisation Request(s) for such New Facility B Loans, be treated as if applied in or towards repayment of such maturing Facility B Loan so that:

- (A) if the amount of such maturing Facility B Loan exceeds the aggregate amount of the New Facility B Loans:
  - I. the Borrower will only be required to make a payment in respect of such maturing Facility B Loan under Clause 27.1 (Payments to the Agent) in an amount equal to that excess; and
  - II. each Lender's participation in such New Facility B Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in such maturing Facility B Loan and that Lender will not be required to make a payment under Clause 27.1 (Payments to the Agent) in respect of its participation in such New Facility B Loans; and

- (B) if the amount of such maturing Facility B Loan is equal to or less than the aggregate amount of such New Facility B Loans:
  - I. the Borrower will not be required to make a payment under Clause 27.1 (Payments to the Agent) in respect of such maturing Facility B Loan; and
  - II. each Lender will be required to make a payment under 27.1 (Payments to the Agent) in respect of its participation in such New Facility B Loans only to the extent that its participation in such New Facility B Loans exceeds that Lender's participation in such maturing Facility B Loan and the remainder of that Lender's participation in such New Facility B Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in such maturing Facility B Loan.
- (c) All of the Facility B Loans must be repaid in full on the Final Maturity Date.
- (d) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in the Facility B Loans then outstanding will be automatically extended to the last day of the Facility B Availability Period and will be treated as separate Facility B Loans (the **Separate Loans**) in which the relevant participations are outstanding.
- (e) If the Borrower makes a prepayment of a Facility B Loan pursuant to Clause 7.4 (Voluntary prepayment of Facility B Loans), the Borrower may prepay a Separate Loan by giving not less than three Business Days' prior notice to the Agent. The proportion borne by the amount of the prepayment of the Separate Loan to the amount of the Separate Loans shall not exceed the proportion borne by the amount of the prepayment of the Facility B Loans to the Facility B Loans. The Agent will forward a copy of a prepayment notice received in accordance with this paragraph (e) to the Defaulting Lender concerned as soon as practicable on receipt.
- (f) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Borrower by the time and date specified by the Agent (acting reasonably) and will be payable by the Borrower to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Separate Loan.
- (g) The terms of this Agreement relating to Facility B Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraphs (d) to (f) above, in which case those paragraphs shall prevail in respect of any Separate Loan.

## 7. PREPAYMENT AND CANCELLATION

### 7.1 Illegality

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan or any part thereof:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event and the Agent shall promptly notify the Borrower upon the receipt of such notification from that Lender;
- (b) upon the Agent notifying the Borrower, the Available Commitment of that Lender in respect of each Facility will be immediately cancelled and reduced to zero and the Commitment of that Lender in respect of each Facility shall be reduced by the amount of the Available Commitment for such Facility so cancelled (and that Lender shall not be obliged to participate in the making of any Loan under any Facility); and

- (c) to the extent that that Lender's participation in each Loan has not been transferred to another person pursuant to Clause 7.5 (Right of repayment and cancellation in relation to a single Lender), the Borrower shall repay that Lender's participation in each Loan on the last day of the Interest Period for such Loan occurring after the Agent has notified the Borrower or, if earlier, the date specified by that Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law). Upon such prepayment of that Lender's participation in any Loan under any Facility, the Commitment of that Lender in respect of that Facility shall be cancelled and reduced by the amount of such prepayment.

## 7.2 Voluntary cancellation

- (a) The Borrower may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Facility A Lenders may agree) prior notice, reduce the Facility A Available Facility to zero or by such amount (being a minimum amount of US\$50,000,000 and an integral multiple of US\$10,000,000) as the Borrower may specify in such notice.
- (b) The Borrower may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Facility B Lenders may agree) prior notice, reduce the Facility B Available Facility to zero or by such amount (being a minimum amount of US\$50,000,000 and an integral multiple of US\$10,000,000) as the Borrower may specify in such notice.
- (c) Any such reduction of the Available Facility for any Facility under this Clause 7.2 shall reduce the Commitments of the Lenders for such Facility rateably.

## 7.3 Voluntary prepayment of Facility A Loans

- (a) The Borrower may, if it gives the Agent not less than three Business Days' prior notice in writing, prepay the whole or any part of any Facility A Loan, **provided that**, in the case of any prepayment of any Facility A Loan in part, the amount of such prepayment reduces the amount of such Facility A Loan by an amount that is (i) not less than US\$50,000,000 and (ii) if in excess of US\$50,000,000, an integral multiple of US\$10,000,000.
- (b) A Facility A Loan may only be prepaid under this Clause 7.3 after the last day of the Availability Period in respect of Facility A (or, if earlier, the day on which the Facility A Available Facility is zero).

## 7.4 Voluntary prepayment of Facility B Loans

The Borrower may, if it gives the Agent not less than three Business Days' prior notice in writing, prepay the whole or any part of any Facility B Loan, **provided that**, in the case of any prepayment of any Facility B Loan in part, the amount of such prepayment reduces the amount of such Facility B Loan by an amount that is (i) not less than US\$50,000,000 and (ii) if in excess of US\$50,000,000, an integral multiple of US\$10,000,000.

## 7.5 Right of repayment and cancellation in relation to a single Lender

- (a) If:
  - (i) any sum payable to any Lender by the Borrower is required to be increased under Clause 12.2 (Tax gross-up);
  - (ii) any Lender claims indemnification from the Borrower under Clause 12.3 (Tax indemnity) or Clause 13 (Increased Costs); or
  - (iii) any Lender becomes a Defaulting Lender,

the Borrower may, whilst (in the case of paragraph (i)) the circumstance giving rise to such requirement continues (in the case of paragraph (ii)) the circumstance giving rise to such indemnification continues or (in the case of paragraph (iii)) such Lender continues to be a Defaulting Lender, give the Agent and that Lender written notice of its intention to procure the repayment of that Lender's participation (if any) in the Loans and the cancellation of the Commitment of that Lender for each Facility (a **Cancellation Notice**).

- (b) On receipt of a Cancellation Notice referred to in paragraph (a) above in respect of any Lender, the Available Commitment of that Lender for each Facility shall immediately be cancelled and reduced to zero (and the Commitment of that Lender for each Facility shall be reduced by the amount of the Available Commitment for such Facility so cancelled).
- (c) On the last day of each Interest Period relating to any Loan which ends after the Borrower has given a Cancellation Notice under paragraph (a) above in respect of any Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation (if any) in that Loan (for the avoidance of doubt, together with all accrued interest on that Loan and all other amounts owing or payable to such Lender under the Finance Documents). Upon such prepayment of that Lender's participation in any Loan under any Facility, the Commitment of that Lender in respect of that Facility to which that Loan relates shall be reduced by the amount of such prepayment.
- (d) If:
  - (i) any sum payable to any Lender by the Borrower is required to be increased under Clause 12.2 (Tax gross-up);
  - (ii) any Lender claims indemnification from the Borrower under Clause 12.3 (Tax indemnity) or Clause 13 (Increased Costs);
  - (iii) the Borrower becomes obliged to repay any Loan in accordance with Clause 7.1 (Illegality);
  - (iv) any Lender becomes a Non-Consenting Lender (as defined in paragraph (f) below); or
  - (v) any Lender becomes and continues to be a Defaulting Lender,

the Borrower may, on not less than five Business Days' prior written notice to the Agent and that Lender of its intention to replace that Lender (a **Replacement Notice**), replace that Lender (a **Replaced Lender**) by requiring such Replaced Lender to (and, to the extent permitted by law, such Replaced Lender shall) transfer pursuant to Clause 22 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or any other bank, financial institution, trust fund or other entity selected by the Borrower (which satisfies the criteria for a Lender under Clause 22.1 (Assignments and transfers by the Lenders) and does not contravene Clause 34 (Restrictions on Debt Purchase Transactions)) (a **Replacement Lender**) which confirms (x) its willingness to assume and does assume all the obligations of such Replaced Lender in accordance with Clause 22 (Changes to the Lenders) for a purchase price in cash payable, free and clear from any and all withholdings and deductions, at the time of such transfer equal to the sum of (and in the currency of) (A) the aggregate outstanding principal amount of such Replaced Lender's participation in each of the outstanding Loans, (B) all accrued interest (whether or not due) thereon, (C) any Break Costs that would have been payable to such Replaced Lender had such Replaced Lender received payment of its participation in each of the Loans and accrued interest thereon and other sums payable under the Finance Documents from the Borrower on the date of such transfer and (D) all other amounts owing or payable to such Replaced Lender under the Finance Documents, and (y) (in the case where such Replaced Lender is a Non-Consenting Lender) its consent to the waiver or amendment (that is the subject of the applicable Non-Consenting Event which constitutes such Replaced Lender as a Non-Consenting Lender), **provided that** (in the case of paragraph (iv)) if a Lender has split the votes attributable to its Commitment(s) in respect of any Facility or any participation in any Loan(s) under any Facility in accordance with paragraph (f) of Clause 25.7 (Majority Lenders' instructions) (a **Splitting Lender**), (1) such Splitting Lender shall be deemed (for the purposes of paragraphs (d) to (f)) to constitute different Lenders (each a **Split Vote Lender**), each holding its Split Commitment in respect of each Facility and its Split Participation in respect of each Loan in accordance with paragraph (f) of Clause 25.7 (Majority Lenders' instructions), and (2) if any Split Vote Lender constitutes a Non-Consenting Lender (by virtue of such Split Vote Lender, in its capacity as Lender holding such Split Vote Lender's Split Commitment in respect of any Facility and/or Split Participation in any Loan, not consenting to any applicable waiver or amendment), any replacement of such Split Vote Lender shall be limited to a transfer of all of the rights and obligations of such Split Vote Lender under this Agreement (for the avoidance of doubt, which rights and obligations are attributable to the Split Commitment of such Split Vote Lender in respect of each Facility and the Split Participation of such Split Vote Lender in respect of each Loan), and shall not include a transfer of the rights or obligations of any other Split Vote Lender under this Agreement notwithstanding that such other Split Vote Lender may be the same entity as such first-mentioned Split Vote Lender being replaced.

- (e) The replacement of a Replaced Lender and the transfer of rights and obligations of such Replaced Lender to the applicable Replacement Lender pursuant to paragraph (d) above shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent;
  - (ii) none of the Finance Parties (including without limitation such Replaced Lender) shall have any obligation to find a Replacement Lender;
  - (iii) in no event shall such Replaced Lender be required to pay, account for or surrender to such Replacement Lender for any amount (including without limitation any fees) received or recovered by such Replaced Lender pursuant to the Finance Documents prior to or in respect of any time prior to such transfer (except if any portion of such recovered amount is attributable to any amount receivable by such Replacement Lender after the date of such transfer from such Replaced Lender to such Replacement Lender);
  - (iv) such Replaced Lender shall not be obliged to make such transfer or execute any Transfer Certificate in respect of such transfer unless it is satisfied (acting reasonably) that it has completed all "know your customer" and other similar procedures that it is required to conduct in relation to such transfer to such Replacement Lender (and the Replaced Lender shall perform such procedures as soon as reasonably practicable following delivery of a Replacement Notice to it in respect of such transfer and shall notify the Agent and the Borrower when it is satisfied that it has completed such procedures);
  - (v) such Replaced Lender shall not be required to make any such transfer to the extent that such transfer is, or would be reasonably likely to result, in breach of or non-compliance with any applicable law or regulation, or any rules or regulations of any applicable securities exchange applicable to such Replaced Lender or such Replacement Lender; and

- (vi) such Replaced Lender shall only be obliged to make such transfer if:
  - (A) in the case of paragraph (d)(i), (d)(ii) or (d)(iii), at the time of such transfer the circumstance giving rise to such requirement for increased payments to such Replaced Lender under Clause 12.2 (Tax gross-up) or such indemnification in favour of such Replaced Lender under Clause 12.3 (Tax indemnity) or Clause 13 (Increased Costs) or the Borrower's obligation to repay any Loan in accordance with Clause 7.1 (Illegality) (as the case may be) is continuing;
  - (B) in the case of paragraph (d)(iv), such transfer is to be made no later than 30 days after the date on which the Non-Consenting Event constituting such Replaced Lender a Non-Consenting Lender first arose, and such Non-Consenting Event is continuing at the time of such transfer; or
  - (C) in the case of paragraph (d)(v), such Replaced Lender continues to be a Defaulting Lender.
- (f) In the event that:
  - (i) the Borrower or the Agent (at the request of the Borrower) has requested the Lenders to consent to a waiver or amendment of any provisions of the Finance Documents;
  - (ii) the waiver or amendment in question requires the consent of all the Lenders; and
  - (iii) the Super Majority Lenders have consented to such waiver or amendment,then any Lender who does not and continues not to consent to such waiver or amendment shall be deemed a **Non-Consenting Lender** and such event shall be a **Non-Consenting Event**.

## 7.6 Change of control

- (a) Upon the occurrence of a Change of Control:
  - (i) the Borrower shall promptly notify the Agent upon becoming aware of that event; and
  - (ii) (irrespective of whether the Borrower has complied with paragraph (i) above):
    - (A) no Lender shall be obliged to participate in the making of any Loan in any Facility; and
    - (B) if the Majority Lenders so require, the Agent shall, by not less than 30 days' notice to the Borrower, cancel the Facilities and declare all outstanding Loans, together with accrued interest and any Break Costs, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facilities (and the Commitment of each Lender for each Facility) will be cancelled and all of the outstanding Loans, together with accrued interest and any Break Costs, and all other amounts accrued under the Finance Documents will become immediately due and payable.
- (b) For the purpose of paragraph (a) above, **Change of Control** means any person or group of persons acting in concert (other than any person or group of persons acting in concert who already control the Borrower as at the date of this Agreement (the **Existing Controllers**)) gains direct or indirect control of the Borrower. For the purpose of this definition:
  - (i) **acting in concert** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Borrower by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower; and

- (ii) **control** of a person means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (A) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of that person;
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of that person; or
  - (C) give directions with respect to the operating and financial policies of that person with which the directors or other equivalent officers of that person are obliged to comply.

## 7.7 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) The Borrower may not re-borrow any part of Facility A which is prepaid.
- (d) Unless a contrary indication appears in this Agreement, any part of Facility B which is prepaid or repaid may be re-borrowed during the Facility B Availability Period in accordance with the terms of this Agreement.
- (e) The Borrower shall not repay or prepay all or any part of the Loans or cancel or reduce all or any part of the Commitments or Available Commitments of the Lenders for any Facility except at the times and in the manner expressly provided for in this Agreement.
- (f) Subject to Clause 2.3 (Increase), no amount of the Total Commitments cancelled or reduced under this Agreement may be subsequently reinstated.
- (g) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.
- (h) Any prepayment or repayment of a Loan or any part thereof (other than a prepayment or repayment pursuant to Clause 7.1 (Illegality) or Clause 7.5 (Right of repayment and cancellation in relation to a single Lender)) shall be applied pro rata to each Lender's participation in that Loan.
- (i) If all or part of any Lender's participation in a Loan under any Facility is repaid or prepaid and is not available for redrawing (other than by reason of the operation of Clause 4.2 (Further conditions precedent)), an amount of that Lender's Commitment in respect of that Facility (equal to the amount of such Lender's participation in such Loan which is so repaid or prepaid) will be deemed to be cancelled on the date of such repayment or prepayment.

## **8. INTEREST**

### **8.1 Calculation of interest**

The rate of interest on each Loan at any time during an Interest Period relating thereto is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR for such Loan and such Interest Period.

### **8.2 Payment of interest**

On the last day of each Interest Period relating to a Loan the Borrower shall pay accrued interest on such Loan.

### **8.3 Default interest**

- (a) If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on such Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 1% per annum higher than the rate which would have been payable if such Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of such Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower on demand by the Agent.
- (b) If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 1% per annum higher than the rate which would have applied if that Unpaid Sum had not become due.
- (c) Default interest (if unpaid) arising on any Unpaid Sum will be compounded with that Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

### **8.4 Notification of rates of interest**

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

## **9. INTEREST PERIODS**

### **9.1 Selection of Interest Periods**

- (a) Subject to the provisions of this Agreement:
  - (i) the Borrower may select an Interest Period for any Loan in the Utilisation Request for such Loan or (if such Loan is a Facility A Loan which has already been borrowed) in a Selection Notice;

- (ii) each Selection Notice in respect of an Interest Period for any Facility A Loan is irrevocable and must be delivered to the Agent by the Borrower by the Specified Time;
  - (iii) if the Borrower fails to deliver a Selection Notice to the Agent in accordance with paragraph (a)(ii) above in relation to any Interest Period for a Facility A Loan, such Interest Period will, subject to paragraph (b), be the same as the preceding Interest Period applicable to that Facility A Loan; and
  - (iv) the Borrower may (pursuant to paragraph (a)(i)) select an Interest Period for any Loan of one, three or six Month(s) or any other period agreed between the Borrower and the Agent (acting on the instructions of all the Lenders that have any participation in that Loan).
- (b) No Interest Period for any Loan shall extend beyond the Final Maturity Date. The Borrower may select an Interest Period of less than one Month ending on the Final Maturity Date.
  - (c) Prior to the Syndication Date, an Interest Period for a Loan shall be one Month or such other period as the Agent (acting on the instructions of all the Lenders that have any participation in that Loan) and the Borrower may agree and any Interest Period which would otherwise end during the Month preceding or extend beyond the Syndication Date shall end on the Syndication Date.
  - (d) Each Interest Period for a Facility A Loan shall start on the Utilisation Date for such Loan or (if such Facility A Loan has already been made) on the last day of the preceding Interest Period relating to such Loan.
  - (e) The first Interest Period for the second or any subsequent Facility A Loan (each a **Subsequent Loan**) shall end on the last day of the Interest Period then current (or commencing) for each other Facility A Loan which is then outstanding when that Subsequent Loan is made.
  - (f) A Facility B Loan has one Interest Period only and such Interest Period shall start on the Utilisation Date of that Facility B Loan.

## 9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is no such next Business Day in that calendar month).

## 9.3 Consolidation and division of Facility A Loans

- (a) If two or more Interest Periods relating to Facility A Loans end on the same date, then those Facility A Loans will, unless the Borrower specifies to the contrary in the Selection Notice for the immediately following Interest Period for any such Facility A Loan, be consolidated into, and treated as, a single Facility A Loan on the last day of such first mentioned Interest Periods.
- (b) Subject to Clause 4.3 (Maximum number of Loans) and Clause 5.3 (Currency and amount), if the Borrower requests in a Selection Notice (delivered in respect of a Facility A Loan in accordance with Clause 9.1 (Selection of Interest Periods)) that such Facility A Loan be divided into two or more Facility A Loans, then such first-mentioned Facility A Loan will, on the last day of the current Interest Period relating thereto, be so divided into such number of Facility A Loans (as specified in such Selection Notice) each in such outstanding principal amount as specified in such Selection Notice, **provided that** the aggregate of such outstanding principal amounts so specified is equal to the outstanding principal amount of such first-mentioned Facility A Loan immediately before such division.

## 10. CHANGES TO THE CALCULATION OF INTEREST

### 10.1 Unavailability of Screen Rate

- (a) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR for any Loan and any Interest Period relating thereto, the applicable LIBOR for such Loan and such Interest Period shall be equal to the Interpolated Screen Rate for such Loan and a period equal in length to such Interest Period.
- (b) *Reference Bank Rate*: If no Screen Rate is available for LIBOR for any Loan and any Interest Period relating thereto and it is not possible to calculate the Interpolated Screen Rate for such Loan and such Interest Period, LIBOR for such Loan and such Interest Period shall be equal to the Reference Bank Rate as of the Specified Time and for such Loan and a period equal in length to such Interest Period.
- (c) *Cost of funds*: If paragraph (b) above applies but no Reference Bank Rate is available for such Loan and such Interest Period, there shall be no LIBOR for that Loan and that Interest Period and Clause 10.4 (Cost of funds) shall apply to that Loan for that Interest Period.

### 10.2 Calculation of Reference Bank Rate

- (a) Subject to paragraph (b) below, if LIBOR for any Loan and any Interest Period relating thereto is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate for such Loan and such Interest Period shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon (London time) on the Quotation Day in respect of any Interest Period for any Loan, none or only one of the Reference Banks supplies a quotation for determining the Reference Bank Rate for such Loan and such Interest Period, there shall be no Reference Bank Rate for such Loan and such Interest Period.

### 10.3 Market disruption

If before 5pm in Hong Kong on the Business Day immediately following the Quotation Day for an Interest Period for a Loan, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 40% of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR for that Loan and that Interest Period, then Clause 10.4 (Cost of funds) shall apply to that Loan for that Interest Period.

### 10.4 Cost of funds

- (a) If this Clause 10.4 applies to any Loan and any Interest Period relating thereto, the rate of interest on each Lender's share of such Loan for such Interest Period shall be the percentage rate per annum which is the sum of:
  - (i) the Margin; and
  - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event within five Business Days before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select and if any such percentage rate per annum is less than zero, then such percentage rate per annum shall be deemed to be zero.

- (b) If this Clause 10.4 applies and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (c) Any alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

#### 10.5 Break Costs

- (a) The Borrower shall, within ten Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or any Unpaid Sum being paid by or recovered from the Borrower on a day other than the last day of an Interest Period for that Loan or that Unpaid Sum.
- (b) Each Finance Party shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs in relation to any Loan or any Unpaid Sum and any Interest Period relating thereto.

### 11. FEES

#### 11.1 Commitment fee

- (a) The Borrower shall, in respect of Facility B, pay to the Agent (for the account of each Lender) a commitment fee in US dollars computed and accruing on a daily basis at the rate of \*\*% per annum on that Lender's Facility B Available Commitment on each day of the Facility B Commitment Fee Accrual Period. For such purposes:
  - (i) **Facility B Commitment Fee Accrual Period** means the period commencing from (and including) the date falling three Months of the date of this Agreement to (and including) the last day of the Facility B Availability Period; and
  - (ii) such commitment fee accruing in favour of any Lender in respect of any day during the Facility B Availability Period shall be calculated on such Lender's Facility B Available Commitment as at 5 p.m. in Hong Kong on such day (or, if any such day is not a Business Day, at 5 p.m. in Hong Kong on the immediately preceding Business Day).
- (b) The accrued commitment fee under paragraph (a) is payable in arrears:
  - (i) on the last day of each successive period of three Months which ends during the Facility B Commitment Fee Accrual Period;
  - (ii) on the Final Maturity Date; and
  - (iii) if a Lender's Facility B Commitment is reduced to zero before the last day of the Facility B Availability Period, on the day on which such reduction to zero becomes effective.
- (c) No commitment fee is payable to the Agent (for the account of any Lender) on any Facility B Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

## 11.2 Arrangement fee

The Borrower shall pay to the Agent (for the account of the relevant Administrative Parties) an arrangement fee in the amounts and at the times agreed in a Fee Letter.

## 11.3 Agency fee

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

## 12. TAX GROSS UP AND INDEMNITIES

### 12.1 Definitions

(a) In this Agreement:

**Tax Credit** means a credit against, relief or remission for, or repayment of any Tax.

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

**Tax Payment** means an increased payment made by the Borrower to a Finance Party under Clause 12.2 (Tax gross-up) or a payment under Clause 12.3 (Tax indemnity).

(b) Unless a contrary indication appears, in this Clause 12 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

### 12.2 Tax gross-up

- (a) All payments to be made by the Borrower to any Finance Party under any of the Finance Documents shall be made free and clear of and without any Tax Deduction unless the Borrower is required to make a Tax Deduction, in which case the sum payable by the Borrower (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.
- (b) The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable by the Borrower to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower.
- (c) If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (d) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Agent for the Finance Party entitled to the payment (to which such Tax Deduction relates) evidence reasonably satisfactory to that Finance Party that such Tax Deduction has been made or (as applicable) any appropriate payment has been paid to the relevant taxing authority.

- (e) The Agent shall not have any duty or obligation to facilitate the making of any Tax Deduction by the Borrower.

### 12.3 Tax indemnity

- (a) Without prejudice to Clause 12.2 (Tax gross-up), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under any of the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Borrower shall, within ten Business Days of demand of the Agent, indemnify each Finance Party which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, **provided that** this Clause 12.3 shall not apply to:
- (i) any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated;
  - (ii) any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which its Facility Office is located; or
  - (iii) to the extent a loss, liability or cost:
    - (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*);
    - (B) would have been so compensated but was not so compensated solely because one or more of the exclusions contained in Clause 12.2 (*Tax gross-up*);
  - (iv) any FATCA Deduction required to be made by a Party; or
  - (v) is compensated for by Clause 12.5 (Stamp taxes) or Clause 12.6 (Indirect Tax).
- (b) A Finance Party (other than the Agent) intending to make a claim under paragraph (a) shall notify the Agent of the event giving rise to such claim, whereupon the Agent shall notify the Borrower thereof.
- (c) A Finance Party shall, on receiving a payment from the Borrower under this Clause 12.3, notify the Agent.

### 12.4 Tax Credit

If the Borrower makes a Tax Payment in respect of a Finance Party and that Finance Party (acting in good faith) determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit,

that Finance Party shall pay an amount to the Borrower which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower.

## 12.5 Stamp taxes

The Borrower shall:

- (a) promptly (and in any event, within any applicable deadline or grace period required or permitted by applicable law or regulation) pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document; and
- (b) within ten Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to any or all stamp duty, registration and/or other similar Taxes paid or payable in respect of any Finance Document.

## 12.6 Indirect Tax

- (a) All amounts set out or expressed in any Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party under or in connection with any Finance Document, that Party shall pay to such Finance Party (in addition to and at the same time as paying the consideration for such supply) an amount equal to the amount of such Indirect Tax.
- (b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify that Finance Party against all Indirect Tax incurred by that Finance Party in respect of such costs or expenses to the extent that such Finance Party reasonably determines that it is not entitled to credit or repayment in respect of such Indirect Tax.

## 12.7 FATCA information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party;
  - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
  - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party as soon as reasonably practicable.

- (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
- (i) any law or regulation;
  - (ii) any fiduciary duty; or
  - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (a)(ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides such requested confirmation, forms, documentation or other information.
- (e) If the Borrower is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
- (i) where the Borrower is a US Tax Obligor and such Lender is an Original Lender, the date of this Agreement;
  - (ii) where the Borrower is a US Tax Obligor on a Transfer Date and such Lender is a New Lender (in respect of any assignment or transfer by an Existing Lender to such New Lender), the Transfer Date in respect of such assignment or transfer;
  - (iii) the date a new US Tax Obligor accedes as a borrower in respect of any Facility; or
  - (iv) where the Borrower is not a US Tax Obligor, the date of a request from the Agent, supply to the Agent:
    - (A) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
    - (B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
- (f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for that Lender to do so (in which case that Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.
- (h) The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Agent shall not be liable for any action taken by it under or in connection with paragraph (e), (f) or (g) above.

- (i) Without prejudice to any other term of this Agreement, if a Lender fails to supply any withholding certificate, withholding statement, document, authorisation, waiver or information in accordance with paragraph (e) above, or any withholding certificate, withholding statement, document, authorisation, waiver or information provided by a Lender to the Agent is or becomes materially inaccurate or incomplete, then such Lender shall indemnify the Agent, within three Business Days of demand, against any cost, loss, Tax or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (including any related interest and penalties) in acting as Agent under the Finance Documents as a result of such failure.

## 12.8 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of that payment for that FATCA Deduction.
- (b) Each Party shall as soon as reasonably practicable, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), and in any case at least three Business Days prior to making a FATCA Deduction, notify the Party to whom it is making the payment (to which such FATCA Deduction relates) and, in addition, on or prior to the day on which it notifies that Party, shall also notify the Borrower, the Agent and the other Finance Parties.

## 13. INCREASED COSTS

### 13.1 Increased Costs

- (a) Subject to Clause 13.3 (Exceptions), the Borrower shall, within ten Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;
  - (ii) compliance with any law or regulation made, enacted, issued or put into effect after the date of this Agreement; or
  - (iii) the implementation or application of, or compliance with, Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.The terms “law” and “regulation” in this paragraph (a) shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.
- (b) In this Agreement:
  - (i) **Basel II** means the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004.

- (ii) **Basel III** means:
- (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
  - (B) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
  - (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”;
- (iii) **CRD IV** means EU CRD IV and UK CRD IV;
- (iv) **EU CRD IV** means:
- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and
  - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;
- (v) **Increased Costs** means:
- (A) a reduction in the rate of return from the Facility (or any part thereof) or on a Finance Party’s (or its Affiliate’s) overall capital;
  - (B) an additional or increased cost; or
  - (C) a reduction of any amount due and payable under any Finance Document,
- which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to the undertaking, funding or performance by that Finance Party of any of its obligations under any Finance Document or any participation of that Finance Party in any Loan or Unpaid Sum.
- (vi) **UK CRD IV** means:
- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **Withdrawal Act**);

- (B) the law of the United Kingdom or any part of it, which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020 (**WAA**)) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures;
- (C) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day (as defined in the WAA) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act; and
- (D) any law or regulation of the United Kingdom which introduces into domestic law of the United Kingdom a provision which is equivalent to a provision set out in EU CRD IV and/or implements Basel III standards.

### **13.2 Increased Cost claims**

- (a) A Finance Party (other than the Agent) intending to make a claim pursuant to Clause 13.1 (Increased Costs) shall notify the Agent of the event giving rise to such claim, following which the Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs in respect of any claim made by such Finance Party under Clause 13.1 (Increased Costs).

### **13.3 Exceptions**

Clause 13.1 (Increased Costs) does not apply to any Increased Cost to the extent such Increased Cost is:

- (a) attributable to a Tax Deduction that is required by law to be made by the Borrower and that is already compensated for by Clause 12.2 (Tax gross-up);
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) compensated for by Clause 12.3 (Tax indemnity) (or would have been compensated for under Clause 12.3 (Tax indemnity) but was not so compensated solely because any of the exclusions in paragraph (a) of Clause 12.3 (Tax indemnity) applied);
- (d) attributable to the implementation or application of or compliance with (i) Basel II or (ii) to the extent quantifiable as at the date of this Agreement, Basel III, CRD IV or any other law or regulation which implements Basel II, Basel III or CRD IV (whether such implementation, application or compliance is by a government, regulator, a Finance Party or any of its Affiliates or otherwise); or
- (e) incurred by a Finance Party or an Affiliate of a Finance Party and is attributable to the wilful breach by such Finance Party or such Affiliate of any law or regulation.

## **14. MITIGATION BY THE LENDERS**

### **14.1 Mitigation**

- (a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Illegality), Clause 12 (Tax Gross Up and Indemnities) or Clause 13 (Increased Costs) including transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

- (b) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

#### 14.2 Limitation of liability

- (a) The Borrower shall indemnify each Finance Party, within ten Business Days of demand, for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 14.1 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under Clause 14.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

#### 14.3 Conduct of business by the Finance Parties

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any such claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

### 15. OTHER INDEMNITIES

#### 15.1 Currency indemnity

- (a) If any sum due from the Borrower under any or all of the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:
- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,
- the Borrower shall as an independent obligation, within ten Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of such conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt or recovery of that Sum.
- (b) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

## 15.2 Other indemnities

The Borrower shall, within ten Business Days of demand, indemnify each of the Finance Parties against any cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) the Information Memorandum or any other information produced or approved by the Borrower being or being alleged to be misleading and/or deceptive in any material respect;
- (c) any enquiry, investigation, subpoena (or similar order) or legal or arbitral proceedings with respect to the Borrower or with respect to any transactions contemplated or financed under any Finance Document;
- (d) a failure by the Borrower to pay any amount due under a Finance Document on its due date and in the currency in which such amount is due, including any cost, loss or liability arising as a result of Clause 26 (Sharing among the Finance Parties);
- (e) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (f) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

## 15.3 Indemnity to the Agent

The Borrower shall promptly (and in any event within ten Business Days of demand) indemnify the Agent against:

- (a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
  - (i) investigating any event which it reasonably believes is a Default;
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; and/or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement, **provided that** if such instructions are to be given by the Agent to such persons, so long as no Default is or might reasonably be expected to be continuing, the Agent shall have given prior notice to the Borrower of its intention to give such instructions; and/or
- (b) any cost, loss or liability incurred by the Agent (other than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents.

## 16. COSTS AND EXPENSES

### 16.1 Transaction expenses

The Borrower shall within ten Business Days of demand pay each of the Administrative Parties the amount of all reasonable and documented out-of-pocket costs and expenses (including legal fees) reasonably incurred by any or all of the Administrative Parties in connection with the negotiation, preparation, printing, execution, delivery and syndication of:

- (a) this Agreement and/or any other documents referred to in this Agreement; and/or

- (b) any other Finance Documents executed after the date of this Agreement.

#### **16.2 Amendment costs**

If (a) the Borrower requests an amendment, waiver or consent, (b) an amendment is required pursuant to Clause 27.10 (Change of currency) or (c) any amendment or waiver is contemplated or agreed pursuant to or in connection with Clause 33.5 (Replacement of Screen Rate), the Borrower shall, within ten Business Days of demand, reimburse the Agent for the amount of all reasonable and documented out-of-pocket costs and expenses (including legal fees) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with or implementing that request, requirement or actual or contemplated agreement.

#### **16.3 Enforcement costs**

The Borrower shall, within five Business Days of demand, pay to each Finance Party the amount of all documented out-of-pocket costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under any Finance Document.

### **17. REPRESENTATIONS**

The Borrower makes the representations and warranties set out in this Clause 17 to each Finance Party on the date of this Agreement.

#### **17.1 Status**

- (a) It is an exempted company, duly incorporated, validly existing and in good standing under the laws of the Cayman Islands.
- (b) Each of it and its Material Subsidiaries has the power to own its assets and carry on its business as it is being conducted.
- (c) It is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any other person in relation to the Finance Documents.

#### **17.2 Binding obligations**

The obligations expressed to be assumed by it in each Finance Document are (subject to the Legal Reservations) legal, valid, binding and enforceable obligations.

#### **17.3 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Document(s) do not and will not:

- (a) subject to the Legal Reservations, conflict with any law or regulation applicable to it;
- (b) conflict with its constitutional documents; or
- (c) conflict with any agreement or instrument binding upon it or any of its Subsidiaries or any of its or its Subsidiaries' assets where such conflict has or would reasonably be expected to have a Material Adverse Effect.

#### **17.4 Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by the Finance Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing contemplated by the Finance Documents.

#### **17.5 Validity and admissibility in evidence**

All Authorisations required:

- (a) (subject to the Legal Reservations) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents;
- (b) (subject to the Legal Reservations) to make the Finance Documents admissible in evidence in its Relevant Jurisdictions; and/or
- (c) for it and its Material Subsidiaries to carry on their respective business, if failure to obtain or effect such Authorisation has or would reasonably be expected to have a Material Adverse Effect,

have been obtained or effected and are in full force and effect (or will be when required), save for any Authorisation that is not required to be in effect under applicable law or regulation and under the applicable Finance Documents at the time when the representation and warranty under this Clause 17.5 is made or deemed to be made, in which case such Authorisation will, by the earlier of (i) the time such Authorisation is required to be obtained or effected under applicable law or regulation and (ii) the time required under the applicable Finance Documents, be obtained or effected and will thereafter be in full force and effect.

#### **17.6 Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of the laws of Hong Kong as the governing law of each Finance Document will be recognised and enforced in its Relevant Jurisdictions; and
- (b) any judgment obtained in Hong Kong in relation to any Finance Document will be recognised and enforced in its Relevant Jurisdictions.

#### **17.7 Deduction of Tax**

As at the date of this Agreement, it is not required under the law applicable where it is incorporated or resident or at its address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

#### **17.8 No filing or stamp taxes**

Under the law of its Relevant Jurisdictions it is not necessary that any of the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to any or all of the Finance Documents or the transactions contemplated by the Finance Documents except that:

- (a) Cayman Islands stamp duty will be payable on a Finance Document if that Finance Document is executed in, brought into, or produced before, the Cayman Islands; and

- (b) filing with (and reporting to) NDRC in respect of the Facilities as foreign debt, which shall be effected when so required.

#### **17.9 No default**

- (a) No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which any asset of it or any of its Subsidiaries is subject to an extent or in a manner which has or would reasonably be expected to have a Material Adverse Effect.

#### **17.10 No misleading information**

- (a) Any written factual information contained in or provided by or on behalf of the Borrower for the purposes of the Information Memorandum was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) Nothing has occurred or been omitted from the Information Memorandum and no information has been given or withheld that results in the information contained in the Information Memorandum being untrue or misleading in any material respect.
- (c) All written (including by way of electronic mail or other electronic means) information (other than the Information Memorandum) supplied by or on behalf of the Borrower in connection with the Finance Documents is true, complete and accurate in all material respects as at the date it was given or (if any) as at the date it is stated and is not misleading in any material respect.

#### **17.11 Financial statements**

- (a) Its financial statements most recently supplied to the Agent (which, as at the date of this Agreement, are its Original Financial Statements) were prepared in accordance with GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (b) Its financial statements most recently supplied to the Agent (which, as at the date of this Agreement, are its Original Financial Statements) give a true and fair view of (if audited) or fairly represent (if unaudited) the consolidated financial condition and operations of the Group as at the end of and during the applicable period to which such financial statements relate, save to the extent expressly disclosed in such financial statements.
- (c) At the date of this Agreement, there has been no material adverse change in its business or financial condition or the business or consolidated financial condition of the Group (taken as a whole) since 31 December 2020.

#### **17.12 Pari passu ranking**

Subject to any applicable Legal Reservations, its payment obligations under the Finance Documents rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors (including the claims of any creditor in respect of any Senior Debt), except for obligations mandatorily preferred by law applying to companies generally.

### 17.13 No proceedings pending or threatened

No litigation, arbitration, investigation or administrative proceedings of or before any court, arbitral body or agency which if adversely determined, would reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened in writing, or are pending, against it or any of its Subsidiaries.

### 17.14 Authorised signatures

Any person specified as its authorised signatory under Schedule 2 (Conditions Precedent) or paragraph (c)(iii) of Clause 18.4 (Information: miscellaneous) (in each case, to the extent not replaced as notified by the Borrower pursuant to paragraph (c)(iii) of Clause 18.4 (Information: miscellaneous)) is authorised to sign notices on its behalf (including any Utilisation Requests and Selection Notices).

### 17.15 Sanctions, anti-money laundering and anti-corruption

- (a) None of the Borrower, any other Group Member, any director or officer, or any employee or Affiliate, of the Borrower or any other Group Member or (to the knowledge of the Borrower) any agent of the Borrower or any other Group Member is an individual or entity (**Person**) that is, or is owned or controlled by Persons that are, (i) the target of any Sanctions, or (ii) located, organised or resident in a country or territory that is, or whose government is, the target of Sanctions, including, without limitation, currently, the Crimea region, Cuba, Iran, North Korea, Sudan and Syria.
- (b) None of the Borrower, nor to the knowledge of the Borrower, any director, officer, agent, employee, Affiliate or other person acting on behalf of the Borrower or any other Group Member is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable anti-bribery law, including but not limited to, the United Kingdom Bribery Act 2010 (the **UK Bribery Act**) and the U.S. Foreign Corrupt Practices Act of 1977 (the **FCPA**). Furthermore, the Borrower and, to the knowledge of the Borrower, its Affiliates have conducted their businesses in compliance with the UK Bribery Act, the FCPA and similar laws, rules or regulations and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.
- (c) The operations of the Borrower and (after making all reasonable enquiries) any other Group Member and their Affiliates are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Agency having jurisdiction over the Borrower or any of its other Subsidiaries or their respective Affiliates (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or Governmental Agency, authority or body or any arbitrator involving the Borrower or any other Group Member or their respective Affiliates with respect to the Money Laundering Laws is pending or, to the best knowledge of the Borrower, threatened in writing.

### 17.16 List of Material Subsidiaries

The list of Material Subsidiaries delivered to the Agent pursuant to Clause 4.1 (Initial conditions precedent) is true, complete and accurate as at 31 December 2020.

### 17.17 Repetition

- (a) The Repeating Representations are deemed to be made by the Borrower on:
  - (i) the date of each Utilisation Request;

- (ii) each Utilisation Date; and
  - (iii) the first day of each Interest Period relating to any Loan,
- in each case by reference to the facts and circumstances then existing (except that (for the avoidance of doubt) any representation or warranty that is expressed to be made by reference to the facts and circumstances existing as at a specific date shall be made by reference to the facts and circumstances existing as at such specific date).
- (b) The representations and warranties in paragraphs (a) and (b) of Clause 17.10 (*No misleading information*) shall be deemed to be made on the Syndication Date.
  - (c) The representations and warranties set out in paragraphs (a) and (b) of Clause 17.11 (*Financial statements*) in respect of any financial statements shall only be made once in respect of each set of financial statements, and (save in the case of the Original Financial Statements) for such purposes shall be deemed made on the date such financial statements are delivered.

## 18. INFORMATION UNDERTAKINGS

The undertakings in this Clause 18 remain in force from the date of this Agreement for so long as any amount is outstanding under any of the Finance Documents or any Commitment in respect of any Facility (or any commitment represented thereby) is in force.

### 18.1 Financial statements

The Borrower shall supply or procure the supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as the same become available, but in any event within 120 days after the end of each of its Financial Years (or such longer period for the release of such financial statements as permitted under the requirements of the listing rules or other regulations of NASDAQ or the Hong Kong Stock Exchange as applicable to the Borrower), the audited consolidated financial statements of the Borrower for that Financial Year audited by an independent firm of certified public accountants (which shall be one of the Auditors); and
- (b) as soon as the same become available, but in any event within 90 days (or such longer period for the release of such financial statements as permitted under the requirements of the listing rules or other regulations of NASDAQ or the Hong Kong Stock Exchange as applicable to the Borrower) after the end of each of the first Financial Half Year of each Financial Year, the unaudited consolidated financial statements of the Borrower for that Financial Half Year,

**provided that**, such financial statements shall be deemed to be so delivered upon being posted onto any electronic website of (i) the U.S. Securities and Exchange Commission, (ii) NASDAQ; (iii) the Hong Kong Stock Exchange; and/or (iv) the Borrower that is accessible to the public so long as the link of the relevant website page is provided to the Agent.

## 18.2 Compliance Certificate

- (a) The Borrower shall supply to the Agent, with each set of financial statements delivered under Clause 18.1 (Financial statements) (or, in the case such financial statements have been deemed delivered, promptly (and in any case within five Business Days following the first posting of the relevant financial statements on the applicable publicly accessible website)), a Compliance Certificate:
  - (i) (on and after the first date that the financial covenants set out in Clause 19 (Financial Covenants) are required to be tested in accordance with the terms thereunder) setting out (in reasonable detail) computations as to compliance with Clause 19 (Financial Covenants) as at the date as at which (and in respect of the Relevant Period ending on the date as at which) such financial statements were prepared;
  - (ii) confirming that no Default has occurred and is continuing or, if a Default is continuing, specifying the nature of such Default and the steps being taken to remedy such Default; and
  - (iii) (in the case of each set of financial statements delivered under paragraph (a) of Clause 18.1 (Financial statements)):
    - (A) setting out an up-to-date list of Material Subsidiaries as at the end of the Financial Year to which the financial statements relate; and
    - (B) including an annotation, next to the name of each Material Subsidiary, whether such Material Subsidiary is a Core Business Group Member.
- (b) Each Compliance Certificate delivered under paragraph (a) shall be signed by an authorised signatory of the Borrower.

## 18.3 Requirements as to financial statements

- (a) The Borrower shall ensure that each set of its financial statements delivered (or deemed delivered) pursuant to Clause 18.1 (Financial statements) shall be certified by an authorised signatory of the Borrower as giving a true and fair view of (if audited) or fairly representing (if unaudited) the consolidated financial condition and operations of the Group as at the end of and during the applicable period to which such financial statements relate.
- (b) The Borrower shall procure that each set of its financial statements delivered (or deemed delivered) pursuant to Clause 18.1 (Financial statements) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the relevant audited Original Financial Statements unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, accounting practices or reference periods and the Borrower or (if any auditors' report or opinion is required in connection with such change in order to comply with the applicable law, regulation or rule, or any applicable stock exchange requirement) the auditors of the Borrower (which shall be one of the Auditors) shall deliver to the Agent:
  - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the audited Original Financial Statements were prepared; and
  - (ii) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders (A) to determine whether Clause 19 (Financial Covenants) has been complied with, (B) (in the case of each set of financial statements delivered under paragraph (a) of Clause 18.1 (Financial statements)) to determine which Group Members are Material Subsidiaries and (C) to make an accurate comparison between the financial position indicated in those financial statements and the audited Original Financial Statements.

- (c) Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.
- (d) If the Borrower notifies the Agent of a material change in accordance with paragraph (b) above, the Borrower and the Agent (acting in accordance with the requisite instructions of the Lenders in accordance with Clause 33 (Amendments and Waivers)) shall enter into negotiations in good faith with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms. For the avoidance of doubt, no Finance Party is obligated to enter into any amendment under this paragraph (d).

#### 18.4 Information: miscellaneous

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors (or any class of them) generally at the same time as they are dispatched other than any routine communication with its shareholders or any other documents dispatched to its shareholders, the non-disclosure of which does not have or would not be reasonably expected to have any Material Adverse Effect;
- (b) promptly upon becoming aware of them, the details of any litigation, investigation, arbitration or administrative proceedings which are current, (or to the best of its knowledge) threatened or pending against the Borrower or any Group Member and which would, if adversely determined, reasonably be expected to have a Material Adverse Effect;
- (c) promptly:
  - (i) such further information regarding the financial condition, business and operations of the Borrower and any Material Subsidiary as any Finance Party (through the Agent) may reasonably request except to the extent that:
    - (A) the provision of such information to the Agent would result in any Group Member being in breach of any applicable law, regulation or rule, any applicable stock exchange requirement or duty of confidentiality, **provided that** such duty of confidentiality did not arise under any agreement or arrangement that is entered into by a Group Member solely for the purpose of circumventing any requirement or request under this paragraph (c); or
    - (B) such information is (as reasonably determined by the Borrower) of a commercially sensitive nature; or
  - (ii) such further information regarding the financial condition, business and operations relating to the Borrower or any Material Subsidiary to the extent that any Finance Party has delivered evidence to the Borrower in form and substance satisfactory to the Borrower (acting reasonably) that such information is required to be disclosed to that Finance Party (or any Affiliate thereof) in order for that Finance Party to comply with any laws and/or regulations (including any rules or requirements of any applicable court or tribunal, securities exchange or supervisory, governmental, quasi-governmental, administrative, regulatory or self-regulatory body or authority) applicable to that Finance Party or any Affiliate thereof, except that the provision of such information to the Agent would result in any Group Member being in breach of any applicable law, regulation or rule, any applicable stock exchange requirement or duty of confidentiality (**provided that** such duty of confidentiality did not arise under any agreement or arrangement that is entered into by a Group Member solely for the purpose of circumventing any requirement or request under this paragraph);

- (iii) promptly, notice of any change in authorised signatories of the Borrower signed by a director, company secretary or an authorised signatory (other than any authorised signatory which has been replaced or is to be replaced pursuant to a notice given by the Borrower under this paragraph (iii)) of the Borrower accompanied by specimen signatures of any new authorised signatories of the Borrower; and
- (iv) promptly, such information as the Agent may from time to time reasonably require for the performance of its obligations or the exercise of its rights under the Finance Documents.

#### 18.5 Notification of default

- (a) The Borrower shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by an authorised signatory on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying such Default and the steps, if any, being taken to remedy it).

#### 18.6 Use of websites

- (a) The Borrower may satisfy its obligations under this Agreement to deliver any information in relation to those Lenders (the **Website Lenders**) who accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Agent (the **Designated Website**) if:
  - (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of such information by this method;
  - (ii) both the Agent and the Borrower are aware of the address of and any relevant password specifications for the Designated Website; and
  - (iii) such information is in a format previously agreed between the Borrower and the Agent.
- (b) If any Lender (a **Paper Form Lender**) does not agree to the delivery of information electronically then the Agent shall notify the Borrower accordingly and the Borrower shall, at its own cost, supply information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall, at its own cost, supply the Agent with at least one copy in paper form any information required to be provided by it under this Agreement.
- (c) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrower and the Agent.
- (d) The Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:
  - (i) the Designated Website cannot be accessed due to technical failure;

- (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
  - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
  - (v) it becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.
- (e) If the Borrower notifies the Agent under paragraph (d)(i) or (d)(v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to such notification are no longer continuing.

#### **18.7 “Know your customer” checks**

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
  - (ii) any change in the status of the Borrower after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,
- obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any proposed assignee or transferee of any Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender (including for itself or, in the case of the event described in paragraph (iii) above, on behalf of any proposed assignee or transferee of any Lender)) in order for the Agent, such Lender or, in the case of paragraph (iii) above, any proposed assignee or transferee of any Lender to conduct any “know your customer” or other similar procedures under applicable laws and regulations.
- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to conduct any “know your customer” or other similar procedures under applicable laws and regulations.

#### **19. FINANCIAL COVENANTS**

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under any of the Finance Documents or any Commitment in respect of any Facility (or any commitment represented thereby) is in force.

##### **19.1 Financial definitions**

In this Agreement:

**Adjusted Consolidated EBITDA** means, in relation to any period, the consolidated operating profits (or losses) of the Group for such period from continuing operations:

- (a) **before taking into account** any revenue from business cooperation arrangements with equity investees;
- (b) **excluding** any share-based compensation expenses;
- (c) **excluding** any impairment of goodwill and intangible assets;
- (d) **before deducting** any amount attributable to amortisation of intangible assets and the depreciation of tangible assets; and
- (e) **before taking into account** any other non-cash or non-recurring items,

in each case without double counting and so that no amount shall be included or excluded more than once.

**Borrowings** means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of all Group Members for or in respect of Financial Indebtedness, except:

- (a) any Financial Indebtedness falling within paragraph (b) of the definition of “Financial Indebtedness”;
- (b) any Hedging Indebtedness;
- (c) any Financial Indebtedness falling within paragraph (j) of the definition of “Financial Indebtedness” (to the extent relating to any of paragraphs (a) and (b) above); and
- (d) any Financial Indebtedness falling within paragraph (i) of the definition of “Financial Indebtedness” in respect of any guarantee, indemnity, bond, standby or documentary letter of credit, banker acceptances or any other instrument issued by a bank or financial institution to support indebtedness of any Group Member incurred in the ordinary course of trading, **provided that** 100% of the principal amount of such Financial Indebtedness is secured by at least the same amount of cash or cash equivalent investments (determined in accordance with GAAP) provided by Group Member(s),

in each case (without double counting and so that no amount shall be included or excluded more than once).

**Consolidated Total Debt** means, in respect of the Group, at any time, the aggregate of the liabilities (whether actual or contingent) of all Group Members (on a consolidated basis) for or in respect of Borrowings but excluding, to the extent otherwise included, any such obligations to any other Group Member.

**Hedging Indebtedness** means any Financial Indebtedness falling within paragraph (h) of the definition of “Financial Indebtedness” (to the extent that it relates to any derivative transaction entered into hedging purpose only, excluding any derivative transaction for speculative purpose).

**Leverage** means, in respect of any period, the ratio of Consolidated Total Debt on the last day of that period to Adjusted Consolidated EBITDA in respect of that period.

**Relevant Period** means each period of 12 months ending on the last day of each Financial Half Year.

## 19.2 Financial condition

The Borrower shall ensure that Leverage in respect of each Relevant Period (commencing with the Relevant Period ending on the first Financial Half Year to occur after the Initial Utilisation Date) shall not exceed \*\*\*\*.

## 19.3 Financial testing

The financial covenants set out in Clause 19.2 (Financial condition) shall be calculated and tested semi-annually in respect of each Relevant Period by reference to each of the financial statements of the Borrower delivered under Clause 18.1 (Financial statements) and the Compliance Certificate relating thereto delivered pursuant to Clause 18.2 (Compliance Certificate).

## 20. GENERAL UNDERTAKINGS

The undertakings in this Clause 20 remain in force from the date of this Agreement for so long as any amount is outstanding under any of the Finance Documents or any Commitment in respect of any Facility (or any commitment represented thereby) is in force.

### 20.1 Authorisations

The Borrower shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) (in relation to any Authorisation falling within any of paragraphs (i) and (ii) below only) supply certified copies to the Agent of, any Authorisation required to:
  - (i) enable it to perform its obligations under the Finance Documents;
  - (ii) subject to the Legal Reservations, ensure the legality, validity, enforceability or admissibility in evidence in its Relevant Jurisdictions of any Finance Document; and
  - (iii) carry on its business where failure to do so would reasonably be expected to have a Material Adverse Effect.

### 20.2 Compliance with laws

The Borrower shall, and shall procure that each Group Member will, comply in all respects with all laws to which it may be subject, if failure so to comply would, or would reasonably be expected to, have a Material Adverse Effect.

### 20.3 Pari passu ranking

Subject to the Legal Reservations, the Borrower shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors (including any creditor in respect of any Senior Debt), except for obligations mandatorily preferred by law applying to companies generally.

### 20.4 Negative pledge

In this Clause 20.4, **Quasi-Security** means any arrangement or transaction described in paragraph (b) below.

- (a) Without prejudice to paragraph (d), the Borrower shall not, and the Borrower shall procure that no other Material Entity will, create or permit to subsist any Security over any of its assets.
- (b) Without prejudice to paragraph (d), the Borrower shall not, and the Borrower shall procure that no other Material Entity will:
- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Borrower or any other Material Entity;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (iii) enter into or permit to subsist any title retention arrangement;
  - (iv) enter into or permit to subsist any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
  - (v) enter into or permit to subsist any other preferential arrangement having a similar effect,
- in circumstances where such arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of any asset.
- (c) Subject to paragraph (d), paragraphs (a) and (b) above do not apply to:
- (i) any netting or set-off or cash-pooling arrangement entered into by the Borrower or any other Material Entity in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of any Group Member;
  - (ii) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Borrower or any other Material Entity for the purpose of:
    - (A) hedging any risk to which it is exposed in its ordinary course of trading; or
    - (B) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only,excluding, in each case, any Security or Quasi-Security under a credit support arrangement in relation to any hedging transaction;
  - (iii) any Security or Quasi-Security over documents of title to goods and/or goods to secure the liabilities of any Material Entity to any bank or financial institution that has issued any letter of credit (relating to the sale or purchase of such goods) in the ordinary course of trading of such Material Entity;
  - (iv) any lien arising by operation of law and in the ordinary course of trading, **provided that** any indebtedness which is secured thereby is paid when due or contested in good faith by appropriate proceedings and properly provisioned;

- (v) any Security or Quasi-Security over or affecting any asset acquired by the Borrower or any other Material Entity after the date of this Agreement if:
  - (A) that Security or Quasi-Security was not created in contemplation of the acquisition of that asset by the Borrower or, as the case may be, such Material Entity;
  - (B) the maximum principal amount secured by that Security or to which such Quasi-Security relates has not been increased in contemplation of, or since, the acquisition of that asset by the Borrower or, as the case may be, such Material Entity; and
  - (C) that Security or Quasi-Security is removed or discharged within 180 days of the date of acquisition of such asset by the Borrower or, as the case may be, such Material Entity;
- (vi) any Security or Quasi-Security over or affecting any asset of any Material Entity which becomes a Group Member after the date of this Agreement, where that Security or Quasi-Security is created prior to the date on which that person becomes a Group Member, if:
  - (A) that Security or Quasi-Security was not created in contemplation of the acquisition of any interest in that Material Entity by any Group Member;
  - (B) the maximum principal amount secured by that Security or to which that Quasi-Security relates has not increased in contemplation of or since the acquisition of any interest in that Material Entity by any Group Member; and
  - (C) that Security or Quasi-Security is removed or discharged within 180 days of that Material Entity becoming a Group Member;
- (vii) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Borrower or any other Material Entity in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Material Entity;
- (viii) any Security over rental deposits in respect of any real or tangible property leased or licensed by a Material Entity in the ordinary course of trading (excluding, for the avoidance of doubt, any property leased or licensed pursuant to any Finance Lease), **provided that** such deposits do not exceed 12 months' rent for such property;
- (ix) any Security or Quasi-Security arising as a result of legal proceedings being contested by any Material Entity in good faith and which is discharged within 30 days of such Security or Quasi-Security first arising;
- (x) any Security or Quasi-Security arising by operation of law in respect of Taxes being contested by any Material Entity in good faith which is discharged by no later than 30 Business Days after such Security or Quasi-Security first arose;
- (xi) any Security or Quasi-Security provided by the Borrower or any other Material Entity over cash that is the subject of any Nei Cun Wai Dai Transaction or Nei Bao Wai Dai Transaction entered into by the Borrower or, as the case may be, such other Material Entity and securing indebtedness the principal amount of which (when aggregated with the aggregate principal amount of any and all other indebtedness which has the benefit of Security or Quasi-Security given by any one or more Material Entities other than any permitted under paragraphs (c)(i) to (x) above and paragraphs (c)(xii) to (xvi) below) does not at any time exceed the lower of (A) RMB20,000,000,000 (or its equivalent in another currency or currencies) and (B) 5.0 % of the Consolidated Total Assets of the Borrower at such time;

- (xii) any Quasi-Security arising as a result of a disposal which is permitted under paragraph (b) of Clause 20.5 (Disposals) (subject to the conditions and thresholds stated in that Clause);
  - (xiii) any Security or any Security or Quasi-Security pursuant to any VIE Contract;
  - (xiv) any Security or Quasi-Security granted with the prior written consent of the Agent (acting on the instructions of the Majority Lenders);
  - (xv) any Security or Quasi-Security created in relation to any transaction entered into by a Material Entity in the ordinary course of operating its business in line with the business strategy of such Material Entity and the creation of such Security or Quasi-Security is on arm's length basis and does not have and would not reasonably be expected to have a Material Adverse Effect; or
  - (xvi) any Security securing indebtedness the principal amount of which (when aggregated with the aggregate principal amount of any and all other indebtedness which has the benefit of Security given by any one or more Material Entities other than any permitted under paragraphs (c)(i) to (xv) above) does not at any time exceed US\$75,000,000 (or its equivalent in another currency or currencies).
- (d) The Borrower shall not, and the Borrower shall procure that no other Group Member will, create or permit to subsist any Security or Quasi-Security in respect of any Equity Interest in any Material Entity or any Holding Company of any Material Entity (or any interest in any such Equity Interest), save with the prior written consent of the Agent (acting on the instructions of the Majority Lenders).

## 20.5 Disposals

- (a) The Borrower shall not, and the Borrower shall procure that no other Material Entity will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Subject to paragraph (c), paragraph (a) above does not apply to any sale, lease, transfer or other disposal:
  - (i) made in the ordinary course of trading of the disposing entity;
  - (ii) of assets in exchange for other assets comparable or superior as to type, value and quality;
  - (iii) of obsolete or redundant vehicles, plant and equipment for cash;
  - (iv) made by a Material Entity in the ordinary course of operating its business, where such sale, lease, transfer or other disposal is made in accordance with the business strategy of such Material Entity and is on arm's length basis and does not have and would not reasonably be expected to have a Material Adverse Effect;
  - (v) with the prior written consent of the Agent (acting on the instructions of the Majority Lenders); or

- (vi) of any asset in any financial year of the Borrower, where the higher of the market value or consideration receivable in respect of such asset (when aggregated with the higher (in each case) of the market value or consideration receivable in respect of each other asset the subject of any other sale, lease, transfer or other disposal by any or all of the Borrower and the Material Entities during such financial year, other than any permitted under paragraphs (b)(i) to (b)(v) above) does not exceed US\$75,000,000 (or its equivalent in another currency or currencies).
- (c) The Borrower shall not, and the Borrower shall procure that no Group Member will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer (including by way of contribution to any other entity) or otherwise dispose of any Equity Interest in any Material Entity or any Holding Company of any Material Entity (in each case, the **Disposed Entity**) (or, in each case, any interest in any such Equity Interest), except:
  - (i) with the prior written consent of the Agent (acting on the instructions of the Majority Lenders); or
  - (ii) where (A) such sale, lease, transfer or other disposal is made to the Borrower or any Core Business Group Member and (B) such Disposed Entity remains a Material Entity (or, if such Disposed Entity was a Holding Company of a Material Entity (**Relevant Material Entity**) but was not itself a Material Entity immediately prior to such sale, lease, transfer or other disposal, such Disposed Entity remains a Holding Company of such Relevant Material Entity) after giving effect to such sale, lease, transfer or other disposal until such Disposed Entity is no longer a Material Entity.

## 20.6 Merger

- (a) The Borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction.
- (b) Paragraph (a) above does not apply to any amalgamation, merger or corporate reconstruction entered into by the Borrower **provided that**:
  - (i) the Borrower is the surviving entity of such amalgamation, merger or corporate reconstruction; and
  - (ii) such amalgamation, merger or corporate reconstruction is made on a solvent basis and does not and would not be reasonably expected to have a Material Adverse Effect and no Default is continuing or would occur as a result of such amalgamation, merger or corporate reconstruction.

## 20.7 Change of business

The Borrower shall procure that no change is made to the general nature or scope of the business of the Group (taken as a whole) from that carried on by the Group on the date of this Agreement, to the extent that such change would reasonably be expected to, give rise to a Material Adverse Effect.

## 20.8 Loans and guarantees

- (a) The Borrower shall not, and the Borrower shall procure that no other Material Entity will:
  - (i) make any loan or provide any form of credit or financial accommodation to, or be a creditor of any Financial Indebtedness owing by, any person; or

- (ii) give or issue, or allow to be subsisting, any guarantee or indemnity (except as required under any of the Finance Documents) to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person.
- (b) Paragraph (a)(i) above does not apply to:
- (i) any trade credit extended and any advance payment made by any Material Entity in the ordinary course of its trading activities;
  - (ii) the giving of loans to any Group Member;
  - (iii) any loan or credit constituted by deferred consideration payable by a third party to a Group Member pursuant to a disposal which is permitted under paragraph (b) of Clause 20.5 (Disposals) (subject to the conditions and threshold specified in that Clause), made in the ordinary course of business in the disposing entity on arm's length basis and pursuant to usual commercial terms;
  - (iv) any loan or credit pursuant to any VIE Contract (including any loan or credit to any person who is or is to become a holder of any Equity Interest in any VIE Entity for the purpose of purchasing its investment or shareholding in any VIE Entity);
  - (v) any loan, credit or financial accommodation made with the prior written consent of the Agent (acting on the instructions of the Majority Lenders); or
  - (vi) any loan or credit granted by any Material Entity (which loan or credit is not permitted by paragraphs (i) to (v) above) **provided that** (A) the aggregate outstanding principal amount of any and all loans and/or credits (including such first-mentioned loan or credit) granted by any or all Material Entities and falling within this paragraph (vi) does not at any time exceed an amount which is equal to 30% of the Consolidated Total Assets of the Borrower at such time and (B) the granting of any such loan or credit is in the ordinary course of business in line with the business strategy of such first-mentioned Material Entity and the granting of any such loan or credit is on arm's length basis and does not have and would not reasonably be expected to have a Material Adverse Effect.
- (c) Paragraph (a)(ii) above does not apply to:
- (i) any guarantee or indemnity given by any Material Entity in favour of or in respect of obligations of another Group Member;
  - (ii) any guarantee or indemnity given by a Material Entity in its ordinary course of trading;
  - (iii) any guarantee or indemnity arising under any Finance Document;
  - (iv) any indemnity (on customary terms) given in the ordinary course of any documentation of an acquisition, disposal or incurrence of any Financial Indebtedness by any Group Member which is permitted under any Finance Document;
  - (v) guarantees and indemnities required by a court, tribunal, arbitral body or agency in connection with arbitration and other legal proceedings not otherwise being an Event of Default or would reasonably be expected to have a Material Adverse Effect;

- (vi) customary indemnities in favour of directors and officers of any Material Entity in respect of their function as such and for the usual performance of their duties;
- (vii) any guarantee and indemnity pursuant to the VIE Contracts;
- (viii) any guarantee or indemnity granted with the prior written consent of the Agent (acting on the instructions of the Majority Lenders); or
- (ix) any guarantee given by any Material Entity (which guarantee is not permitted by paragraphs (i) to (viii) above), **provided that** the granting of such guarantee is in the ordinary course of business in line with the business strategy of such first-mentioned Material Entity and does not have and would not reasonably be expected to have a Material Adverse Effect.

## 20.9 Intellectual Property

The Borrower shall, and shall procure that each other Material Subsidiary will:

- (a) preserve and maintain the subsistence and validity of any and all Intellectual Property that is necessary for the ordinary course of business of the Group (taken as a whole);
- (b) use reasonable endeavours to prevent any violation or infringement by any person of any Intellectual Property of any Material Subsidiary; and
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property of Material Subsidiary in full force and effect and record its interest in that Intellectual Property,

where failure to do so would reasonably be expected to have a Material Adverse Effect.

## 20.10 Core Business Coverage

- (a) The Borrower shall ensure that at all times the aggregate (without duplication) of the revenue of the Material Entities on an unconsolidated basis (excluding all items between Group Members) for the Most Recent Testing Period represents not less than 51% of the consolidated revenue of the Group for the Most Recent Testing Period.
- (b) For the purpose of this Clause 20.10, **Most Recent Testing Period** means, as at any time, the period of 12 months ending on the date as at which the consolidated financial statements of the Borrower most recently delivered to the Agent under Clause 18.1 (Financial statements) of this Agreement (as at such time) were prepared. For the avoidance of doubt, as at the date of this Agreement, such most recently delivered consolidated financial statements of the Borrower are the Original Financial Statements.

## 20.11 Anti-corruption law

No part of the proceeds of the Loans will be used, directly or indirectly, for any payments that could constitute a violation of any applicable anti-bribery law.

## 20.12 Sanctions

The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Group Member, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the target/subject of Sanctions or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor or otherwise).

### 20.13 PRC filing

- (a) The Borrower shall, by no later than 10 PRC Business Days after each Utilisation made under this Agreement, deliver to the Agent, a copy of the report to NDRC of the relevant information of the relevant Utilisation (as described and required under the NDRC Circular).
- (b) For the purpose of this Clause 20.13, **PRC Business Days** means a day (other than a Saturday or Sunday) on which banks are open for general business in the PRC.

### 20.14 Green undertakings

- (a) The Borrower shall comply in all respects with the Green Loan Principles Memorandum.
- (b) The Borrower shall, within five Business Days of demand, pay to the Green Loan Coordinator, any costs and expenses reasonably and actually incurred by it in connection with the administration of the Green Loan and in performing its functions as the Green Loan Coordinator, provided that such costs and expenses shall be incurred with the consent of the Borrower.

## 21. EVENTS OF DEFAULT

Each of the events or circumstances set out in Clause 21.1 (Non-payment) to Clause 21.13 (Material adverse change) is an Event of Default.

### 21.1 Non-payment

The Borrower does not pay on the due date any amount pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by administrative or technical error; and
- (b) payment of such amount is made within five Business Days of its due date.

### 21.2 Financial covenants

Any requirement of Clause 19 (Financial Covenants) is not satisfied.

### 21.3 Other obligations

- (a) The Borrower does not comply with any provision of the Finance Documents (other than those referred to in Clause 21.1 (Non-payment), Clause 21.2 (Financial covenants) and paragraph (a) of Clause 20.14 (Green undertakings) (except in respect of paragraph 4(d) of Schedule 8 (Green Loan Principles Memorandum)).
- (b) No Event of Default will occur in respect of such failure to comply under paragraph (a) if such failure to comply is capable of remedy and is remedied:
  - (i) (in the case of paragraph 4(d) of Schedule 8 (Green Loan Principles Memorandum)), within 10 Business Days, or
  - (ii) (in any other cases) within 20 Business Days,of the earlier of (A) the Agent giving written notice to the Borrower or (B) the Borrower becoming aware of such failure to comply.

#### 21.4 Misrepresentation

Any representation or statement made or deemed to be made by the Borrower in any or all of the Finance Documents or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the underlying circumstances (if capable of remedy) are remedied within 20 Business Days of the earlier to occur of (A) the Agent giving written notice to the Borrower or (B) the Borrower becoming aware of such underlying circumstances.

#### 21.5 Cross default

Any:

- (a) Financial Indebtedness of the Borrower or any Material Subsidiary is not paid when due nor within any originally applicable grace period;
- (b) Financial Indebtedness of the Borrower or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (c) commitment for any Financial Indebtedness of the Borrower or any Material Subsidiary is cancelled or suspended by a creditor of the Borrower or any Material Subsidiary as a result of an event of default (however described); or
- (d) creditor of the Borrower or any Material Subsidiary becomes entitled to declare any Financial Indebtedness of the Borrower or any Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that:**

- (i) paragraphs (a) to (d) above shall not apply to any Financial Indebtedness that is owing to a Group Member;
- (ii) paragraphs (a) to (d) above shall not apply to any Financial Indebtedness that is in respect of any derivative transaction which is terminated as a result of an event of default (however described) with respect to any counterparty or a credit support provider for or any specified entity of any counterparty rather than with respect to the Borrower or a Group Member, **provided that** such Financial Indebtedness is discharged within 20 Business Days of such termination event; and
- (iii) no Event of Default will occur under this Clause 21.5 if at all times the aggregate amount of Financial Indebtedness and/or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above (for any and all of the Borrower and the Material Subsidiaries) is less than the higher of (x) US\$100,000,000 (or its equivalent in any other currency or currencies) and (y) 2.5% of the Total Book Equity as at such time.

#### 21.6 Insolvency

- (a) The Borrower or any Material Subsidiary is or is declared or deemed (in each case, pursuant to applicable law) to be unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than any Finance Party, in such capacity) with a view to rescheduling any of its indebtedness.

- (b) A moratorium is declared in respect of any indebtedness of the Borrower or any Material Subsidiary.

### 21.7 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other formal procedure or step is taken or occurs in relation to:
- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, striking-off, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Borrower, any Material Subsidiary (other than any solvent reorganisation constituted by any amalgamation, merger or corporate reconstruction entered into by any Material Subsidiary (other than the Borrower));
  - (ii) a composition or arrangement with any creditor of the Borrower or any Material Subsidiary or an assignment for the benefit of creditors generally of the Borrower or any Material Subsidiary, or a class of such creditors;
  - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of the Borrower or any Material Subsidiary or any of its respective assets (other than any solvent liquidation of any Material Subsidiary (other than the Borrower) constituted by any amalgamation, merger or corporate reconstruction entered into by such Material Subsidiary); or
  - (iv) enforcement of any Security over any assets of the Borrower, any Material Subsidiary where the aggregate value of any and all of the assets of the Borrower, the Material Subsidiaries that are subject to any or all events and/or circumstances of enforcement of Security is not less than US\$75,000,000 (or its equivalent in any other currency or currencies), or

or any analogous procedure or step is taken or occurs in any jurisdiction.

- (b) Any proceeding or case is commenced seeking the Borrower's or any Material Subsidiary's reorganisation, liquidation, dissolution or winding-up or the composition or re-adjustment of the Borrower's or any Material Subsidiary's debts under the US Bankruptcy Code or other debtor relief laws of the United States, (A) with the consent of the Borrower or any Material Subsidiary or (B) if such proceeding or case is commenced without the consent of the Borrower or any Material Subsidiary which (i) results in the entry of any order of relief or any order, judgment, decree, adjudication or appointment approving, ordering or giving effect to the Borrower's or any Material Subsidiary's reorganisation, liquidation, dissolution or winding-up or the composition or re-adjustment of the Borrower's or any Material Subsidiary's debts under the US Bankruptcy Code or other debtor relief laws of the United States or leads to a custodian (as defined in the US Bankruptcy Code) being appointed for, or taking charge of, all or substantially all of the property of the Borrower or any Material Subsidiary; or (ii) remains undismissed or undischarged for a period of 90 days from commencement.
- (c) Paragraph (a) above shall not apply to any corporate action, legal proceedings or other procedure or step (brought by any person that is not a Group Member) in relation to the winding-up, administration or dissolution or any analogous procedure or step in any jurisdiction of Borrower or any Material Subsidiary, which is frivolous or vexatious and is discharged, permanently stayed, dismissed or struck out within 90 days from commencement.

### **21.8 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of the Borrower or any Material Subsidiary and is not discharged within 20 Business Days, and the aggregate value of any and all of the assets of the Borrower or the Material Subsidiaries that are subject to any or all events and/or circumstances of expropriation, attachment, sequestration, distress and/or execution (and/or any analogous process in any jurisdiction) is not less than US\$75,000,000 (or its equivalent in any other currency or currencies).

### **21.9 Unlawfulness and invalidity**

- (a) It is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents.
- (b) Any obligation or obligations of the Borrower under any Finance Document are not or cease to be legal, valid, binding or enforceable and such illegality, invalidity, non-binding nature or unenforceability individually or cumulatively materially and adversely affects the interests of the Finance Parties under the Finance Documents.

### **21.10 Repudiation**

The Borrower rescinds or purports to rescind or repudiates or purports to repudiate any Finance Document or evidences (in writing) an intention to rescind or repudiate any Finance Document.

### **21.11 Cessation of business**

The Borrower suspends or ceases to carry on all or substantially all of its business or of the business of the Group (taken as a whole).

### **21.12 Suspension or cessation of listing**

- (a) The shares in the Borrower cease to be listed on the Main Board of the Hong Kong Stock Exchange for any reason.
- (b) The shares in the Borrower are suspended from trading, listing or quotation on the Main Board of the Hong Kong Stock Exchange for a period of more than 20 consecutive Trading Days except where such suspension is (i) solely caused by administrative or technical reasons on the system(s) of the Hong Kong Stock Exchange or (ii) as a result of market wide events or circumstances affecting shares listed on the Main Board of the Hong Kong Stock Exchange generally.

For the purposes of this Clause 21.12, **Trading Day** means a day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange is open for trading.

### **21.13 Material adverse change**

Any event or circumstance occurs which (whether individually or together with other events or circumstances) has a Material Adverse Effect.

## 21.14 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (a) without prejudice to the participations of any or all of the Lenders in any Loans then outstanding:
  - (i) cancel the Commitments of the Lenders (in respect of any or all of the Facilities) and reduce them to zero whereupon they shall immediately be cancelled and reduced to zero, **provided that** such reduction of the Commitments of the Lenders under any Facility shall be applied towards the Commitments of the Lenders under that Facility rateably; or
  - (ii) cancel any part of the Commitments of the Lenders (in respect of any or all of the Facilities) and reduce them accordingly, whereupon the applicable part of the Commitments of the Lenders (in respect of such Facility or Facilities) shall be cancelled, **provided that** such reduction of the Commitments of the Lenders under any Facility shall be applied towards the Commitments of the Lenders under that Facility rateably;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;
- (c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (d) declare that no Rollover Loan shall be made,

**provided that**, if an Event of Default under paragraph (b) of Clause 21.7 (Insolvency proceedings) shall occur in respect of the Borrower in a US court of competent jurisdiction, then without notice to the Borrower or any other person or any other act by the Agent or any other person, the Commitments of the Lenders (in respect of any or all of the Facilities) shall be automatically cancelled and reduced to zero, and all of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents shall automatically become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are expressly waived.

## 22. CHANGES TO THE LENDERS

### 22.1 Assignments and transfers by the Lenders

Subject to this Clause 22 and Clause 34 (Restrictions on Debt Purchase Transactions), a Lender (the **Existing Lender**) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and/or obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the **New Lender**).

## 22.2 Conditions of assignment or transfer

- (a) The consent of the Borrower shall be required in respect of any assignment and/or transfer made in accordance with Clause 22.1 (Assignments and transfers by the Lenders), except for:
- (i) any assignment or transfer made in favour of a Lender or an Affiliate of a Lender;
  - (ii) any assignment or transfer made pursuant to a Syndication Agreement; or
  - (iii) any assignment or transfer made at a time when an Event of Default is continuing.
- (b) The consent of the Borrower to any transfer or assignment by a Lender must not be unreasonably withheld or delayed, and shall be deemed to have been given five Business Days after such Lender has requested it unless such consent is expressly refused by the Borrower within that time.
- (c) An Existing Lender may not assign or transfer any or all of its rights or obligations under the Finance Documents or change its Facility Office without the prior written consent of the Borrower if such assignment or transfer would (in respect of any such assignment or transfer by an Existing Lender only, subject to the actual knowledge of that Existing Lender) give rise to a requirement to prepay any Loan (or any part thereof) or cancel any Commitment (or any part thereof) pursuant to Clause 7.1 (Illegality) in relation to the New Lender or such Existing Lender acting through the new Facility Office by reference to the facts and circumstances existing on the date of such assignment or transfer or change.
- (d) The Existing Lender shall, simultaneously with the assignment or transfer by it of rights and/or obligations under this Agreement to the New Lender, assign to the New Lender a proportionate share of the rights held by it (in its capacity as Lender) under or in connection with the other Finance Documents.
- (e) A transfer by the Existing Lender to the New Lender will be effective only if the procedure set out in Clause 22.6 (Procedure for transfer) is complied with in respect of such transfer.
- (f) An assignment by the Existing Lender to the New Lender will be effective only if the procedure and conditions set out in Clause 22.7 (Procedure for assignment) are complied with in respect of such assignment (subject to paragraph (c) of Clause 22.7 (Procedure for assignment)).
- (g) If:
- (i) an Existing Lender assigns or transfers any of its rights or obligations under the Finance Documents to a New Lender or a Lender changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date such assignment, transfer or change occurs, the Borrower would be obliged to make a payment to such New Lender or such Lender acting through its new Facility Office under Clause 12 (Tax Gross Up and Indemnities) or Clause 13 (Increased Costs),

then such New Lender or such Lender acting through its new Facility Office is not entitled to receive any payment under that Clause in excess of the payment the Borrower would have been required to pay to such Existing Lender or such Lender acting through its previous Facility Office under that Clause if that assignment, transfer or change had not occurred, **provided that** this paragraph (g) shall not apply in case of an assignment or transfer made pursuant to Clause 7.5 (Right of repayment and cancellation in relation to a single Lender) unless otherwise agreed by the relevant Replacement Lender by way of written notice to the Agent prior to the effectiveness of that assignment or transfer. This paragraph (g) does not apply to any assignment or transfer under a Syndication Agreement.

- (h) Each New Lender, by executing the applicable Transfer Certificate or Assignment Agreement to which it is a party, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver relating to any Finance Document that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the applicable transfer or assignment from the applicable Existing Lender to such New Lender becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as such Existing Lender would have been had it remained a Lender.

### 22.3 Assignment or transfer fee

- (a) The New Lender shall, on the date upon which the relevant assignment or transfer by the Existing Lender to the New Lender takes effect, pay to the Agent (for its own account) a fee of US\$5,000.
- (b) Paragraph (a) above does not apply to any assignment or transfer under a Syndication Agreement.

### 22.4 Master assignment or transfer

Without prejudice to the procedure set out in Clause 22.6 (Procedure for transfer) or Clause 22.7 (Procedure for assignment) below, a transfer or assignment may be effected by way of a syndication agreement in relation to the Syndication to be entered into between, among others, the Existing Lenders, the New Lenders and the Agent which sets out the rights and obligations under the Finance Documents to be assigned or transferred, in lieu of a Transfer Certificate or an Assignment Agreement (a **Syndication Agreement**).

### 22.5 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
  - (ii) the financial condition of any Group Member or any Affiliate of any Group Member;
  - (iii) the performance and observance by the Borrower of its obligations under any of the Finance Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender (which makes any assignment or transfer to such New Lender) and the other Finance Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Borrower, Group Members and their related entities in connection with its participation in this Agreement and/or the other Finance Documents and has not relied exclusively on any information provided to it by such Existing Lender in connection with any Finance Document; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of the Borrower, Group Members and their related entities whilst any amount is or may be outstanding under any of the Finance Documents or any commitment represented by any Commitment in respect of any Facility is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-assignment or re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 22; or
  - (ii) support any losses directly or indirectly incurred by a New Lender by reason of the non-performance by the Borrower of its obligations under any of the Finance Documents or otherwise.

## 22.6 Procedure for transfer

- (a) Subject to the conditions set out in Clause 22.2 (Conditions of assignment or transfer) a transfer by an Existing Lender of any or all of its rights and obligations under any Finance Document to a New Lender is effected on the Transfer Date in accordance with paragraph (c) below. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate, **provided that** the Agent shall have no obligation to execute any Transfer Certificate at any time earlier than the date that is five Business Days after its receipt of such Transfer Certificate.
- (b) The Agent shall not be obliged to execute a Transfer Certificate delivered to it by an Existing Lender and a New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (including in accordance with internal policies) (or deems desirable) to conduct in relation to the transfer from such Existing Lender to such New Lender (the subject of such Transfer Certificate).
- (c) On the Transfer Date in respect of a transfer by an Existing Lender to a New Lender:
  - (i) to the extent that in the Transfer Certificate (relating to such transfer) such Existing Lender seeks to transfer by novation its rights and obligations under any Finance Document each of the Borrower and such Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **Discharged Rights and Obligations**);
  - (ii) each of the Borrower and such New Lender shall assume obligations towards one another and/or acquire rights against one another under the Finance Documents which differ from the Discharged Rights and Obligations only insofar as the Borrower and such New Lender have assumed and/or acquired the same in place of the Borrower and such Existing Lender;
  - (iii) the Administrative Parties, such New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such New Lender been originally party hereto as a Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer (the subject of such Transfer Certificate) and to that extent any of the Administrative

Parties and such other Lenders (on one hand) and such Existing Lender (on the other hand) shall each be released from further obligations to each other under the Finance Documents; and

(iv) such New Lender shall become a Party as a “Lender”.

- (d) The procedure set out in this Clause 22.6 (Procedure for transfer) shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of transfer of such right or obligation or prohibit or restrict any transfer of such right or obligation, unless such prohibition or restriction shall not be applicable to the relevant transfer or each condition of any applicable restriction shall have been satisfied.

## 22.7 Procedure for assignment

- (a) Subject to the conditions set out in paragraph (d) below and Clause 22.2 (Conditions of assignment or transfer), an assignment by an Existing Lender of any or all of its rights under the Finance Documents to a New Lender may be effected on the Transfer Date in accordance with paragraph (b) below. The Agent shall, subject to paragraph (d)(ii), as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement, **provided that** the Agent shall have no obligation to execute any Assignment Agreement at any time earlier than the date that is five Business Days after its receipt of such Assignment Agreement.
- (b) On the Transfer Date relating to an assignment by an Existing Lender to a New Lender:
- (i) such Existing Lender will assign absolutely to such New Lender the rights under the Finance Documents expressed to be the subject of assignment in such Assignment Agreement;
  - (ii) such Existing Lender will be released by the Borrower and the other Finance Parties from the obligations owed by it (the **Relevant Obligations**) and expressed to be the subject of release in such Assignment Agreement; and
  - (iii) the New Lender shall become a Party as a “Lender” and shall be bound by obligations equivalent to the Relevant Obligations.
- (c) An Existing Lender may utilise procedures other than those set out in this Clause 22.7 to assign its rights under the Finance Documents (but not, without the consent of the Borrower or unless in accordance with Clause 22.5 (Procedure for transfer), to obtain a release by the Borrower from the obligations owed to the Borrower by that Existing Lender nor the assumption of equivalent obligations by the applicable New Lender) **provided that** the conditions set out in paragraph (d) below are complied with.
- (d) An assignment by an Existing Lender to a New Lender (whether pursuant to an Assignment Agreement or paragraph (c) above) will only be effective on:
- (i) receipt by the Agent (whether in an Assignment Agreement or otherwise) of written confirmation from such New Lender (in form and substance satisfactory to the Agent) that such New Lender will assume the same obligations to the other Finance Parties as it would have been under if it were an Original Lender; and

- (ii) performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to such New Lender. The Agent shall promptly notify such Existing Lender and such New Lender of the completion of such checks. The Agent shall not be obliged to execute an Assignment Agreement delivered to it by an Existing Lender and a New Lender or any document delivered to it pursuant to paragraph (c) above unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to such assignment to such New Lender.
- (e) The procedure set out in this Clause 22.6 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of assignment of such right or release or assumption of obligation or prohibit or restrict any assignment of such right or release or assumption of such obligation, unless such prohibition or restriction shall not be applicable to the applicable assignment, release and assumption or each condition of any applicable assignment, release and assumption shall have been satisfied.

#### **22.8 Copy of Transfer Certificate or Assignment Agreement and Increase Confirmation to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Increase Confirmation, send to the Borrower a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

#### **22.9 Existing consents and waivers**

Each New Lender shall be bound by any consent, waiver, election or decision given or made by the applicable Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the applicable assignment or transfer from such Existing Lender to such New Lender.

#### **22.10 Exclusion of the Agent’s liabilities**

In relation to any assignment or transfer pursuant to this Clause 22, each Party acknowledges and agrees that the Agent shall not be obliged to:

- (a) enquire as to the accuracy of any representation or warranty made by, or the status of, any person in respect of its eligibility as a Lender;
- (b) attend to any registration or perfection requirements required in connection with such assignment or transfer or to ensure that such registration or perfection requirements are completed; and/or
- (c) provide any New Lender with any information regarding any previous amendments or waivers in relation to any Finance Document.

#### **22.11 Sub-participation**

For the avoidance of doubt, each Lender may grant sub-participations in respect of any or all of its rights and/or obligations under any Finance Document to any person and no consent of the Borrower shall be required in respect of any such sub-participations, **provided that** where, as a result of the sub-participation, such Lender would no longer retain absolute discretion with regard to the exercise of votes under the Finance Documents, then that Lender shall be required to consult with the Borrower in respect of any such sub-participations.

## **22.12 Assignments and transfers to Group Members**

A Lender may not assign or transfer any of its rights and/or obligations under any Finance Document to any Group Member or any Affiliate of any Group Member, except with the prior written consent of all of the Lenders.

## **22.13 Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 22, each Lender may without consulting with or obtaining consent from the Borrower, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release such Lender from any of its obligations under the Finance Documents, or substitute the beneficiary of the relevant charge, assignment or other Security for such Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by the Borrower or grant to any person any rights that are more extensive than those required to be made or granted to such Lender under the Finance Documents.

## **23. CHANGES TO THE BORROWER**

### **23.1 No assignments or transfers by the Borrower**

The Borrower shall not assign all or any of its rights or transfer all or any of its rights or obligations under any or all of the Finance Documents except with the prior written consent of all the Lenders.

## **24. DISCLOSURE OF INFORMATION**

### **24.1 Confidentiality**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 24.2 (Disclosure of Confidential Information) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

### **24.2 Disclosure of Confidential Information**

Any Finance Party may deliver copies of the Finance Documents and/or disclose any information (including Confidential Information) received by it under or pursuant to any Finance Document or any other information about the Borrower, the Group, and/or the Finance Documents as that Finance Party shall consider appropriate (if, in relation to any of paragraphs (k)(i), (k)(ii) and (k)(iii) below, the person to whom any Confidential Information is to be disclosed has entered into a Confidentiality Undertaking, except that there shall be no requirement for any Confidentiality Undertaking if such recipient is subject to professional obligations to maintain the confidentiality of such Confidential Information) to:

- (a) any of its head office, branches, representative offices, Affiliates and/or Related Funds (**Permitted Parties**);
- (b) any other Finance Party;
- (c) any of the professional advisers or external auditor of it or any of the Permitted Parties and/or any other person providing services to or agent or contractor of it or any of the Permitted Parties (**provided that** such professional adviser, person providing services or agent or contractor is under a duty of confidentiality, contractual or otherwise, to such Finance Party or such Permitted Party);
- (d) the Borrower;
- (e) any person permitted by the Borrower;
- (f) any person to the extent required for the purpose of any litigation, arbitration or regulatory proceedings or procedure or in connection with any preservation or enforcement of any right or remedy under any Finance Document;
- (g) any person to whom, and to the extent that, information is requested or required to be disclosed by any applicable law or regulation or the rules or requirements of any applicable court or tribunal, securities exchange or supervisory, governmental, quasi-governmental, administrative, regulatory or self-regulatory body or authority;
- (h) any employee, director or officer of, or any auditor, partner or Representative of, any Finance Party or any of the Permitted Parties;
- (i) any rating agency, insurer or insurance broker of, or any direct or indirect provider of credit protection to, such Finance Party or any of the Permitted Parties, or any professional adviser of any of the foregoing, **provided that** such person is informed of the confidential nature of such Confidential Information;
- (j) any person to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) in or over all or any of its rights under any Finance Document pursuant to Clause 22.13 (Security over Lenders' rights); or
- (k) any other person:
  - (i) to (or through) whom that Finance Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under any Finance Document and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (ii) with (or through) whom that Finance Party enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, any Facility, any Finance Document, the Borrower or any Group Member, or who invests directly or indirectly in any such sub-participation or other transaction and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers; or
  - (iii) who acquires or is proposing to acquire any interest in, or enters into or is proposing to enter into any merger, amalgamation or other similar arrangement with, that Finance Party and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers.

The Borrower further acknowledges and agrees that some services, operational and processing procedures relating to the transactions or services contemplated under the Finance Documents may from time to time be outsourced by any Finance Party to its regional or global processing centres, branches, Subsidiaries, representative offices, Affiliates, agents of any Finance Party and third parties selected by any Finance Party, wherever situated, and these service providers may from time to time be given access to information and data relating to the transactions or services contemplated under the Finance Documents for the purpose of or in relation to the services and procedures they perform. This Clause 24 is not, and shall not be deemed to constitute, an express or implied agreement by a Finance Party for a higher degree of confidentiality than that prescribed under any applicable law or regulation.

Notwithstanding any other provision in this Agreement or any other document, the Borrower acknowledges and agrees that each Finance Party (and each employee, representative or other agent of each Finance Party) may each disclose to any and all persons to the extent required to be disclosed under any law or regulation applicable to such Finance Party, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated under the Finance Documents and all materials of any kind (including opinions or other tax analyses) that are provided to any of them relating to such U.S. tax treatment and U.S. tax structure, other than any information for which non-disclosure is necessary in order to comply with applicable securities laws.

This Clause 24 supersedes any previous agreement between any of the Parties relation to the confidentiality of any such information or of any Finance Document.

### 24.3 Disclosure of Funding Rate

(a) For the purposes of this Clause:

**Funding Rate** means any rate notified by a Lender to the Agent pursuant to paragraph (a)(ii) of Clause 10.4 (Cost of funds).

(b) The Agent and the Borrower agree to (and the Borrower shall procure that each other Group Member shall) keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (c) and (d) below.

(c) The Agent may disclose:

(i) any Funding Rate to the Borrower pursuant to Clause 8.4 (Notification of rates of interest); and

(ii) any Funding Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such person to provide those services if such person to whom that Funding Rate is to be given has entered into a confidentiality agreement substantially in the form of the Loan Market Association Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the Lender providing such Funding Rate.

(d) The Agent may disclose any Funding Rate, and the Borrower may disclose any Funding Rate, to:

(i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this paragraph (i) is informed in writing of its

confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if such person is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;

- (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances; and
  - (iv) any person with the consent of the Lender providing such Funding Rate.
- (e) The Agent and the Borrower acknowledge that each Funding Rate is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and the Borrower undertake not to (and the Borrower shall procure that no Group Member shall) use any Funding Rate for any unlawful purpose.
  - (f) The Agent and the Borrower agree (to the extent permitted by law and regulation) to inform a Lender (that provides a Funding Rate):
    - (i) of the circumstances of any disclosure made pursuant to paragraph (d)(ii) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
    - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 24.3.
  - (g) No Event of Default will occur under Clause 21.3 (Other obligations) by reason only of the Borrower's failure to comply with this Clause 24.3.

#### **24.4 Disclosure of Lender details by the Agent**

The Agent shall provide to the Borrower, promptly following receipt of a request by the Borrower (but no more frequently than once per calendar month), the names of the Lenders as at the date of that request, their respective Commitments in respect of each Facility, (to the extent provided to the Agent) the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, (to the extent provided to the Agent) the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means, and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents. For the avoidance of doubt, each Lender authorises the Agent to provide such information to the Borrower from time to time.

## **24.5 Green Loan Principles**

For the avoidance of doubt, Facility A may be described as a green loan that is aligned with the Green Loan Principles (or similar) in any announcements and/or publicity of any of the Finance Parties.

## **25. ROLE OF THE ADMINISTRATIVE PARTIES**

### **25.1 Appointment of the Agent**

- (a) Each Finance Party (other than the Agent) appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each Finance Party (other than the Agent) authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

### **25.2 Duties of the Agent**

- (a) Subject to paragraph (b) below, the Agent shall promptly forward to a party to any Finance Document the original or a copy of any document which is delivered to the Agent for that party by any other party to any Finance Document.
- (b) Without prejudice to Clause 22.8 (Copy of Transfer Certificate or Assignment Agreement and Increase Confirmation to Borrower), paragraph (a) above shall not apply to any Assignment Agreement or any Transfer Certificate or any notice or confirmation under paragraph (d)(i) of Clause 22.7 (Procedure for assignment).
- (c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to any party to any Finance Document.
- (d) If the Agent receives notice from any party to any Finance Document referring to a Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than any Administrative Party) under a Finance Document it shall promptly notify the other Finance Parties.
- (f) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature. The Agent shall have no other duties, obligations and responsibilities save as expressly provided for in the Finance Documents to which it is a party (and no others shall be implied).

### **25.3 Role of the MLABUS, ARRANGERS AND GREEN LOAN COORDINATORS**

Except as specifically provided in the Finance Documents to which it is a party, none of the MLABUs, Arrangers and Green Loan Coordinators shall have any obligations of any kind to any other Party under or in connection with any Finance Document.

#### 25.4 No fiduciary duties

- (a) Nothing in this Agreement constitutes any Administrative Party as a trustee or fiduciary of any other person.
- (b) No Administrative Party shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

#### 25.5 Business with the Group

Each Administrative Party may accept deposits from, lend money to and generally engage in any kind of banking or other business with the Borrower, any other Group Member or any Affiliate of any of the foregoing.

#### 25.6 Rights and discretions of the Agent

- (a) The Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised and shall have no duty to verify any signature on any document; and
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Lender or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
    - (B) unless it has received notice of revocation, those instructions have not been revoked; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 21.1 (Non-payment)); and
  - (ii) any right, power, authority or discretion vested in any party to any Finance Document, the Majority Lenders or the applicable Lenders has not been exercised.
- (c) The Agent may engage, and pay for and rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be necessary.
- (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents.
- (g) Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under any Finance Document.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, no Administrative Party is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.
- (j) Without prejudice to the generality of paragraph (g) above, the Agent may disclose the identity of a Defaulting Lender (to the extent that the Agent is aware) to the other Finance Parties and the Borrower and shall, as soon as reasonably practicable, disclose the same upon the written request of the Borrower or the Majority Lenders. Each Lender hereby consents to any and all such disclosures by the Agent pursuant to this paragraph (j).

### 25.7 Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any such instructions so given by the Majority Lenders will be binding on all of the Finance Parties.
- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the applicable Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with such instructions.
- (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the applicable Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders, **provided that** (for the avoidance of doubt) the Agent shall not be under any duty to take any action in the absence of such instructions.

- (e) The Agent is not authorised to act on behalf of and in the name of a Finance Party (without first obtaining that Finance Party's prior written consent) in any legal or arbitration proceedings relating to any Finance Document, **provided that** nothing herein shall prejudice the ability of the Agent to bring, defend or conduct any proceedings in its capacity as Agent (in the name of the Agent).
- (f) For the purposes of determining:
  - (i) Majority Lenders, Majority Facility A Lenders, Majority Facility B Lenders or Super Majority Lenders; or
  - (ii) whether the consent, instruction or vote of (A) Lenders holding any applicable percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments, the Commitments in respect of any or all of the Facilities or any part thereof and/or participations in respect of any or all of the Loans or (B) any group of Lenders has been obtained in respect of any matter (including any amendment or waiver relating to any Finance Document),  
  
a Lender may split its votes (as attributable to its Commitment(s) in respect of any or all of the Facilities or any part thereof and/or its participations in respect of any or all of the Loans) in whatever percentages it may specify, and may exercise such votes in different ways (and shall for such purpose be construed as and deemed to constitute different Lenders holding such percentages of such Commitments in respect of such Facilities and/or such percentages of such participations in respect of such Loans as so specified by such Lender respectively (such Commitment in respect of a Facility so deemed to be held by any such Lender being its **Split Commitment** in respect of any Facility and such participation in any Loan so deemed to be held by any such Lender being its **Split Participation** in respect of such Loan), **provided that** the aggregate of such percentages shall be equal to 100%).
- (g) If a Lender exercises its right under paragraph (f) above in respect of any part of its Commitment in respect of any Facility or participation in respect of any Loan, such Lender shall notify the Agent of the portions into which it has split its Commitment in respect of any Facility or participation in respect of such Loan. The Agent shall act on the instructions of a Lender provided in connection with any split of its Commitment in respect of any Facility or participation in respect of any Loan under paragraph (f) above and shall not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with such instructions.

## 25.8 Responsibility for documentation

No Administrative Party:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Administrative Party, the Borrower or any other person given in or in connection with any Finance Document, the Information Memorandum or the transactions contemplated under any Finance Document;
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document; or
- (c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

## 25.9 No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

## 25.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent), the Agent will not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
  - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct;
  - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document, other than by reason of its gross negligence or wilful misconduct; or
  - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including for negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of:
    - (A) any act, event or circumstance not reasonably within its control; or
    - (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, and any officer, employee or agent of the Agent may rely on this Clause 25.10 subject to Clause 1.4 (Third party rights) and the provisions of the Third Parties Ordinance.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

- (d) Nothing in any Finance Document shall oblige any Administrative Party to conduct:
  - (i) any “know your customer”, anti-money laundering or other procedures in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by any Finance Document might be unlawful for any Lender, on behalf of any Lender and each Lender confirms to each Administrative Party that it is solely responsible for any such procedures or check it is required to conduct and that it shall not rely on any statement in relation to such procedures or check made by any Administrative Party.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent’s liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which such loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

#### **25.11 Lenders’ indemnity to the Agent**

- (a) Each Lender shall (in the proportion determined in accordance with paragraph (b) below) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence, in relation to any FATCA-related liability or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent’s gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 27.11 (Disruption to payment systems etc.), notwithstanding the Agent’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by the Borrower pursuant to a Finance Document in respect of the same cost, loss or liability).
- (b) Each Lender’s proportion of such cost, loss or liability shall be equal to the proportion borne by (i) the aggregate of such Lender’s Commitment(s) (for any or all Facilities) to (ii) the Total Commitments (or, if the Total Commitments have been reduced to zero, the proportion borne by (A) the aggregate of such Lender’s Commitment(s) (for any or all Facilities) immediately before the reduction of the Total Commitments to zero to (B) the Total Commitments immediately before the reduction of the Total Commitments to zero).

#### **25.12 Resignation of the Agent**

- (a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders and the Borrower.
- (b) Alternatively the Agent may resign by giving 30 days’ notice to the Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.

- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after the applicable notice of resignation was given, the retiring Agent (after consultation with the Borrower) may appoint a successor Agent.
- (d) The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (e) The Agent's resignation notice shall only take effect upon the appointment of a successor to the Agent.
- (f) Upon the appointment of a successor Agent, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (d) above) but shall remain entitled to the benefit of Clause 15.3 (Indemnity to the Agent) and this Clause 25 (and any agency fees for the account of such retiring Agent shall cease to accrue from such date and shall instead accrue in favour of such successor Agent).
- (g) After consultation with the Borrower, the Majority Lenders may, by giving not less than 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders), require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above but the cost of complying with paragraph (d) above shall be for the account of the Borrower.
- (h) Any successor Agent and each of the other Parties shall have the same rights and obligations among themselves as they would have had had such successor Agent been originally party hereto as the Agent.
- (i) Clauses 15 (Other Indemnities) and 16 (Costs and Expenses) shall survive and remain in full force and effect in favour of any Agent that has resigned or been replaced.
- (j) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents:
  - (i) the Agent fails to respond to a request under Clause 12.7 (FATCA information) and a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Agent pursuant to Clause 12.7 (FATCA information) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Dates,and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and that Lender, by notice to the Agent, requires it to resign.

#### **25.13 Confidentiality**

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) The Agent shall not be obliged to disclose to any Finance Party any information supplied to it by the Borrower or any Affiliate of the Borrower on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

#### **25.14 Relationship with the Lenders**

- (a) Subject to Clause 27.2 (Distributions by the Agent), the Agent may treat each person shown in the records of the Agent as a Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as a Lender acting through its Facility Office:
  - (i) entitled to or liable for an payment due under any Finance Document on that day as a Lender; and
  - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered as a Lender on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Each Finance Party shall provide the Agent with such information that the Agent may reasonably specify as being necessary or desirable to enable the Agent to perform its functions as the Agent.
- (c) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and email address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, email address, department and officer by that Lender for the purposes of Clause 29.2 (Addresses) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### **25.15 Credit appraisal by the Lenders**

Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Finance Document, each of the Lenders confirms to each Administrative Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of the Borrower, Group Members and their respective Affiliates;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and/or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any party to any Finance Document or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness of the Information Memorandum and/or any other information provided by the Agent, any party to any Finance Document or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

#### 25.16 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under any of the Finance Documents, the Agent may, after giving notice to such Party, deduct an amount not exceeding that amount from any payment to such Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of that amount owed by such Party to the Agent. For the purposes of the Finance Documents such Party shall be regarded as having received any amount so deducted.

#### 25.17 Money laundering

Unless mandatorily required by applicable laws or regulations to which the Agent is subject, the Agent shall not be responsible to any Party for providing any certification or documents with respect to any information (except for any information in respect of itself) required for any anti-money laundering due diligence purpose. Such certificates and related documents shall be provided directly by the Borrower, **provided that** the request for such information may be made through the Agent.

#### 25.18 Amounts paid in error

- (a) If the Agent pays an amount to another Party and the Agent notifies that Party that such payment was an Erroneous Payment then the Party to whom that amount was paid by the Agent shall as soon as reasonably practicable following demand refund the same to the Agent. For the avoidance of doubt, no such other Party shall be liable to the Agent for any amount of interest in respect of that Erroneous Payment.
- (b) Neither:
  - (i) the obligations of any Party to the Agent; nor
  - (ii) the remedies of the Agent (whether arising under this Clause 25.18 or otherwise) which relate to an Erroneous Payment, will be affected by any act, omission, matter or thing which, but for this paragraph (ii), would reduce, release or prejudice any such obligation or remedy (whether or not known by the Agent or any other Party).
- (c) All payments to be made by a Party to the Agent (whether made pursuant to this Clause 25.18 or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- (d) In this Agreement, **Erroneous Payment** means a payment of an amount by the Agent to another Party which the Agent determines (in its sole discretion) was made in error.

## 25.19 The Green Loan Coordinators

- (a) The Green Loan Coordinators may rely on the accuracy, correctness and completeness of all information or other documentation provided to it (including, without limitation, any Impact Report, Allocation Report (each as defined in the Green Loan Principles Memorandum) and their contents) and the Green Loan Coordinators have not independently verified (and will not be obliged to independently verify) any such information or other documentation.
- (b) The Green Loan Coordinators shall neither act for nor represent the Finance Parties, and each Finance Party is solely responsible at all times for making its own independent appraisal of and analysis in relation to any green loan aspects of the Finance Documents.
- (c) The Green Loan Coordinators make no representations, warranties or assurances as to whether the characteristics of any Eligible Green Projects to which the Borrower allocates amounts, including their environmental or sustainability criteria, meet any industry standards for such financings.

## 26. SHARING AMONG THE FINANCE PARTIES

### 26.1 Payments to Finance Parties

If a Finance Party (a **Recovering Finance Party**) receives or recovers (whether by set-off or otherwise) any amount from or in respect of the Borrower, other than through the Agent and in accordance with Clause 27 (Payment Mechanics), (such amount being a **Recovered Amount**) and applies that amount to a payment due under any of the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of such receipt or recovery, to the Agent;
- (b) the Agent shall determine whether such receipt or recovery is in excess of the amount that the Recovering Finance Party would have been paid had such receipt or recovery been received or made by the Agent and distributed in accordance with Clause 27 (Payment Mechanics), without taking account of any Tax which would be imposed on the Agent in relation to such receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made (by reference to such receipt or recovery) in accordance with Clause 27.6 (Partial payments).

### 26.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the Borrower and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with Clause 27.6 (Partial payments) towards the obligations owing to such Sharing Finance Parties.

### 26.3 Recovering Finance Party's rights

On a distribution by the Agent under Clause 26.2 (Redistribution of payments), as between the Borrower and the Recovering Finance Party, an amount of such Recovered Amount equal to such Sharing Payment shall be treated as not having been paid by the Borrower (and the Borrower shall be liable to the Recovering Finance Party for a debt equal to such Sharing Payment, which debt is immediately due and payable).

## 26.4 Reversal of redistribution

To the extent that any part of such Recovered Amount received or recovered by a Recovering Finance Party (which Recovered Amount gives rise to any Sharing Payment) becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to (i) the appropriate part of its share of such Sharing Payment (that is attributable to such Recovered Amount so repayable and repaid by such Recovering Finance Party) together with (ii) an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on such part of such Sharing Payment (or on such part of such Recovered Amount to which such Sharing Payment is attributable) which that Recovering Finance Party is required to pay ((i) and (ii) being collectively the **Redistributed Amount**); and
- (b) as between the Borrower and each relevant Sharing Finance Party, an amount equal to such Redistributed Amount shall be treated as not having been paid by the Borrower (and the Borrower shall be liable to such Sharing Finance Party for a debt equal to such Redistributed Amount, which debt is immediately due and payable).

## 26.5 Exceptions

- (a) This Clause 26 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the Borrower.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which that Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified that other Finance Party of those legal or arbitration proceedings; and
  - (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

## 27. PAYMENT MECHANICS

### 27.1 Payments to the Agent

- (a) On each date on which the Borrower or a Lender is required to make a payment under a Finance Document, the Borrower or that Lender (as the case may be) shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement (in place of settlement) of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of the currency of such payment with such bank as the Agent specifies.
- (c) The Agent shall not be liable to account for interest on money paid to it by or recovered from the Borrower. Monies held by the Agent need not be segregated except as required by law.

- (d) Each payment of any amount made by the Borrower to the Agent in accordance with any Finance Document (including without limitation paragraph (a) above) is made to the Agent for and on behalf of each Finance Party to whom such amount is owing. The payment of any such amount to the Agent shall not in any way affect or prejudice the separate and independent nature of the debt owing to each such Finance Party, which may be enforced individually by each such Finance Party in the event that all or part of such debt remains unpaid when due.

#### **27.2 Distributions by the Agent**

- (a) Each payment received or recovered by the Agent under any Finance Documents for another Party shall, subject to Clause 27.3 (Distributions to the Borrower), Clause 27.4 (Clawback), Clause 27.6 (Partial payments) and Clause 25.16 (Deduction from amounts payable by the Agent), be made available by the Agent as soon as practicable after receipt or recovery to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of the currency of such payment.
- (b) The Agent shall distribute payments received or recovered by it in relation to all or any part of a Loan to the applicable Lender(s) indicated in the records of the Agent as being so entitled on the applicable date, **provided that** the Agent is authorised to distribute payments to be made on the date on which any assignment or transfer becomes effective pursuant to Clause 22 (Changes to the Lenders) to the applicable Lender(s) so entitled immediately before such assignment or transfer took place regardless of the period to which such payments relate.
- (c) The Agent is not under any obligation to make payment to any Finance Party on account of any amount owing by the Borrower to such Finance Party in the same currency as that in which such latter-mentioned amount is denominated.

#### **27.3 Distributions to the Borrower**

The Agent may (with the consent of the Borrower or in accordance with Clause 28 (Set-Off)) apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under any or all of the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

#### **27.4 Clawback**

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) To the extent that the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

#### **27.5 Impaired Agent**

- (a) If, at any time, the Agent becomes an Impaired Agent, the Borrower or a Lender which is required to make a payment under any of the Finance Documents to the Agent for the account of any person in accordance with Clause 27.1 (Payments to the Agent) may instead either:
  - (i) pay that amount direct to such person; or

- (ii) (if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to such person) pay that amount (or the applicable part thereof payable to such person) to an interest-bearing account held with an Acceptable Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Borrower or the Lender making that payment (the **Paying Party**) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the **Recipient Party** or **Recipient Parties**),

and in each case such payments must be made on the due date for payment under the Finance Documents. **Acceptable Bank** means a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa2 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency.

- (b) All interest accrued on any amount standing to the credit of that trust account shall be for the benefit of the Recipient Party or Recipient Parties pro rata to their respective entitlements to such amount.
- (c) A Party which has made a payment in accordance with this Clause 27.5 shall be discharged of the applicable obligations to make such payment under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of that trust account.
- (d) Promptly upon the appointment of a successor Agent, each Paying Party which has made a payment to a trust account in accordance with this Clause 27.5 (other than to the extent that such Paying Party has given an instruction pursuant to paragraph (e) below with respect to such trust account) shall give all requisite instructions to the bank with whom that trust account is held to transfer the amount of such payment (together with any accrued interest thereon) to the successor Agent for distribution in accordance with Clause 27.2 (Distributions by the Agent).
- (e) A Paying Party which has made a payment to a trust account (on account of any amount payable by such Paying Party to a Recipient Party) in accordance with this Clause 27.5 shall, promptly upon request by that Recipient Party and to the extent:
  - (i) that it has not given an instruction pursuant to paragraph (d) above (with respect to such trust account); and
  - (ii) that it has been provided with the necessary information by that Recipient Party,

give all requisite instructions to the bank with whom such trust account is held to transfer such amount (so paid into and held in such account) together with any accrued interest thereon to that Recipient Party.

#### 27.6 Partial payments

- (a) If the Agent receives or recovers an amount from or in respect of the Borrower under or in connection with any Finance Document which amount is insufficient to, or is not applied to, discharge all the amounts then due and payable by the Borrower under the Finance Documents, such amount shall be applied towards the obligations of the Borrower under the Finance Documents, in the following order:
  - (i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of, and other amounts owing to, any Administrative Party (in each case for its own account) under the Finance Documents;

- (ii) secondly, in or towards payment pro rata of any accrued interest, fee (other than as provided in paragraph (a)(i) above) or commission due to any or all of the Finance Parties but unpaid under the Finance Documents;
  - (iii) thirdly, in or towards payment pro rata of any principal due but unpaid under this Agreement; and
  - (iv) fourthly, in or towards payment pro rata of any other sum due to any or all of the Finance Parties but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
  - (c) Paragraphs (a) and (b) above will override any appropriation made by any Borrower.

#### **27.7 No set-off by the Borrower**

All payments to be made by the Borrower under any or all of the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

#### **27.8 Business Days**

- (a) Any payment which is due to be made under a Finance Document on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum pursuant to paragraph (a) above, interest is payable on such principal or Unpaid Sum at the rate applicable on the original due date.

#### **27.9 Currency of account**

- (a) Subject to paragraphs (b) to (c) below, US dollars is the currency of account and payment for any sum from the Borrower under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which such costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than US dollars shall be paid in that other currency.

#### **27.10 Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and
  - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

#### **27.11 Disruption to payment systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 33 (Amendments and Waivers);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 27.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

#### **28. SET-OFF**

For so long as an Event of Default is continuing, a Finance Party may set off any matured obligation due from the Borrower under any or all of the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, that Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

#### **29. NOTICES**

##### **29.1 Communications in writing**

Any communication to be made by a Party to another Party under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by electronic mail (**email**) (including scanned copies of executed documents and other attachments), fax or letter.

## 29.2 Addresses

The email address, address and if applicable, fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Borrower, that identified with its name below;
- (b) in the case of any Lender, that notified in writing to the Agent on or prior to the date on which it becomes a Party;
- (c) in the case of the Agent, that identified with its name below;
- (d) in the case of a MLABU, that identified with its name below;
- (e) in the case of a Green Loan Coordinator, that identified with its name below; and
- (f) in the case of an Arranger, that notified in writing to the Agent on or prior to the date on which it becomes a Party,

or any substitute email address, address or fax number or department or officer as that Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

## 29.3 Delivery

- (a) Any communication or document made or delivered by one Party to another Party under or in connection with any Finance Documents will be effective:
  - (i) if by way of email, only when received in legible form by at least one of the relevant email addresses of the Party to whom such communication or document is to be made or delivered;
  - (ii) if by way of fax, only when received in legible form; or
  - (iii) if by way of letter, only when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 29.2 (Addresses), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent under or in connection with any Finance Document will be effective only when actually received by the Agent and then only if it is sent to the correct email address(es) or, in the case of a fax or a letter, expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).
- (c) All notices from or to the Borrower under or in connection with any Finance Document shall be sent through the Agent.
- (d) Any communication from or to the Borrower shall not be made by fax.

- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5pm in the place of receipt shall be deemed only to become effective on the following Business Day.

#### **29.4 Notification of address and fax number**

Promptly upon changing its own email address, address or fax number, the Agent shall notify the other Parties.

#### **29.5 Communication when Agent is an Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed to replace such Impaired Agent.

#### **29.6 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
- (i) in English; or
  - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **30. CALCULATIONS AND CERTIFICATES**

#### **30.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

#### **30.2 Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

#### **30.3 Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

### **31. PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## 32. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver or constitute an election to affirm any Finance Document. No election by a Finance Party to affirm any Finance Document shall be effective unless it is in writing. No single or partial exercise of any right or remedy by any Finance Party shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

## 33. AMENDMENTS AND WAIVERS

### 33.1 Required consents

- (a) Subject to Clause 33.2 (Exceptions), any term of any Finance Document (other than any Fee Letter) may be amended or waived only in writing and with the consent of the Majority Lenders and the Borrower. Any such amendment or waiver so made with such consent will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 33.

### 33.2 Exceptions

- (a) Subject to paragraph (b) below and Clause 33.5 (Replacement of Screen Rate), an amendment or waiver that has the effect of changing or which relates to:
  - (i) the definition of “Majority Facility A Lenders”, “Majority Facility B Lenders”, “Majority Lenders” or “Super Majority Lenders” in Clause 1.1 (Definitions);
  - (ii) an extension to the date of payment of any amount under the Finance Documents;
  - (iii) a reduction in the Margin or a reduction in the amount of, or any change in the currency of, any payment of principal, interest, fees or commission payable;
  - (iv) an increase in, or any change in the currency of, any Commitment in respect of any Facility or the Total Commitments;
  - (v) an extension of any Availability Period;
  - (vi) any requirement that a cancellation of Commitments (in respect of any Facility) reduces the Commitments of the Lenders (in respect of that Facility) rateably;
  - (vii) any provision which expressly requires the consent of all the Lenders;
  - (viii) a change to the Borrower; or
  - (ix) Clause 2.2 (Finance Parties’ rights and obligations), Clause 7.1 (Illegality), Clause 7.6 (Change of control), Clause 22 (Changes to the Lenders), Clause 26 (Sharing among the Finance Parties), Clause 27.6 (Partial payments), this Clause 33, Clause 38 (Governing Law) or Clause 39.1 (Jurisdiction of Hong Kong Courts),

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver that has the effect of changing or which relates to any shorter period as the Majority Facility A Lenders or, as the case may be the Majority Facility B Lenders may agree as contemplated in Clause 7.2 (Voluntary cancellation) shall not be made without the agreement of the Majority Facility A Lenders or, as the case may be, the Majority Facility B Lenders.
- (c) An amendment or waiver which relates to the rights or obligations of an Administrative Party may not be effected without the consent of that Administrative Party.

### 33.3 Excluded commitment

If any Lender fails to respond to a request in writing for any consent, waiver, amendment of or in relation to any term of any Finance Document or any instruction or vote relating to any other matter under any Finance Document within 20 Business Days of that request being made, then (unless the Borrower and the Agent agree to a longer time period in relation to such request):

- (a) such Lender's Commitment in respect of any Facility and such Lender's participation in any Loan shall not be included for the purpose of calculating the Commitments of the Lenders in respect of any or all of the Facilities, or participations of the Lenders in any or all of the Loans when ascertaining whether the consent, instruction or vote of Lenders holding any applicable percentage (including, for the avoidance of doubt, unanimity) of the Commitments in respect of any and or all of the Facilities and/or participations in any or all of the Loans has been obtained to approve that request; and
- (b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of all of the Lenders or any specified group of Lenders has been obtained to approve that request,

provided that (for the avoidance of doubt), if a Lender has split the votes attributable to its Commitment(s) in respect of any Facility or any participation in any Loan(s) in respect of any Facility in accordance with paragraph (f) of Clause 25.7 (Majority Lenders' instructions) (a **Splitting Lender**), (i) such Splitting Lender shall be deemed (for the purposes of this Clause 33.3) to constitute different Lenders (each a **Split Vote Lender**), each holding its Split Commitment in respect of each Facility and its Split Participation in respect of each Loan in accordance with paragraph (f) of Clause 25.7 (Majority Lenders' instructions), and (ii) if a Split Vote Lender fails to respond to any request in writing for any consent, waiver, amendment of or in relation to any term of any Finance Document or any instruction or vote relating to any other matter under any Finance Document, (A) the foregoing provisions of this Clause 33.3 shall only apply to such Split Vote Lender (in its capacity as Lender holding such Split Vote Lender's Split Commitment in respect of any Facility and/or Split Participation in any Loan) and not any other Split Vote Lender notwithstanding that such other Split Vote Lender may be the same entity as such first-mentioned Split Vote Lender, and (B) for the purposes of paragraph (a), the Commitment of such Split Vote Lender in respect of each Facility shall be deemed to be its Split Commitment in respect of such Facility and the participation of such Split Vote Lender in any Loan shall be deemed to be its Split Participation in such Loan.

### 33.4 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:
  - (i) the Majority Lenders or the Super Majority Lenders; or
  - (ii) whether:
    - (A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments under the relevant Facilities; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents, that Defaulting Lender's Commitments under the relevant Facilities will be reduced by the amount of its Available Commitments under the relevant Facilities and, to the extent that that reduction results in that Defaulting Lender's Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of this Clause 33.4, the Agent may assume that the following Lenders are Defaulting Lenders:

- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
- (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of "Defaulting Lender" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

### 33.5 Replacement of Screen Rate

(a) Subject to paragraph (b) of Clause 33.2 (Exceptions), if a Screen Rate Replacement Event has occurred in relation to any Screen Rate, any amendment or waiver which relates to:

- (i) providing for the use of a Replacement Benchmark; and
- (ii)
  - (A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;
  - (B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);
  - (C) implementing market conventions applicable to that Replacement Benchmark;
  - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
  - (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

- (b) If, as at 1 January 2023, this Agreement provides that the rate of interest for a Loan is to be determined by reference to the Screen Rate for LIBOR:
- (i) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
  - (ii) the Agent (acting on the instructions of the Majority Lenders) and the Borrower shall enter into negotiations in good faith with a view to agreeing the amendments to this Agreement for the use of a Replacement Benchmark in relation to US dollars in place of that Screen Rate from and including a date no later than 30 June 2023.
- (c) If a Replacement Benchmark and/or the terms of its use are not agreed by 30 June 2023 (the **Fallback Event**), LIBOR shall be replaced by SOFR compounded in arrears (the **Fallback Rate**) plus a spread adjustment selected or recommended by the Relevant Governmental Body for the replacement of LIBOR in relation to US dollars for a tenor approximately the same length as an Interest Period of one, three or six Month(s).
- (d) The amendments required to implement the Fallback Rate shall be agreed by the Agent (acting on the instructions of the Majority Lenders) and the Borrower and must be operationally feasible for the Agent. To the extent practicable, the amendments shall be based on the provisions published or recommended by APLMA at the relevant time. At any time after 30 June 2023 but before any amendment contemplated by this paragraph (d) is entered into, the rate of interest shall be determined in accordance with Clause 10.4 (Cost of funds).
- (e) After the occurrence of the Fallback Event, if the Borrower requires to use an alternative rate of interest to replace the Fallback Rate, the Agent (acting on the instructions of the Majority Lenders and each Lender shall act reasonably without any delay) and the Borrower shall enter into further negotiations in good faith (for a period of no more than 45 days) with a view to agreeing the amendments to this Agreement for the use of a different Replacement Benchmark in relation to US dollars (the **Alternative Fallback Rate**).
- (f) For the avoidance of doubt, after the occurrence of the Fallback Event, the Fallback Rate plus the spread adjustment referred to in paragraph (c) above shall be used before any amendment to use the Alternative Fallback Rate is made.
- (g) In this Clause 33.5:

**Quoted Tenor** means, in relation to the Screen Rate, any period other than 1 week or 2 Months for which that Screen Rate is customarily displayed on the relevant page or screen of an information service and which may be selected as an Interest Period by the Borrower under Clause 9.1 (Selection of Interest Periods).

**Relevant Governmental Body** means the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York.

**Relevant Nominating Body** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

**Replacement Benchmark** means a benchmark rate which is:

- (i) formally designated, nominated or recommended as the replacement for a Screen Rate by:
  - (A) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or
  - (B) any Relevant Nominating Body,and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Benchmark” will be the replacement under paragraph (B) above;
- (ii) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or
- (iii) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to a Screen Rate.

**Screen Rate Replacement Event** means, in relation to a Screen Rate:

- (i) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders and the Borrower, materially changed;
- (ii)
  - (A)
    - (1) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
    - (2) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,  
provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;
  - (B) the administrator of that Screen Rate publicly announces that it has ceased or will cease to provide that Screen Rate for all of the Quoted Tenors permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate for such Quoted Tenors;
  - (C) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued for all of the Quoted Tenors;
  - (D) the administrator of that Screen Rate or its supervisor announces that that Screen Rate for all of the Quoted Tenors may no longer be used; or
  - (E) the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
    - (1) stating that that Screen Rate for all of Quoted Tenors is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and

- (2) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication;
- (ii) the administrator of that Screen Rate determines that that Screen Rate for all of the Quoted Tenors should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
  - (A) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or
  - (B) that Screen Rate for the relevant Quoted Tenor is calculated in accordance with any such policy or arrangement for a period no less than one month; or
- (iii) in the opinion of the Majority Lenders and the Borrower, that Screen Rate for all of the Quoted Tenor is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**SOFR** means the secured overnight financing rate administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over publication of that rate).

## **34. RESTRICTIONS ON DEBT PURCHASE TRANSACTIONS**

### **34.1 Prohibition on Debt Purchase Transactions**

The Borrower shall not, and the Borrower shall procure that (except with the prior written consent of the Agent (acting on the instructions of all of the Lenders)) no Group Member or any Affiliate of any Group Member shall (a) enter into any Debt Purchase Transaction or (b) be (i) a Lender or (ii) a party to a Debt Purchase Transaction of the type referred to in any of paragraphs (b) or (c) of the definition of "Debt Purchase Transaction".

### **34.2 Notification to other Lenders of Debt Purchase Transactions**

Without prejudice to Clause 34.1 (Prohibition on Debt Purchase Transactions) and Clause 22.12 (Assignments and transfers to Group Members), any Group Member or any Affiliate of any Group Member which is or becomes a Lender or which enters into a Debt Purchase Transaction as a purchaser, an acquirer or a participant (or similar capacity) shall (or the Borrower shall, on its behalf), by 5pm on the Business Day following the day on which it entered into that Debt Purchase Transaction, notify the Agent of the extent of the Commitment(s) (in respect of any or all of the Facilities) (or any commitment represented thereby), any Loan or any amount(s) outstanding to which that Debt Purchase Transaction relates. The Agent shall promptly disclose such information to the Lenders.

## **35. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on such counterparts were on a single copy of this Agreement.

## 36. U.S.A. PATRIOT ACT

Each Lender that is subject to the requirements of the U.S.A. Patriot Act hereby notifies the Borrower that pursuant to the requirements of the U.S.A. Patriot Act, such Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the U.S.A. Patriot Act.

## 37. BAIL-IN

### 37.1 Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

- (a) any Bail-In Action in relation to any such liability, including (without limitation):
  - (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;
  - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
  - (iii) a cancellation of any such liability; and
- (b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

### 37.2 Bail-in definitions

In this Clause 37:

**Article 55 BRRD** means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**Bail-In Action** means the exercise of any Write-down and Conversion Powers.

**Bail-In Legislation** means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to the United Kingdom, the UK Bail-in Legislation; and
- (c) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

**EEA Member Country** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**EU Bail-In Legislation Schedule** means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

**Resolution Authority** means any body which has authority to exercise any Write-down and Conversion Powers.

**UK Bail-In Legislation** means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**Write-down and Conversion Powers** means:

- (a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;
- (b) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and
- (c) in relation to any other applicable Bail-In Legislation:
  - (i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and
  - (ii) any similar or analogous powers under that Bail-In Legislation.

### 38. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

### 39. ENFORCEMENT

#### 39.1 Jurisdiction of Hong Kong Courts

- (a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a **Dispute**).
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

- (c) Notwithstanding paragraphs (a) and (b) above, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

### **39.2 Waiver of immunity**

The Borrower irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;
- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and
- (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1**

**THE ORIGINAL LENDERS**

<u>Name of Original Lender</u>	<u>Facility A Commitment (US\$)</u>	<u>Facility B Commitment (US\$)</u>
<b>BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH</b> , a branch of a national banking association organized and existing with limited liability under the laws of the United States of America	****	****
<b>BANK OF CHINA LIMITED</b> (incorporated under the laws of the People's Republic of China and whose members' liability is limited)	****	****
<b>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</b> (incorporated under the laws of Hong Kong with limited liability)	****	****
<b>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED</b>	****	****
<b>STANDARD CHARTERED BANK (HONG KONG) LIMITED</b> (incorporated under the laws of Hong Kong with limited liability)	****	****
<b>Total</b>	****	****

## CONDITIONS PRECEDENT

**1. The Borrower**

- (a) A certified copy of the constitutional documents of the Borrower (including its certificate of incorporation, certificate(s) of incorporation on change of name, certificate of registration by way of continuation and memorandum and articles of association (and any amendments thereto)), together with the register of directors and an up-to-date certificate of good standing issued by the Registrar of Companies of the Cayman Islands in respect of the Borrower (to be dated no earlier than one month prior to the date of the Cayman Islands law legal opinion referred to in paragraph 2(b) below).
- (b) A certified copy of the extract of resolution of the board of directors of the Borrower:
  - (i) approving the terms of, and the transactions contemplated by, the Finance Document(s) and resolving that it execute, deliver and perform the Finance Document(s);
  - (ii) authorising a specified person or persons to execute the Finance Document(s) on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and any Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Document(s).
- (c) A certificate from the Borrower (signed by a director or an authorised signatory of the Borrower):
  - (i) attaching a specimen of the signature of each person authorised by any resolution referred to in paragraph (b) above;
  - (ii) confirming that borrowing the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded;
  - (iii) certifying the list of Material Subsidiaries (including an annotation, next to the name of each Material Subsidiary, whether such Material Subsidiary is a Core Business Group Member) as at the end of the financial year of the Borrower most recently ended prior to the date of this Agreement is true and complete; and
  - (iv) certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2. Legal opinions**

- (a) A legal opinion in relation to the laws of Hong Kong from Allen & Overy LLP, legal advisers to the MLABUs as to the laws of Hong Kong.
- (b) A legal opinion in relation to Cayman Islands law from Walkers (Singapore), Limited Liability Partnership, legal advisers to the MLABUs as to the laws of the Cayman Islands.

**3. Finance Documents**

Each of the following Finance Documents duly executed by the parties thereto:

- (a) this Agreement; and
- (b) each Fee Letter.

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**4. Green Finance Framework**

- (a) A copy of the Green Finance Framework.
- (b) A copy of the Second Party Opinion.

**5. Other documents and evidence**

- (a) A foreign debt filing certificate evidencing that the Facilities have been duly registered with the NDRC pursuant to NDRC Circular.
- (b) The Original Financial Statements.
- (c) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (Fees) and/or Clause 16 (Costs and Expenses) have been paid or will be paid on or before the Initial Utilisation Date.
- (d) All documents and evidence as reasonably requested by any Finance Party which are required to enable it to conduct any “know your customer” or anti-money laundering or other procedures under applicable laws and regulations.
- (e) Evidence that the unconditional and irrevocable cancellation and prepayment notice has been delivered to the facility agent under the existing Senior Debt (as referred to in paragraph (i) of that definition only) in respect of the prepayment of that existing Senior Debt in full (with corresponding commitment cancelled).

SCHEDULE 3

REQUESTS

PART 1

FORM OF UTILISATION REQUEST

From: JD.com, Inc.

To: [ ] as Agent

Dated:

Dear Sirs

**US\$2,000,000,000 facilities agreement dated [ ] 2021 between, among others, JD.com, Inc. as borrower and Standard Chartered Bank (Hong Kong) Limited as agent (as amended from time to time, the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in or construed for the purposes of the Facilities Agreement shall have the same meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Facility to be utilised:	[Facility A]/[Facility B]
Proposed Utilisation Date:	[●] (or, if that is not a Business Day, the next Business Day)
Amount of such Loan:	US\$[●] or, if less, the Available Facility in respect of the above-mentioned Facility
First Interest Period relating to such Loan:	(subject to the provisions of the Facilities Agreement) [●]

3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) of the Facilities Agreement is satisfied on the date of this Utilisation Request.

4. We confirm that such Loan will be applied towards the following purpose(s) specified in Clause 3.1 (Purpose) of the Facilities Agreement: [insert details].

5. [The proceeds of such Loan should be credited to [account] in the name of the Borrower.]

[or]

[This Loan is a Rollover Loan and is to be made for the purpose of refinancing in whole or in part the following Facility B Loan(s) maturing on the proposed Utilisation Date: *[insert relevant details]*.]

This Utilisation Request is irrevocable.

Yours faithfully

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authorised signatory for  
JD.com, Inc.

PART 2

FORM OF SELECTION NOTICE

From: JD.com, Inc.

To: [Name of current Agent] as Agent

Dated:

Dear Sirs

**US\$2,000,000,000 facilities agreement dated [ ] 2021 between, among others, JD.com, Inc. as borrower and Standard Chartered Bank (Hong Kong) Limited as agent (as amended from time to time, the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is a Selection Notice. Terms defined in or construed for the purposes of the Facilities Agreement shall have the same meaning in this Selection Notice.
2. We refer to the following Facility A Loan[s] with an Interest Period ending on [●]: [●]\*
3. [We request that the above Facility A Loan[s] be divided into [ ] Facility A Loan[s] with the following principal amounts and Interest Periods respectively:]\*\*  
[or]  
[We request that the next Interest Period for the above Facility A Loan[s] be [ ].] \*\*\*  
[or]  
[We request that the above Facility A Loans not be consolidated at the end of the current Interest Period and that the next Interest Period for each of such Facility A Loans be as follows: [ ]].#

This Selection Notice is irrevocable.

Yours faithfully

\_\_\_\_\_  
authorised signatory for  
JD.com, Inc.

- \* Insert details of all Facility A Loans which have an Interest Period ending on the same date.  
\*\* Use this option if division of Facility A Loans is requested.  
\*\*\* Use this option if sub-division is not required and the applicable Facility A Loans are to be consolidated.  
# Use this option if the applicable Facility A Loans are not to be consolidated.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: [ ] as Agent

From: [Name of the Existing Lender] (the **Existing Lender**) and [Name of the New Lender] (the **New Lender**)

Dated:

**US\$2,000,000,000 facilities agreement dated [ ] 2021 between, among others, JD.com, Inc. as borrower and Standard Chartered Bank (Hong Kong) Limited as agent (as amended from time to time, the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is a Transfer Certificate. Unless otherwise defined herein, terms defined in or construed for the purposes of the Facilities Agreement shall have the same meaning in this Transfer Certificate.
2. We refer to Clause 22.6 (Procedure for transfer) of the Facilities Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, in accordance with Clause 22.6 (Procedure for transfer) of the Facilities Agreement, all or part of the Existing Lender's Commitment(s) in respect of the applicable Facility or Facilities specified in the Schedule hereto and all or part of the Existing Lender's participation(s) in the applicable Loan(s) specified in the Schedule hereto, in each case together with related rights and obligations under the Facilities Agreement.
  - (b) The proposed Transfer Date is [●].
  - (c) The Facility Office and address, email address, fax number and attention details for notices of the New Lender for the purposes of Clause 29.2 (Addresses) of the Facilities Agreement are set out in the Schedule hereto.
3. The New Lender expressly acknowledges:
  - (a) the limitations on the Existing Lender's obligations set out in paragraphs (a) and (c) of Clause 22.5 (Limitation of responsibility of Existing Lenders) of the Facilities Agreement; and
  - (b) that it is the responsibility of the New Lender to ascertain whether any document is required or any formality or other condition requires to be satisfied to effect or perfect the transfer contemplated by this Transfer Certificate or otherwise to enable the New Lender to enjoy the full benefit of each Finance Document.
4. The New Lender confirms that it is a "New Lender" within the meaning of Clause 22.1 (Assignments and transfers by the Lenders) of the Facilities Agreement.
5. The New Lender confirms that the New Lender [is]/[is not]\* a Group Member or an Affiliate of any Group Member.

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\* Delete as appropriate. Any transfer of by the Existing Lender to the New Lender that is a Group Member or an Affiliate of any Group Member is subject to Clause 34 (Restrictions on Debt Purchase Transactions) and Clause 22.12 (Assignments and transfers to Group Members).

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6. Both the Existing Lender and the New Lender confirm to the Agent that the consent of the Borrower has been obtained.
  7. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on such counterparts were on a single copy of this Transfer Certificate.
  8. This Transfer Certificate is governed by the laws of Hong Kong.
  9. This Transfer Certificate has been entered into by the Existing Lender and the New Lender on the date stated at the beginning of this Transfer Certificate.

THE SCHEDULE

Commitment(s)/participation(s) in Loan(s) to be transferred, and other particulars

Commitment(s) in respect of Facility [ ] /participation(s) in Loan(s) under Facility [ ] transferred

Commitment in respect of such Facility transferred: [ ]  
of which the Available Commitment in respect of such Facility transferred: [ ]  
Participation(s) in outstanding Loan(s) under such Facility transferred [ ]  
[ ]

**Administration particulars:**

New Lender's receiving account: [ ]  
Address: [ ]  
Telephone: [ ]  
Facsimile: [ ]  
Email: [ ]  
Attn/Ref: [ ]

**Details of US\$ account designated for payment purposes:**

Correspondence Bank: [ ]  
Swift Code: [ ]  
Account Bank (if applicable)\* : [ ]  
Account Bank Swift Code (if applicable)\* : [ ]  
Account Name: [ ]  
Account Number: [ ]  
Ref: [ ]  
Attn [ ]

[name of Existing Lender]

[name of New Lender]

By: \_\_\_\_\_

By: \_\_\_\_\_

---

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [●].

[] as Agent

By: \_\_\_\_\_

Date:

## FORM OF COMPLIANCE CERTIFICATE

From: JD.com, Inc.

To: [ ] as Agent

Dated:

Dear Sirs

**US\$2,000,000,000 facilities agreement dated [ ] 2021 between, among others, JD.com, Inc. as borrower and Standard Chartered Bank (Hong Kong) Limited as agent (as amended from time to time, the Facilities Agreement)**

We refer to the Facilities Agreement. This is a Compliance Certificate. Terms used in or construed for the purposes of the Facilities Agreement shall have the same meaning in this Compliance Certificate.

We confirm that:

1. [the financial statements of the Borrower for the Financial Year ending on [●] (the **Test Date**) delivered by the Borrower pursuant to the Facilities Agreement give a true and fair view of the consolidated financial condition and operations of the Borrower as at the end of and during such Financial Year;]<sup>#</sup>  
 [the financial statements of the Borrower for the Financial Half Year ending on [●] (the **Test Date**) delivered by the Borrower pursuant to the Facilities Agreement fairly represent the consolidated financial condition and operations of the Borrower as at the end of such Financial Half Year (to which such financial statements relate);]<sup>##</sup>
2. as at the last day of the Relevant Period ending on the Test Date, Consolidated Total Debt was [●] and, in respect of such Relevant Period, Adjusted Consolidated EBITDA was [●]. Therefore Leverage in respect of such Relevant Period was [●]:1.00 and the financial covenant set out in Clause 19.2 (Financial condition) of the Facilities Agreement [has/has not] been complied with; [and]
3. [the following companies constitute Material Subsidiaries for the purposes of the Facilities Agreement:
  - (a) [●];
  - (b) [●]; and
  - (c) [●];
4. the Material Subsidiaries referred to in paragraphs [●], [●] and [●] are Core Business Group Members; and]<sup>\*\*</sup>
5. the requirements of Clause 20.10 (Core Business Coverage) of the Facilities Agreement are satisfied.

Computation(s) in respect of paragraph 2 above are attached to this Compliance Certificate.

<sup>#</sup> Use this option for the audited consolidated financial statements of the Borrower in respect of any Financial Year.

<sup>##</sup> Use this option for the unaudited consolidated financial statements of the Borrower in respect of the first Financial Half Year in any Financial Year.

<sup>\*\*</sup> Insert these paragraphs for each Compliance Certificate delivered for the audited consolidated financial statements of the Borrower in respect of any Financial Year.

---

[We confirm that no Default is continuing.]\*

Signed: \_\_\_\_\_  
Authorised signatory of  
JD.com, Inc.

\* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

**SCHEDULE 6**

**TIMETABLES**

Delivery of a duly completed Utilisation Request (Clause 5.1 (Delivery of a Utilisation Request)) or a Selection Notice (Clause 9.1 (Selection of Interest Periods))

U-3  
11am

Agent notifies the Lenders of the applicable Loan in accordance with Clause 5.4 (Lenders' participation)

U-2

LIBOR is fixed

Quotation Day  
11am (London time)

Where:

U = the applicable Utilisation Date or the first day of the applicable Interest Period (as the case may be)

U - X = the day falling X Business Days prior to U

FORM OF INCREASE CONFIRMATION

To: [●] as Agent

From: [the Increase Lender] (the **Increase Lender**)

Dated:

**US\$2,000,000,000 facilities agreement dated [ ] 2021 between, among others, JD.com, Inc. as borrower and Standard Chartered Bank (Hong Kong) Limited as agent (as amended from time to time, the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is an Increase Confirmation. Terms and expressions defined in or construed for the purposes of the Facilities Agreement have the same meaning in this Increase Confirmation unless given a different meaning in this Increase Confirmation.
2. We refer to Clause 2.3 (Increase) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment(s) specified in the Schedule (the **Relevant Commitment(s)**) as if it had been an Original Lender under the Facilities Agreement in respect of the Relevant Commitment(s) (in addition to any Commitment in respect of any Facility which the Increase Lender may otherwise already have in accordance with the Facilities Agreement).
4. Without prejudice to any term of Clause 2.3 (Increase), the proposed date on which the assumption of such Relevant Commitment(s) by the Increase Lender is to take effect (the **Increase Date**) is [●].
5. On the Increase Date, the Increase Lender becomes party to the Facilities Agreement as a Lender.
6. The Facility Office and address, email address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 29.2 (Addresses) of the Facilities Agreement are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders' obligations referred to in paragraph (i) of Clause 2.3 (Increase) of the Facilities Agreement.
8. This Increase Confirmation may be executed in any number of counterparts and this has the same effect as if the signatures on such counterparts were on a single copy of this Increase Confirmation.
9. This Increase Confirmation is governed by the laws of Hong Kong.
10. This Increase Confirmation has been entered into on the date stated at the beginning of this Increase Confirmation.

**THE SCHEDULE**

**Relevant Commitment(s)/rights and obligations to be assumed by the Increase Lender**

[insert relevant details]

[Facility Office address, email addresses, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Increase Confirmation is accepted by the Agent and the Increase Date is confirmed as [●].

Agent:

By:

## GREEN LOAN PRINCIPLES MEMORANDUM

This **Green Loan Principles Memorandum** (the **Memorandum**) sets out how JD.COM, INC., an exempted company registered by way of continuation into the Cayman Islands with limited liability and registration number 284373 whose registered office is at Maples Corporate Services Limited, P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands (the **Borrower**) shall utilise certain term loan facility to the Borrower documented under a US\$2,000,000,000 term loan and revolving credit facilities agreement dated as amended and supplemented from time to time (the **Facilities Agreement**) for the purpose of the Green Loans (as defined below).

Terms defined in the Facilities Agreement shall have the same meaning when used in this Memorandum, unless a contrary indication appears. In addition:

**Declassification Event** means:

- (a) any failure by the Borrower to comply with this Memorandum; or
- (b) any document or other information provided by the Borrower in connection with this Memorandum is incorrect or misleading in any material respect.

**Eligible Green Projects** means green projects and their respective green project categories as defined under the Green Finance Framework and that are eligible green projects under the Green Loan Principles.

**Eligible Green Purpose** means the purposes set out in paragraph (a) of Clause 3 (Purpose) of the Facilities Agreement.

**Green Finance Framework** means the green finance framework of JD.com substantially in the form provided to the Green Loan Coordinators on or about the date of the Facilities Agreement and delivered to the Agent in accordance with clause 4.1 (Initial conditions precedent) of the Facilities Agreement, as amended and varied from time to time.

**Green Loans** means the Loans made under Facility A for financing the Eligible Green Purpose.

**Green Loan Principles** means the green loan principles jointly issued by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association in February 2021.

**Proceeds** means the proceeds of the Green Loans.

**Second Party Opinion** means an opinion, document or report issued by the Second Party Opinion Provider (at the cost of the Borrower) addressed to the Finance Parties, confirming the conformity of the Green Finance Framework to the Green Loan Principles, and in form and substance satisfactory to the Green Loan Coordinators (acting reasonably).

**Second Party Opinion Provider** means (a) Sustainalytics; or (b) any consultant and/or institution with recognised expertise in environmental and social sustainability or other aspects of the administration of a green loan appointed by the Borrower (at the cost of the Borrower) in consultation with the Green Loan Coordinators.

#### 1. Use of Proceeds

- 1.1 The Borrower shall ensure that the Green Finance Framework complies with Green Loan Principles at all times.
- 1.2 The Borrower shall use the Proceeds for the Eligible Green Purpose only.

## 2. Project Evaluation and Eligibility

Eligible Green Projects shall be evaluated for their eligibility as Green Loans in line with paragraph 2.2 (Process for Project Evaluation and Selection) of the Green Finance Framework.

## 3. Management of Proceeds

The Proceeds shall be managed in accordance with paragraph 2.3 (Management of Proceeds) of the Green Finance Framework.

## 4. Reporting

The Borrower shall comply with the following undertakings at its own cost and expense:

- (a) The Borrower shall supply the following documents to the Agent (for distribution to the Finance Parties), together with each Compliance Certificate to be delivered under the Facilities Agreement until such time as all the proceeds of Facility A have been applied to the Eligible Green Projects:
  - (i) an allocation report in respect of the Proceeds, in compliance with paragraph 2.4 (Reporting) of the Green Finance Framework (the **Allocation Report**). Each Allocation Report shall contain description of the Eligible Green Projects to which the Proceeds have been applied and the amount so allocated to each of such Eligible Green Projects; and
  - (ii) an annual impact report in compliance with paragraph 2.4 (Reporting) of the Green Finance Framework (the **Impact Report**). Each Impact Report shall include qualitative and quantitative performance indicators where feasible.
- (b) The Borrower shall notify the Agent in writing within 15 Business Days after becoming aware that any Declassification Event has occurred.
- (c) If a Declassification Event occurs, the Green Loans shall, with immediate effect, be declassified as green loans unless such failure to comply is capable of remedy and remedied within 20 Business Days (or such longer period as the Agent (acting on the instructions of the Majority Lenders) from the earlier of:
  - (i) the Agent giving written notice to the Borrower of such Declassification Event; and
  - (ii) the Borrower becoming aware of such Declassification Event.The Agent (acting on the instructions of the Majority Lenders) shall notify the Borrower of any declassification pursuant to this paragraph.
- (d) From the date on which a Green Loan is declassified as a green loan, the Borrower shall (and shall ensure that each other Group Member shall), as soon as reasonably practicable and in any event within 5 Business Days of notice from the Agent (acting on the instructions of the Majority Lenders) made pursuant to paragraph (c) above:
  - (i) cease representing in all internal and external communications, marketing or publications that Facility A Loan is a green loan; and
  - (ii) ensure that all material, publications and information it publishes relating to any Facility A Loan no longer refers to it as a green loan.

- (e) If the Borrower does not comply with any of the provisions in this Memorandum, any Green Loan Coordinator or the Agent (acting on the instructions of the Majority Lenders) may, at the request and cost of the Borrower, arrange for such third party verifications or audits that the Green Loan Coordinators or the Majority Lenders consider necessary to confirm compliance by the Borrower with its obligations under this Memorandum or the other Finance Documents in relation to any Green Loans.

**5. Other information undertakings**

The Borrower shall notify the Agent of any amendment, change or variation (however described) of any content or term to the Green Finance Framework as soon as reasonably practicably, and in any event within 20 Business Days after such amendment, change or variation (however described) becomes effective.

**6. Amendment and waiver**

The Green Loan Coordinators may take into consideration (but are not obliged to) of the Green Loan Principles if any amendment or waiver of this Memorandum is proposed and may make such suggestions or communications to the Finance Parties. No Green Loan Coordinator shall have any obligation or liability of any kind to any other Party under or in connection with any Finance Document.

**SIGNATORIES**

**The Borrower**

SIGNED for and on behalf of )  
**JD.COM, INC.** by )  
Sandy Ran Xu )  
who in accordance with the laws of ) /s/ Sandy Ran Xu  
Cayman Islands ) Print name: Sandy Ran Xu  
is authorised to execute this Agreement )  
on its behalf )  
in the presence of: )

Witness's signature: /s/ GUO Yufei  
Name: GUO Yufei  
Address: \*\*\*\*\*

Notice details:

Address: \*\*\*\*\*  
Email: \*\*\*\*\*  
Attention: \*\*\*\*\*

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**Mandated Lead Arranger, Bookrunner and Underwriter**

**BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH**

by: /s/ ADNAN MERAJ

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Mandated Lead Arranger, Bookrunner and Underwriter**

**BANK OF CHINA LIMITED**

by: /s/ LIU Chao \_\_\_\_\_

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Mandated Lead Arranger, Bookrunner and Underwriter**

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

by: /s/ Jeff Lim

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Mandated Lead Arranger, Bookrunner and Underwriter**

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED**

by: /s/ Carol Cheng \_\_\_\_\_

/s/ Suo Fan \_\_\_\_\_

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Mandated Lead Arranger, Bookrunner and Underwriter**  
**STANDARD CHARTERED BANK (HONG KONG) LIMITED**

by: /s/ Amit Lakhwani

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Green Loan Coordinator**

**BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH**

by: /s/ ADNAN MERAJ

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

**Green Loan Coordinator**  
**BANK OF CHINA LIMITED**

by: /s/ LIU Chao \_\_\_\_\_

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Green Loan Coordinator**

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

by: /s/ YVONNE K Y LEE

\_\_\_\_\_

/s/ Benny K H Chung

\_\_\_\_\_

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Green Loan Coordinator**

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED**

by: /s/ Carol Cheng \_\_\_\_\_

/s/ Suo Fan \_\_\_\_\_

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

---

**Green Loan Coordinator**

**STANDARD CHARTERED BANK (HONG KONG) LIMITED**

by: /s/ Amit Lakhwani

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Original Lender**

**BANK OF AMERICA, NATIONAL ASSOCIATION, HONG KONG BRANCH**

by: /s/ ADNAN MERAJ

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Original Lender**

**BANK OF CHINA LIMITED, SINGAPORE BRANCH**

by: /s/ Authorize Signatory

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Original Lender**

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

by: /s/ YVONNE K Y LEE

\_\_\_\_\_

/s/ Benny K H Chung

\_\_\_\_\_

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

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**Original Lender**

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED**

by: /s/ Carol Cheng \_\_\_\_\_

/s/ Suo Fan \_\_\_\_\_

For Credit Matters

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

For Operation Matters

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Fax: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

---

**Original Lender**

**STANDARD CHARTERED BANK (HONG KONG) LIMITED**

by: /s/ Amit Lakhwani

Address: \*\*\*\*\*

Tel: \*\*\*\*\*

Email: \*\*\*\*\*

Attention: \*\*\*\*\*

---

**Agent**

**STANDARD CHARTERED BANK (HONG KONG) LIMITED**

by: /s/ Chung Tin Wan

Address: \*\*\*\*\*

Fax: \*\*\*\*\*

Email : \*\*\*\*\*

Attention: \*\*\*\*\*

THE SYMBOL “[\*\*\*]” OR “[REDACTED]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Execution Version

DATED 1 September 2021

**YUPEI INTERNATIONAL INVESTMENT MANAGEMENT CO., LTD**

**and**

**JD PROPERTY GROUP CORPORATION**

**and**

**LI SHIFA**

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**SALE AND PURCHASE AGREEMENT**

in respect of the ordinary shares of China Logistics Property Holdings Co., Ltd

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[REDACTED]

THIS AGREEMENT is made on 1 September 2021

**BETWEEN:**

1. **Yupei International Investment Management Co., Ltd**, a company incorporated with limited liability in the British Virgin Islands, whose registered office is at 3rd Floor, J & C Building, Road Town, Tortola, British Virgin Islands (the “**Seller**”);
2. **JD Property Group Corporation**, a company incorporated with limited liability in the Cayman Islands, whose registered office is at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands (the “**Purchaser**”); and
3. **Li Shifa**, a PRC resident whose PRC passport number is \*\*\*\*\* and whose residential address is at NO.112 Western Residence, No.333 Yinggang East Road, Qingpu District, Shanghai (the “**Ultimate Shareholder**”),

each a “**Party**” and together the “**Parties**”.

**WHEREAS:**

- (A) Listco is a company incorporated with limited liability in the Cayman Islands and whose shares are listed on the Main Board of the HKSE. As at the date of this Agreement, Listco has in issue 3,474,283,058 Shares.
- (B) As at the date of this Agreement, the Seller is the legal and beneficial owner of the Sale Shares, representing approximately 26.38% of the issued share capital of Listco.
- (C) The Seller has agreed to sell, and the Purchaser has agreed to buy, the Sale Shares on and subject to the terms and conditions of this Agreement.
- (D) The Ultimate Shareholder owns 100% of the issued share capital of Lee International Investment Management Co., Ltd, which in turn owns 90% of the issued share capital of the Seller and has agreed to guarantee the obligations of the Seller on and subject to the terms and conditions of this Agreement.

**IT IS AGREED** as follows:

**CLAUSE 1 INTERPRETATION**

1.1 In this Agreement:

“**2019 Exchange Notes**” means the 8.75% senior fixed rate notes due 2021 issued by Listco on 25 September 2019 in an aggregate principal amount of US\$162,475,000;

“**2020 Exchange Notes**” means the 8.75% senior fixed rate notes due 2022 issued by Listco on 18 November 2020 in an aggregate principal amount of US\$150,000,000;

“**2024 Convertible Bonds**” means the 6.95% convertible bonds due 2024 issued by Listco on 26 June 2019 in an aggregate principal amount of HK\$1,109,000,000;

“**2025 Convertible Bonds**” means the 6.95% convertible bonds due 2025 issued by Listco on 23 November 2020 in an aggregate principal amount of HK\$775,050,000;

[REDACTED]

“**Affiliate**” means, when used with respect to any specified person that:

- (a) is not an individual, a person that directly or indirectly (through one or more intermediaries) Controls, is Controlled by or is under common Control with such specified person; or
- (b) is an individual, (x) his or her spouse, siblings, children (including adopted children) or parent of such individual or his or her spouse, or any trust or other entity created for the benefit of any such person (the “**Family Members**”), and (y) any person which is directly or indirectly (through one or more intermediaries) Controlled by such individual, or by any of his or her Family Members, whether alone or jointly;

[REDACTED]

“**AML Authority**” means, collectively, the competent Authorities in the PRC which are from time to time legally authorized to supervise, regulate and enforce the Anti-Monopoly Law pursuant to PRC Law;

“**Announcement 7**” means the Announcement on Several Issues concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises, promulgated by the State Administration of Taxation of the PRC on 3 February 2015 as Public Notice (2015) No. 7, as amended, supplemented or modified by any implementing rules and regulations, and any successor rule or regulation thereof under the Laws of the PRC as of the date of this Agreement;

“**Announcement 7 Taxes**” has the meaning given to it in Clause 11.2(b);

“**Anti-Corruption Laws**” means all applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial), including Laws that prohibit the corrupt payment, offer, promise, or authorisation of the payment or transfer of anything of value, directly or indirectly, to any Government Official, Authority, commercial entity, or any other person to obtain a business advantage; such as (if applicable) the Anti-Unfair Competition Law of the PRC, the Criminal Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, the Banking Ordinance of Hong Kong and the Independent Commission Against Corruption Ordinance of Hong Kong, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery of 2010 and all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions;

“**Anti-Monopoly Law**” means, collectively, the Anti-Monopoly Law of the PRC, effective as of 1 August 2008 (as amended from time to time), and related regulations and implementation rules;

“**Anti-trust Filings**” has the meaning given to it in Clause 4.1(a);

“**Articles**” means, at any time, the memorandum and articles of association (or other constitutional documents) of Listco at that time;

“**Authorisation**” means any consent, approval, authorisation, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to any Authority;

“**Authority**” means any government of any national or any federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation;

“**Balance Sheet Date**” means 31 December 2020;

“**Business**” means the business of the Group as it is conducted as at the date of this Agreement;

“**Business Assets**” means all the assets owned by the Group and any assets used by the Group in connection with the Business or necessary for the operation of the Business, and all the Intellectual Property Rights used by the Group in connection with the Business;

“**Business Day**” means a day on which banks are generally open for business in Hong Kong and the PRC (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);

“**CCASS**” means the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;

“**Charged Assets**” means the 214,968,276 Shares in Listco held and owned by the Seller;

“**Claim**” means any claim made by a Party arising out of or in connection with this Agreement (or otherwise contemplated by, or referred to in, this Agreement), howsoever arising;

[redacted]

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“**Company Affiliate**” means Listco or any other member of the Group, or any director, officer, agent, employee or representative acting for or on behalf of the foregoing (individually or collectively);

“**Completion**” means the completion of the sale and purchase of the Sale Shares in accordance with Clause 6;

“**Completion Date**” means the date on which Completion occurs;

“**Conditions**” means the conditions precedent to Completion as set out in Clause 4.1, and “**Condition**” means any one of them;

“**Confidential Information**” has the meaning given to it in Clause 16.1;

“**connected person**” has the meaning given to it in the Listing Rules;

“**Consideration**” means the amount payable in respect of the Sale Shares as set out in Clause 3.1;

“**Control**” means of a given person means the power or authority, whether exercised or not, to direct the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors of such person. The terms “**Controlled**” and “**Controlling**” have meanings correlative to the foregoing;

“**Convertible Bond Offer**” has the meaning given to it in the Possible Offer Announcement;

“**Convertible Bonds**” means the 2024 Convertible Bonds and the 2025 Convertible Bonds;

“**Deposit**” has the meaning given to it in Clause 3.2;

“**Despatch Date**” means the date on which the offer document in respect of the Offers are despatched to the Shareholders;

“**Directors**” means the directors of Listco;

“**Disclosed**” means fairly, fully and accurately disclosed to the Purchaser with sufficient details and reasonable level of specificity and in a manner and context which would enable the Purchaser or its Representatives to identify the nature and scope of the information or matters so disclosed and make an informed assessment of the likelihood and magnitude of the risk and liability of the issue in question;

“**Disclosure Letter**” means the letter dated the same date as the date of this Agreement (including the contents of any schedule or appendix thereto) from the Warrantors to the Purchaser, disclosing information constituting exceptions and qualifications to the Warranties;

“**Encumbrance**” means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or security interests of any kind (including retention arrangements or other encumbrances and any agreement to create any of the foregoing), and “**Encumber**” shall be construed accordingly;

“**Environmental Laws**” means all or any Laws relating to public or worker health and safety (including health and safety of employees, occupiers and invitees, and fire safety), pollution, protection of the environment, or the use, storage, handling, transportation or disposal of Hazardous Substance and matters relating to the construction, demolition, alteration or use of buildings or land to the extent that they relate to any of the foregoing;

“**Environmental Permits**” means all assessments, permits, licenses, registrations, approvals, and other authorizations required under applicable Environmental Laws;

“**Executive**” means the Executive Director of the Corporate Finance Division of the SFC;

“**Existing Security**” means all and any security under the listco collateral agreement dated 31 May 2021 between the Seller as mortgagor and Deutsche Bank AG, Hong Kong Branch as security agent and trustee (the “**Security Agent**”) and the borrower debenture dated 31 May 2021 between the Seller as chargor and the Security Agent;

“**Financial Statements**” has the meaning given to it in Paragraph 4.2(a) of Schedule 3;

“**First Closing Date**” means the first offer closing date of the Share Offer;

“**Fund**” means Yupei Logistics Property Fund I Limited Partnership;

“**Fundamental Warranties**” means the representations and warranties set forth in Paragraphs 1 and 2 of Schedule 3;

“**Government Official**” means: (a) any official, officer, employee or any person acting in an official capacity for or on behalf of any Authority; (b) any political party or party official or candidate for political office; (c) a Politically Exposed Person (PEP) as defined by the Financial Action Task Force (FATF); (d) any director, official, officer, employee of wholly or partially state-owned, state-controlled or state-operated enterprises; or (e) any official, officer, employee, or any person working in any official capacity on behalf of any public international organization (e.g., United Nations or the World Bank);

“**Governmental Order**” any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Authority;

“**Group Company**” or “**member of the Group**” means Listco and its subsidiaries, and “**Group**” refers to all the Group Companies collectively;

“**Hazardous Substance**” means any substance, chemical, material, or waste that is listed, defined, classified or regulated as a “toxic substance,” “hazardous substance,” “hazardous waste” or words of similar meaning under applicable Environmental Laws;

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**HKIAC**” has the meaning given to it in Clause 20.3;

“**HKSE**” means The Stock Exchange of Hong Kong Limited;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**ICBCI LP**” means Elegant Fragrant Limited;

“**IFRS**” means the International Financial Reporting Standards and the International Financial Reporting Interpretations Committee interpretations as issued by the International Account Standards Board, in each case, as may be amended from time to time;

“**Indebtedness**” means any indebtedness or liability incurred and outstanding, together with any penalties, prepayment charges or unpaid interest, in each case pursuant to any moneys borrowed by any Group Company from a financial lending institution or any person;

“**Intellectual Property Rights**” means:

- (a) copyright, patents, goodwill, know-how, trade secrets, data base rights, trade marks, trade names, business names, domain names, logos, get-up and designs (whether registered or unregistered);
- (b) in respect of matters set out under Paragraph (a) above, applications for registration (including all corresponding foreign counterpart applications, re-issues, re-examinations, divisionals, continuations – parts and extensions thereof) and the right to apply for registration for any of the same; and
- (c) all other intellectual property rights and equivalent or similar forms of protection, howsoever described, existing anywhere in the world;

“**Interim Accounts**” means the unaudited consolidated financial statements of the Group for the six-month period ended on 30 June 2021;

“**Investment Agreement**” means any investment agreement, memorandum of understanding, letter of intent, meeting minutes or other similar agreement or document (including any performance/supervision agreement) entered into by a Group Company or an Affiliate of such Group Company with the relevant Authority, or issued by the relevant Authority and addressed to a Group Company or an Affiliate of such Group Company, in each case in relation to the investment by such Group Company or an Affiliate of such Group Company in the relevant Owned Real Property which is located within the jurisdiction of the relevant Authority, including any supplementary agreement or amendment agreement thereof;

“**Land Use Right Grant Contract**” means with respect to each Owned Real Property, the land use right contract (including its amendment and restatement from time to time) entered into by the relevant Group Company and the competent Authority for the purpose of acquisition of the land parcel on such Owned Real Property;

“**LaSalle JVs**” means Yupei Logistics Property Management 10 Co., Ltd, Yupei Logistics Property Management 15 Co., Ltd, Yupei Tianjin Logistics Property Management Co., Ltd and Yupei Logistics Property Management 12 Co., Ltd;

“**LaSalle Shareholders**” means LAO V CN Holdings III Pte. Ltd., LCLV Holdco VI Pte. Ltd. and LCLV Holdco V Pte. Ltd.;

“**LaSalle Shareholders Agreements**” means the relevant shareholders agreement in respect of the LaSalle JVs;

“**Law**” or “**Laws**” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, policy or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Authority, in each case as amended, and any and all applicable Governmental Orders;

“**Lease**” means any and all leases, subleases, licenses or other occupancy agreements, sale/leaseback arrangements or similar arrangements;

“**Lease Agreement**” means any Lease between any Group Company and any person in respect of any Owned Real Property or Leased Real Property or any part thereof;

“**Leased Real Property**” means the real property leased, subleased, licensed or otherwise occupied by any member of the Group as tenant, sublessee, licensee or occupier;

“**Listco**” means China Logistics Property Holdings Co., Ltd, a company incorporated with limited liability in the Cayman Islands and whose Shares are listed on the Main Board of the HKSE;

“**Listco Register of Member**” means the certified copy (certified by a Director) of the register of members of the Listco in excel form showing that the Charged Assets are registered in the name of the Seller;

“**Listing Rules**” means the Rules Governing the Listing of Securities on the HKSE;

“**Long Stop Date**” means 30 June 2022 (or such later date as the Parties may agree in writing);

“**Losses**” means, in respect of any matter, event or circumstances, all demands, claims, actions, proceedings, damages, payments, fines, penalties, losses, costs (including reasonable legal costs), expenses (including Taxes), disbursements and other losses of any kind whatsoever arising;

“**Material Adverse Effect**” means any change, event, circumstance or other matter that has, either individually or in the aggregate, a material adverse effect upon the business, financial condition, operating results, operations, assets, or the business prospects or condition of the Group taken as a whole;

[REDACTED]

“**Money Laundering Laws**” means all anti-money laundering laws of all jurisdictions in which the Group or Listco conducts its business or owns assets, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Authority, and the United States, and the European Union, including the applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, the Anti-Money Laundering Law of the PRC, and the Hong Kong Anti-Money Laundering and Counter-Terrorism Financing Ordinance (Cap. 615), the Organized and Serious Crimes Ordinance (Cap. 455), the United Nations (Anti-Terrorism Measures) Ordinance and the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405);

“**Non-Fundamental Warranties**” means the Warranties other than the Fundamental Warranties;

“**Notice**” has the meaning given to it in Clause 12.1;

“**Offers**” means the Share Offer and the Convertible Bond Offer;

“**Other Property Documents**” has the meaning given to it in Paragraph 10 of Schedule 3;

“**Owned Real Property**” means the real property (including building under construction and land parcel) in which any member of the Group has fee title (or equivalent) interest, together with, to the extent owned by any member of the Group, all buildings and other structures, facilities or improvements located thereon;

[REDACTED]

“**Permitted Liens**” means (a) statutory liens for current Taxes not yet due or delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings; (b) mechanics’, carriers’, workers’, repairers’ and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of any Group Company or the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers’ compensation, unemployment insurance or other social security legislation); (c) any Encumbrances that would be set forth in any title policies, endorsements, title commitments, title certificates and/or title reports relating to any Group Company’s interests in real property and any zoning, entitlement, conservation restriction and other land use and environmental regulations imposed, issued, promulgated or published by Authorities, in each case, which individually or in the aggregate do not materially impair the present use of the properties or assets of any Group Company; (d) with respect to real property, all covenants, conditions, restrictions, easements, charges, rights-of-way, other Encumbrances and other similar matters of record set forth in any state, local or municipal recording or like office which do not materially interfere with the present use of the properties or assets of any Group Company; (e) matters which would be disclosed by an inspection of the real property which do not materially impair the occupancy or current use of such real property which they encumber; (f) non-exclusive licenses of Intellectual Property Rights granted in the ordinary course of business consistent with past practice; and (g) the Security Interests created over the Charged Assets under the Share Charge Agreement;

“**Possible Offer Announcement**” means the announcement relating to the possible Offers to be issued by the Purchaser on or as soon as practicable after the date of this Agreement;

“**PRC**” means the People’s Republic of China which, for the purpose of this Agreement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“**Pre-IPO Share Option Scheme**” means the pre-IPO share option scheme of Listco adopted on 10 March 2016;

“**Previous Announcements**” means any filings (including annual reports, interim reports, announcements, circulars, disclosure of interests forms, monthly returns and next day disclosure returns) of Listco published on the website of the HKSE;

“**Proceedings**” means any proceeding, suit or action arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by this Agreement;

“**Public Release**” has the meaning given to it in Clause 15.1;

“**Purchaser’s Group**” means the Purchaser and its subsidiaries (including, with effect from Completion, each member of the Group), and “**member of the Purchaser’s Group**” shall be construed accordingly;

“**Purchaser’s Solicitors**” means Kirkland & Ellis of 26/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong;

“**Purchaser’s Warranties**” means the warranties given by the Purchaser under Clause 9.1, and “**Purchaser’s Warranty**” means any of them;

“**Qualifying Claim**” has the meaning given to it in Paragraph 3.1 of Schedule 4;

“**Real Estate Ownership Certificate**” means, with respect to each Owned Real Property, the real estate ownership certificate (不动产权证) issued by the competent Authority to the relevant Group Company, evidencing that such Group Company’s full and complete title to the ownership and/or the land use right of such Owned Real Property, free from any Encumbrance;

“**Refund Deadline**” has the meaning given to it in Clause 3.2(d);

“**Relevant PRC Tax Authority**” has the meaning given to it in Clause 11.2(a);

“**Relevant Ancillary Documents**” means the ancillary documents required to be delivered to the Purchaser by the Seller on the date of the Share Charge Agreement pursuant to paragraph 4.1 thereof;

“**Remaining Consideration**” has the meaning given to it in Clause 3.3(a);

“**Representative**” means, in relation to any person, such person’s directors, officers, employees, lawyers, accountants, bankers, financiers or other professional advisers;

“**Restricted Actions**” means the actions listed in Schedule 2;

“**RMB**” means Renminbi, the lawful currency of the PRC;

“**Rules**” has the meaning given to it in Clause 20.3(b)(i);

“**Sale Shares**” means the 916,488,000 Shares legally and beneficially owned by the Seller, representing approximately 26.38% of the issued share capital of Listco;

“**Sanctions Laws**” means all economic, financial or trade sanctions Laws, measures or embargoes administered or enforced by the United States (including all sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, and its “Specially Designated Nationals and Blocked Persons” lists), PRC, Hong Kong, the European Union, the United Nations, the United Kingdom or any other relevant sanctions Authority;

“**Secured Liabilities**” means the Deposit and all present and future obligations and liabilities at any time due, owing or incurred by the Seller in respect of its obligation to return the Deposit to the Purchaser in accordance with Clause 3.2 of the Agreement;

“**Security Interest**” has the meaning given to it in Clause 3.2(a);

“**Seller’s Designated Account**” means the Seller’s designated bank account, the details of which are set out in Annex 1.

“**Seller’s Group**” means the Seller, Ultimate Shareholder and their Affiliates (including, for the purposes of this definition, prior to Completion, each member of the Group), and the term “**member of the Seller’s Group**” shall be construed accordingly;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**SFO**” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“**Share Award Scheme**” means the share award scheme of Listco adopted on 30 March 2020;

“**Share Charge Agreement**” means the Cayman law governed equitable share mortgage in substantially the same form and substance as that set out in Schedule 5, to be entered into by the Seller as mortgagor and the Purchaser (or its agent acting on its behalf) as mortgagee, whereby the Seller grants first ranking security over its right, title and interest in, to and under the Charged Asset to secure the Secured Liabilities;

“**Share Offer**” has the meaning given to it in the Possible Offer Announcement;

“**Shareholder**” means a holder of Shares from time to time;

“**Shares**” means ordinary shares of US\$0.0000625 each in the capital of Listco;

“**Surviving Provisions**” means Clause 1 (Interpretation), Clause 12 (Notices), Clause 13 (Costs and Expenses), Clause 14 (General Provisions), Clause 15 (Announcements), Clause 16 (Confidentiality), Clause 17 (Language), Clause 18 (Counterparts), Clause 20 (Governing Law and Arbitration) and Clause 21 (Agent for Service of Process);

“**Takeovers Code**” means, at any relevant time, the Hong Kong Code on Takeovers and Mergers in force at that time;

“**Taking**” means any material contamination, destruction of or damage to or any taking, seizure, expropriation, nationalisation or similar action by or on behalf of any Authority of any Owned Real Property or any part thereof;

“**Tax**” or “**Taxation**” means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing Authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added or gains taxes; license, registration and documentation fees; and customs’ duties, tariffs and similar charges;

“**Tax Return**” means any return, declaration, report, election, claim for refund or information return or other statement or form relating to, filed or required to be filed with any Tax Authority, including any schedule or attachment thereto or any amendment thereof;

“**Tax Sharing Agreement**” has the meaning given to it in Paragraph 8 of Schedule 3;

[REDACTED]

“**Third Party Claim**” has the meaning given to it in Paragraph 4.6 of Schedule 4;

“**Transactions**” means the transactions contemplated under this Agreement, including the sale and purchase of the Sale Shares and the making of the Offers;

“**Transfer Taxes**” has the meaning given to it in Clause 13.2;

“**United States**” or “**US**” means the United States of America;

“**US\$**” means United States dollars, the lawful currency of the United States;

“**Warranties**” means the representations and warranties contained in Schedule 3, and “**Warranty**” means any one of them;

“**Warrantors**” means collectively, the Seller and the Ultimate Shareholder, and “**Warrantor**” means any of them;

“**Yupei Development**” means China Yupei Logistics Property Development Co., Ltd.; and

“**Yupei LP**” means Yupei Logistics Property Management 22 Co., Ltd.

- 1.2 The expressions “**Party**” and “**Parties**” shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.
- 1.3 Any statement in this Agreement qualified by the expression “**to the best of the Warrantors’ knowledge**” and “**so far as the Warrantors are aware**” or any similar expression, shall be deemed to refer to the actual knowledge of any of the Seller and the Ultimate Shareholder and that knowledge which should have been acquired after making such due and reasonable inquiry.
- 1.4 The obligations of the Warrantors under this Agreement shall be joint and several.
- 1.5 In this Agreement, except where the context otherwise requires:
  - (a) a reference to Clauses, Paragraphs, Schedules, Appendices and the Recitals are to the clauses, paragraphs, and recitals of, and the schedules and appendices to, this Agreement;

- (b) a reference to this Agreement or to any specified provision of this Agreement are to this Agreement or provision as in force for the time being (as amended, modified, supplemented, varied, assigned or novated, from time to time);
- (c) a reference to this Agreement includes the Schedules and the Appendices to it, each of which forms part of this Agreement for all purposes;
- (d) a reference to a “**person**” shall be construed so as to include any individual, company, corporation, joint stock company, body corporate, association, trust, joint venture, partnership, firm, organisation, governmental entity or any other entity (whether or not having separate legal personality), its successors and assigns;
- (e) the expressions “**holding company**”, “**subsidiary**”, “**parent undertaking**” and “**subsidiary undertaking**” shall have the meanings given to them in Division 4 of Part 1 of the Companies Ordinance;
- (f) a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- (g) a reference to a time of a day is to Hong Kong time;
- (h) a reference to “**indemnify**” and “**indemnifying**” any person against any circumstance includes indemnifying and holding that person harmless from all Losses from time to time made against that person and all Losses made or incurred by that person as a consequence of, or which would not have arisen but for, that circumstance;
- (i) a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction (other than Hong Kong) be deemed to include what most nearly approximates the Hong Kong legal term in that jurisdiction, and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- (j) a reference to any law, enactment or Listing Rule includes references to:
  - (i) that law, enactment or Listing Rule as re-enacted, amended, extended or applied by or under any other enactment (before or after the date of this Agreement);
  - (ii) any law, enactment or Listing Rule which that law, enactment or Listing Rule re-enacts (with or without modification); and
  - (iii) any subordinate legislation made (before or after the date of this Agreement) under any law or enactment, as re-enacted, amended, extended or applied, as described in Paragraph (i) above, or under any law or enactment referred to in Paragraph (ii) above;and “**law**” and “**enactment**” includes any legislation in any jurisdiction;
- (k) the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement and, in the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favour of or against any Party based on the authorship of any provisions;

- (l) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (m) headings are included in this Agreement for convenience only and do not affect its interpretation;
- (n) in construing this Agreement the so-called “ejusdem generis” rule does not apply and accordingly the interpretation of general words is not restricted by:
  - (i) being preceded by words indicating a particular class of acts, matters or things; or
  - (ii) being followed by particular example;
- (o) the words “**include**” and “**including**” shall be construed as without limitation;
- (p) where any Party undertakes or assumes any obligation in this Agreement, that obligation is to be construed as requiring the Party concerned to exercise all rights and powers of control over the affairs of any other person which it is able to exercise (whether directly or indirectly) in order to secure performance of the obligation; and
- (q) In this Agreement, references to:
  - (i) being “interested in” or having “interests in” shares or securities shall be interpreted in accordance with the SFO;
  - (ii) “acting in concert”, “dealing” and “offer period” shall be interpreted in accordance with the Takeovers Code;
  - (iii) the “Offers”, the “Share Offer” and the “Convertible Bond Offer” shall include any new, increased, renewed or revised scheme and offer, howsoever to be implemented; and
  - (iv) “procure”, where used in the context of an obligation of the Warrantors under Clauses 4.8, 5.2, 5.3, 10.2 and 11.4, shall be interpreted as that for so long as the Warrantors have (x) de facto control over the board of Listco or over the management and the operation of the Group; or (y) the ability to exercise control over the management and operation of the Group (whether by contract or howsoever arising), the Warrantors shall take all steps to ensure that a Group Company acts or be refrained from acting in respect of a specified matter as provided for in this Agreement. As at the date of this Agreement, the Warrantors shall be deemed to have de facto control over the board of Listco and over the management and the operation of the Group.

## CLAUSE 2 SALE AND PURCHASE OF SALE SHARES

- 2.1 On and subject to the terms and conditions of this Agreement, the Seller agrees to sell, and the Purchaser agrees to purchase, the Sale Shares, free from all Encumbrances and from all other rights exercisable by or claims by third parties as at Completion and together with all rights attaching or accruing to them as at Completion (including all dividends and distributions declared, paid, made or accruing in respect of the Sale Shares on or after the Completion Date).

- 2.2 The Seller shall (if applicable) procure the irrevocable and unconditional waiver of all rights over, or in connection with, any of the Sale Shares (including any right of pre-emption, first refusal or other restriction on transfer in respect of the Sale Shares conferred on any person under the Articles or otherwise) before Completion.
- 2.3 The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously in accordance with this Agreement.

### CLAUSE 3 CONSIDERATION

- 3.1 The Consideration for the sale and purchase of the Sale Shares shall be the sum of HK\$3,986,722,800 to be paid in cash, representing a value of HK\$4.35 per Sale Share.
- 3.2 As soon as practicable after the signing of this Agreement and in any event on or prior to 30 September 2021, (1) the Seller shall provide the Listco Register of Member to the Purchaser; (2) the Seller and the Purchaser (or its agent acting on its behalf) shall enter into the Share Charge Agreement; and (3) the Seller shall deliver to the Purchaser the Relevant Ancillary Documents on the date of the Share Charge Agreement. On the second Business Day following the delivery of the Relevant Ancillary Documents, the Purchaser shall make payment in cash a sum of HK\$623,408,000 (the “**Deposit**”) by wire transfer of immediately available funds to the Seller’s Designated Account as a deposit, which shall be paid, repaid, forfeited or retained as follows:
- (a) if this Agreement is terminated pursuant to Clause 4.10 (provided that if this Agreement is terminated as a result of non-satisfaction of the Condition set out in Clause 4.1(a), then Clause 3.2(b) shall apply), Clause 5.5, or Clause 6.3(a) (in the case of non-compliance by the Seller), then, notwithstanding any other provisions of this Agreement, the Seller shall return the Deposit (in its full amount but without any interest) to the Purchaser promptly and in any event on or before the applicable Refund Deadline, provided that (x) in the event that the Purchaser fails to receive the Deposit (in its full amount but without any interest) on or before the applicable Refund Deadline, the security created and constituted by the Share Charge Agreement (including but not limited to the Charged Assets) (the “**Security Interest**”) shall be immediately enforceable in accordance with the Share Charge Agreement; and (y) in the event that the Purchaser receives the Deposit in full on or before the applicable Refund Deadline, the Purchaser (or its agent acting on its behalf) shall forthwith release, discharge and terminate any Security Interests created over the Charged Assets under and in accordance with the terms of the Share Charge Agreement;
- (b) if this Agreement is terminated as a result of non-satisfaction of the Condition set out in Clause 4.1(a) or if this Agreement is terminated pursuant to Clause 6.3(a) (in the case of non-compliance by the Purchaser), the Seller shall be entitled to deduct or forfeit a sum of HK\$3,800,000 from the amount of the Deposit, and shall pay or repay the remaining amount of the Deposit (without interest) to the Purchaser promptly and in any event on or before the applicable Refund Deadline, provided that (x) in the event that the Purchaser fails to receive such remaining amount of the Deposit (in its full amount but without any interest) on or before the applicable Refund Deadline, the Security Interest shall be immediately enforceable in accordance with the Share Charge Agreement; and (y) in the event that the Purchaser receives such remaining amount of the Deposit in full on or before the applicable Refund Deadline, the Purchaser (or its agent acting on its behalf) shall forthwith release, discharge and terminate any Security Interests created over the Charged Assets under and in accordance with the terms of the Share Charge Agreement;

- (c) if the Parties proceed with Completion, the Deposit shall become part payment of the Consideration in accordance with Clause 3.3(b) at Completion and an amount representing the Deposit shall be deducted from the Consideration payable by the Purchaser at Completion, and upon application of the Deposit towards part payment of the Consideration at Completion, the Purchaser (or its agent acting on its behalf) shall forthwith release, discharge and terminate any Security Interests created over the Charged Assets under the Share Charge Agreement; and

[REDACTED]

3.3 Subject to the terms of this Agreement, at Completion:

- (a) the Purchaser shall pay in cash the sum of HK\$3,363,314,800, being the balance of the Consideration after deduction of the Deposit paid by the Purchaser (the “**Remaining Consideration**”) to the Seller’s Designated Account; and
- (b) subject to Clause 3.2, the Deposit shall become part payment of the Consideration,

and, the Seller acknowledges that payment of the Remaining Consideration by the Purchaser to it shall constitute an absolute discharge of any obligation by the Purchaser to pay the Seller of any of the Consideration.

3.4 If any payment is made after Completion by the Seller or the Ultimate Shareholder to the Purchaser under this Agreement due to any breach of this Agreement, the payment shall, so far as possible, be treated as a reduction in the Consideration, and the Consideration shall accordingly be reduced by the amount of such payment.

3.5 The Parties agree that (a) the Deposit is reasonable and proportionate to the legitimate interests of both the Seller and the Purchaser in the enforcement of this Agreement; and (b) this Agreement has been negotiated between informed and legally advised parties dealing on equal terms.

#### CLAUSE 4 CONDITIONS

4.1 The sale and purchase of the Sale Shares is conditional upon the satisfaction (or waiver in accordance with the provisions of this Agreement) of the following Conditions, or their satisfaction subject only to Completion:

- (a) (i) all filings in relation to the sale and purchase of the Sale Shares and the Offers which are required pursuant to the requirements of the Anti-Monopoly Law (the “**Anti-trust Filings**”) having been made to the AML Authority and accepted by the AML Authority for examination, and (ii) the AML Authority having cleared such transactions by issuing a notice to the Purchaser or its legal advisors, and the Purchaser shall have received such notice that such transactions will not be prohibited, without imposing any condition on the Purchaser, any of its Affiliates or any of the Group Companies, which is not acceptable to the Purchaser;
- (b) no governmental action, court order, proceeding or investigation having been taken or made at any time prior to Completion that has the effect of making unlawful or otherwise prohibiting or restricting the transfer of the Sale Shares to the Purchaser or the Offers;
- (c) the HKSE and the Executive advising that they have no further comments on the Possible Offer Announcement;

- (d) all Authorisations (if any) which are required for the entering into or the performance of the obligations under this Agreement by the Parties having been obtained, all filings with any Authority which are required for the entering into and the implementation of this Agreement having been made, and all such Authorisations remaining in full force and effect without material variation at Completion, and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been made by the relevant Authority;
- (e) the waivers or consents by the LaSalle Shareholders to waive their respective rights to exercise certain call option in respect of the shares in each of the LaSalle JVs under the applicable LaSalle Shareholders Agreements such that Yupei Development shall continue to own its current shareholding in the applicable LaSalle JV as at the date of this Agreement, and to consent that the relevant Group Companies shall continue to act as the assets managers for the applicable Owned Real Properties, in form and substance satisfactory to the Purchaser, having been obtained, and such consents or waivers, as applicable, remaining in full force and effect without material variation;
- (f) (i) the waiver(s) or consent(s) by ICBCI LP to waive its right to exercise certain put option to require Yupei LP to purchase its interest in the Fund under the applicable limited partnership agreement, in form and substance satisfactory to the Purchaser, having been obtained, and such consents or waivers, as applicable, remaining in full force and effect without material variation, or (ii) the Group Companies having acquired ICBCI LP's interest in the Fund at a consideration reasonably satisfactory to the Purchaser;
- (g) the Group Companies having acquired the remaining equity interests in each of the relevant Group Companies that are held by the Third Parties at a consideration reasonably satisfactory to the Purchaser, and all agreements or arrangements with the Third Parties (if any) having been terminated;
- (h) (i) the listing of the Shares not having been withdrawn; and (ii) the Shares continuing to be traded on the HKSE prior to the Completion Date (save for any temporary suspension for no longer than seven consecutive trading days or such other period as the Purchaser may agree in writing or the temporary suspension in connection with the Transactions);
- (i) no default having occurred or occurring (or any event or circumstance having occurred or occurring that, with the delivery of notice or passage of time, could become a default) under any of the Material Indebtedness of the Group which has not been irrevocably consented to or waived by the relevant lenders, bondholders or noteholders, and (if applicable) all required consents or waivers having been obtained in respect of any default or any event of default that may have occurred or that may occur under any of the Material Indebtedness the Group, and such consents and waivers not having been rescinded and remaining in full force and effect; and
- (j) there has been no change, fact, event or circumstance which has had or would reasonably be expected to have a Material Adverse Effect, provided that in no event shall any change, fact, event, or circumstance, individually or in the aggregate, constitute or be taken into account in determining the occurrence of a Material Adverse Effect if such Material Adverse Effect relates to (i) changes in general or economic conditions in Hong Kong, the PRC or jurisdictions relevant to the business of the Group, (ii) changes in conditions generally affecting the industry in which the Group operates, or (iii) any outbreak or escalation of any military conflict, war, armed hostilities, or acts of foreign or domestic terrorism, or any hurricane, flood, tornado, earthquake, or epidemics, in each case, other than to the extent that such changes or events materially and disproportionately adversely affect the Group Companies, taken as a whole, by comparison to other similarly situated participants in the industries in which they operate.

- 4.2 [REDACTED]
- 4.3 The Warrantors undertake to the Purchaser (in the case of the Conditions set out in Clauses 4.1(h) to 4.1(j) and, to the extent relating to the Seller, Clauses 4.1(b) to 4.1(d)), and the Purchaser undertakes to the Seller (in the case of the Condition set out in Clause 4.1(a) and, to the extent relating to the Purchaser, the Conditions set out in Clauses 4.1(b) to 4.1(d)) to use its reasonable endeavours to ensure that such Conditions are fulfilled as soon as reasonably practicable and in any event before the Long Stop Date.
- 4.4 The Warrantors undertake to the Purchaser to use their best endeavour to procure the Group Companies to obtain the relevant waiver(s) or consent(s) set out in Clauses 4.1(e) and 4.1(f)(i) and/or complete the relevant acquisitions and termination set out in Clauses 4.1(f)(ii) and 4.1(g) as soon as reasonably practicable and in any event before the Long Stop Date.
- 4.5 The Warrantors shall provide, and shall use their best endeavours to procure each member of the Group to provide, reasonable assistance to the Purchaser in connection with obtaining all Authorisations of any Authority that are required to satisfy the Conditions (including providing to the Purchaser or its professional advisors, all necessary information, documents and assistance as may be required). Without prejudice to the generality of this Clause 4.5, the Warrantors shall, and shall use their best endeavours to procure that each member of the Group shall, provide or cause to be provided all necessary assistance and cooperation to allow the Purchaser to prepare and submit notifications, submissions and filings with applicable Authorities, and to respond to any requests for information or documents made in connection with any notification, submission or filing. The Warrantors shall, and shall use their best endeavours to procure that each member of the Group shall: (a) as soon as practicable respond to any request for information or documents, or any other inquiry, received from any Authority in connection with any notification, submission or filing; and (b) not offer or agree to extend any waiting or review period with any Authority without the Purchaser's prior written consent (which consent should not be unreasonably withheld).
- 4.6 The Purchaser may waive any or all of the Conditions set out in Clauses 4.1(d) to 4.1(j) in whole or in part (and whether conditionally or unconditionally) at any time by written notice to the Seller.
- 4.7 Subject thereto and without prejudice to the generality of Clause 4.5, the Parties shall co-operate in the timely preparation, submission and pursuit of all clearance applications and filings required in connection with satisfying the Conditions and the taking of all other steps as the Purchaser may consider reasonably necessary or desirable to obtain all consents, approvals or actions of the AML Authority which are required in order to satisfy or fulfil the Condition set out in Clause 4.1(a).
- 4.8 Without prejudice to the generality of Clauses 4.2 and 4.7,
- (a) the Purchaser, on the one hand, and the Warrantors shall procure Listco (and its Affiliates and the other Group Companies, if applicable), on the other hand, will, to the extent required in the reasonable judgment of the respective counsel to the Purchaser and Listco, use reasonable efforts to, as soon as practicable to satisfy the Condition set out in Clause 4.1(a);

- (b) the Purchaser, on the one hand, and the Warrantors shall procure that Listco, on the other hand, will: (i) cooperate and coordinate (and cause their respective Affiliates (and in respect of Listco, including the other Group Companies) to cooperate and coordinate) with the other Party in making the Anti-trust Filings; (ii) supply the other (or cause the other to be supplied) with any information or documents that may be required in order to make such filings, provided that insofar as any such information or documents are competitively sensitive, such information or documents may be provided directly to the relevant Authorities or, if required, on an outside counsel-to-counsel basis, in each case on a strictly confidential basis; (iii) supply (or cause the other to be supplied) any additional information that may reasonably be required or requested by the Authorities of any applicable jurisdiction in which any such filing is made; and (iv) use commercially reasonable efforts to take all action necessary or advisable to: (A) cause the expiration or termination of the applicable waiting periods pursuant to any antitrust laws applicable to the Transactions; and (B) obtain any required consents pursuant to any antitrust laws applicable to the Transactions as soon as practicable;
  - (c) notwithstanding anything in the foregoing, neither the Purchaser nor any of its Affiliates shall be required to (i) propose, negotiate, effect or agree to any divestitures or other remedy (including disposing, holding, separating any part of its business (including, after the Completion Date, business of the Group), operations, assets and/or product lines (or a combination of the Purchaser or any of its Affiliates' respective businesses, operations or assets)), (ii) agree not to compete in any geographic area or line of business and/or (iii) restrict the manner in which, or whether, the Purchaser or any of its Affiliates may carry on its business in any part of the world;
  - (d) the Purchaser (and its Affiliates, if applicable), on the one hand, and the Warrantors shall procure that Listco (and its Affiliates and the other Group Companies), on the other hand, will promptly inform the other of any substantive communication from any Authority regarding the Transactions in connection with the Anti-trust Filings (other than any information that may be competitively sensitive or otherwise deemed commercially sensitive). To the extent permitted by applicable Laws and the relevant Authorities, each Party shall give notice to the other Party with respect to any meeting, discussion, appearance or contact with any Authority or the staff or regulators of any Authority, and shall provide the other Party with the opportunity, or use reasonable efforts to have the other Party permitted by relevant Authorities, to attend and participate in such meeting, discussion, appearance or contact; and
  - (e) to the fullest extent permitted by Law, each of the Purchaser and Listco shall be, and the Warrantors shall procure Listco to be, responsible for their respective filing fee (if any) payable in connection with the any antitrust laws applicable to the Transactions.
- 4.9 Each of the Purchaser and the Seller shall give notice to the other that a relevant Condition has been satisfied as soon as practicable and in any event within two Business Days of becoming aware of the fact.

4.10 If:

- (a) one or more of the Conditions are not satisfied or waived before the Long Stop Date, the Purchaser may (by notice in writing to the Seller) terminate this Agreement; or
- (b) the Condition set out in Clause 4.1(a), is not satisfied before the Long Stop Date, the Seller may (by notice in writing to the Purchaser) terminate this Agreement, provided, that the Seller shall not have the right to terminate this Agreement pursuant to this Clause 4.10(b) if the failure to satisfy the Condition set out in Clause 4.1(a) by the Long Stop Date is solely due to a breach of this Agreement by the Warrantors; or

- (c) any of the Conditions is not satisfied or waived on or before the Long Stop Date, and neither the Seller nor the Purchaser serves a written notice to the other Party to terminate this Agreement pursuant to Clause 4.10(a) or Clause 4.10(b), this Agreement (other than the Surviving Provisions) shall terminate with immediate effect,

and, in such event:

- (a) no Party shall have any Claim against the other Parties (other than the rights of the Purchaser under Clause 3.2(a)) and all rights and obligations of the Parties shall cease to have effect, save for any rights accrued by the Parties prior to termination and the rights and obligations in respect of Claims arising out of any antecedent breach of this Agreement;
- (b) the Purchaser agrees that the possible Offers referred to in this Agreement will not proceed; and
- (c) the Purchaser shall announce, on the date of the termination or lapse of this Agreement, that the possible Offers referred to in this Agreement will not proceed, thereby ending the offer period in respect of that possible Offers.

#### **CLAUSE 5 WARRANTORS' OBLIGATIONS**

- 5.1 To the extent permitted under applicable Law, the Seller shall use their best endeavours to procure, and subject to any fiduciary duty under applicable Laws imposed on the Ultimate Shareholder as a director of the relevant Group Company, the Ultimate Shareholder shall use their best endeavours to procure, the Group Company to permit the Purchaser or any of its representatives to inspect and review books and records, and properties of the Group Company, for the purpose of assisting the Purchaser to assess whether the operation and business of the Group is operating in its ordinary course of business and as a going concern and whether the Warrantors have complied with their obligations under this Agreement. Such access shall be (a) made upon the Purchaser's prior written request with reasonable basis; (b) carried out at the Purchaser's own expenses; and (c) made during normal business hours without unreasonable interference to the normal operations of the Group.
- 5.2 Except as required by applicable Law, each of the Warrantors shall procure the Group Companies to, during the period between the date of this Agreement and the Completion Date (except with the prior written consent of the Purchaser):
  - (a) conduct its business as a going concern in compliance with all applicable Laws, and in the ordinary course;
  - (b) preserve intact in all material respects the business organisation of the Group, including maintaining its existing relationships with Authorities, material suppliers and customers;
  - (c) not make any material changes to the organisational or operational structure of the Seller or the Group;
  - (d) ensure that all material Authorisations required for the businesses of the Group are maintained and/or renewed as necessary upon expiry; and
  - (e) not take any step or action that could result in a breach of Rule 4 of the Takeovers Code or otherwise contrary to General Principle 9 of the Takeovers Code.

- 5.3 Without limiting the generality of Clause 5.2, each of the Warrantors covenants and agrees that, except as contemplated under the Allianz Arrangement or as required by applicable Laws, the Seller shall procure, and subject to any fiduciary duty under applicable Laws imposed on the Ultimate Shareholder as a director of the relevant Group Company, the Ultimate Shareholder shall procure, that no member of the Group shall, during the period from the date of this Agreement and up to the Completion Date, do, undertake or engage in any of the Restricted Actions without the prior written consent of the Purchaser.
- 5.4 If any event shall occur or circumstances exist prior to the Completion Date that has or is reasonably likely to give rise to a breach of this Clause 5, the Seller shall (to the extent permitted by Law and to the extent that the Seller is aware of the relevant event or circumstance) notify the Purchaser in writing as promptly as possible after becoming aware of the same.
- 5.5 If at any time prior to Completion, the Warrantors are in breach of the obligations in Clause 5.3 in respect of the Restricted Action set out in paragraph 4 of Schedule 2, the Purchaser shall be entitled (without prejudice to all other rights and remedies available to the Purchaser) to terminate this Agreement (other than the Surviving Provisions) by notice in writing to the Seller. Following such termination, no Party shall have any Claim against the other Parties (other than the rights of the Purchaser under Clause 3.2(a)), save for any rights accrued by the Parties prior to termination and the rights and obligations in respect of Claims arising out of any antecedent breach of this Agreement.

#### CLAUSE 6 COMPLETION

- 6.1 Completion shall take place at 10:00 am at the office of the Purchaser's Solicitors on the fifth Business Day after the last in time of the Conditions (except such Conditions which are expressed to be satisfied on or as at the Completion Date, but subject to the satisfaction or waiver of such Conditions) is satisfied or waived in accordance with this Agreement (or at such other time and/or venue as may be agreed in writing between the Seller and the Purchaser).
- 6.2 At Completion, the Seller shall comply with its obligations as listed in Part A of Schedule 1 and the Purchaser shall comply with its obligations as listed in Part B of Schedule 1.
- 6.3 If any foregoing provision of this Clause 6 is not fully complied with, the Purchaser (in the case of non-compliance by the Seller) or the Seller (in the case of non-compliance by the Purchaser) shall be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages), by written notice to the Seller or the Purchaser (as the case may be), served on such date:
- (a) to elect not to proceed with Completion and terminate this Agreement (other than the Surviving Provisions) and no Party shall have any Claim against the other Parties (other than the rights of the Purchaser under Clause 3.2(a)), save for any rights accrued by the Parties prior to termination and the rights and obligations in respect of Claims arising out of any antecedent breach of this Agreement;
  - (b) to effect Completion so far as practicable having regard to the defaults which have occurred; or
  - (c) to fix a new date for Completion not being later than 10 Business Days after the initial Completion Date, in which case the foregoing provisions of this Clause 6.3 and Schedule 1 shall apply to Completion as so deferred (provided that such deferral may only occur once).

## CLAUSE 7 REPRESENTATIONS AND WARRANTIES

- 7.1 Each of the Warrantors jointly and severally represents and warrants to the Purchaser that each of the Warranties:
- (a) is true and accurate in all respects and is not misleading in any respect as at the date of this Agreement; and
  - (b) will be true and accurate in all respects and not misleading in any respect as at the Completion Date, as if they had been repeated at Completion.
- 7.2 Each of the Warrantors acknowledges that the Purchaser is entering into this Agreement in reliance upon the Warranties.
- 7.3 Each of the Warrantors shall promptly notify the Purchaser in writing, setting out full details, if after entering into this Agreement but prior to the Completion Date:
- (a) it/he becomes aware that any of the Warranties was untrue, inaccurate or misleading in any respect as at the date of this Agreement; or
  - (b) it/he becomes aware of any matter which arises or event that occurs which results or will result in any of the Warranties being untrue, inaccurate or misleading in any respect as at Completion when the Warranties are to be repeated.
- 7.4 Any notification made pursuant to Clause 7.3 shall not operate as a disclosure against such Warranties.
- 7.5 Each of the Warranties is separate and independent and, except where expressly provided to the contrary, shall not be limited by reference to any other Warranty or by anything in, or referred to, in this Agreement.
- 7.6 Except where expressly provided to the contrary in this Agreement, and subject to the Disclosure Letter (which disclosure shall be subject to Paragraph 4.1 of Schedule 4), no information, fact or circumstance which could have been discovered (whether by investigation, search or enquiry made by the Purchaser, any member of the Purchaser's Group or any of their respective Representatives on its or their behalf) shall prevent or in any way prejudice any Claim made by the Purchaser or operate to reduce any amount recoverable.
- 7.7 Each of the Warrantors agrees with the Purchaser (for itself and as trustee for each member of the Group) to waive, to the greatest extent permissible at Law, any rights, remedies or claims which such Warrantor may have against any member of the Group or the present or former Representatives of any member of the Group in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any member of the Group or its Representatives in connection with the giving of the Warranties (provided that nothing in this Clause 7.7 shall limit or exclude any liability for fraud).
- 7.8 The rights and remedies of the Purchaser in respect of a breach of any of the Warranties shall not be affected by Completion, by the giving of any time or other indulgence by the Purchaser to any person, or by any other cause whatsoever except as provided in this Agreement or in a specific waiver or release by the Purchaser in writing and any such waiver or release shall not prejudice or affect any remaining rights or remedies of the Purchaser.

## CLAUSE 8 INDEMNITY AND LIMITATION OF LIABILITY

[REDACTED]

## CLAUSE 9 PURCHASER'S WARRANTIES

- 9.1 The Purchaser represents and warrants to the Seller that:
- (a) it is duly incorporated and validly existing under the laws of its place of incorporation;
  - (b) it has the full power and capacity to enter into and perform its obligations under this Agreement;
  - (c) it has taken all corporate action required to unconditionally authorise it to enter into and perform this Agreement;
  - (d) this Agreement (when executed) constitutes valid, binding and enforceable obligations on it, enforceable in accordance with its terms (except as such enforceability may be limited under applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles); and
  - (e) the execution, delivery of and performance by it of its obligations under this Agreement does not and will not, and this Agreement does not and will not conflict with, or constitute a default or breach under any provision of:
    - (i) its memorandum or articles of association (or equivalent constitutional documents);
    - (ii) any order, judgment, decree or regulation or any other restriction of any kind by which it is bound or submits to; or
    - (iii) any agreement, instrument or contract to which it is a party or by which it is bound.
- 9.2 The Purchaser acknowledges that the Seller is entering into this Agreement in reliance upon the Purchaser's Warranties.

## CLAUSE 10 UNDERTAKINGS IN CONNECTION WITH THE OFFERS

- 10.1 The Purchaser undertakes to the Seller that it will comply with its obligations under Rule 26 of the Takeovers Code upon Completion. The Purchaser also undertakes that the offer price under the Share Offer shall not exceed HK\$4.35 and it would not increase the offer price under the Share Offer under any circumstances.
- 10.2 Each of the Warrantors undertakes to the Purchaser that, in so far as it/he is able to (and to the extent permitted by Law), it/he shall:
- (a) procure that Listco issues the Possible Offer Announcement, any subsequent announcements, or other document required to be issued prior to Completion in connection with the Offers in accordance with the requirements of the Takeovers Code and the Executive;
  - (b) procure that Listco convenes all necessary board meetings and passes such board resolutions as may be required to enable the Offers to be implemented;

- (c) procure that no announcement is made by or on behalf of Listco which would be adverse to the Offers without prior consultation with the Purchaser; and
- (d) provide to the Purchaser all information reasonably necessary relating to the Seller or the Ultimate Shareholder, and procure that Listco provides to the Purchaser all such information relating to Listco and the members of the Group required to be included (under the Takeovers Code or by the Executive) in the Possible Offer Announcement, any subsequent announcements, or other document required to be issued prior to Completion.

#### CLAUSE 11 OTHER UNDERTAKINGS

11.1 The Warrantors undertake to the Purchaser to use their best endeavors to procure the Group Companies to, as soon as reasonably practicable and in any event before the Completion Date, obtain the written consent from ICBCI LP to consent that the relevant Group Companies shall act as the assets managers for the applicable Owned Real Properties, in form and substance satisfactory to the Purchaser.

11.2 [REDACTED]

11.3 As soon as possible after the date of this Agreement and in any event prior to the Completion Date,

- (a) the Warrantors shall use their best endeavour to procure the relevant Group Company to, upon the request of the Purchaser, facilitate discussions between the Purchaser, on the one hand, and the relevant lenders and the Authorities, on the other hand, in connection with the applicable financing documentation and contracts in respect of the Owned Real Properties \*\*\*\*\*, and provide all the assistance as may be reasonably requested by the Purchaser in connection with such discussions;
- (b) the Warrantors shall use their best endeavours to procure that the terms and conditions of the 2024 Convertible Bonds shall be amended on terms reasonably satisfactory to the Purchaser such that Listco has the right to redeem all or some only of the 2024 Convertible Bonds that any holder of the 2024 Convertible Bonds holds;
- (c) the Warrantors shall use their best endeavour to procure the relevant Group Companies to, (i) obtain written consents or waivers from or (ii) provide written notice to, the lenders and other parties \*\*\*\*\* (as applicable), in each case, whose contracts with the relevant Group Companies contain a change of control, event of default, termination right, early repayment or similar provisions that would be triggered by the Transactions, in form and substance reasonably satisfactory to the Purchaser, copies of which shall be provided to the Purchaser;
- (d) the Warrantors shall use their best endeavour to procure the relevant Group Companies to obtain written consents or waivers from the applicable Authorities or other parties whose Land Use Right Grant Contracts, Investment Agreements, Other Property Documents, or other Material Contracts, with the relevant Group Companies in respect of any Owned Real Property contain restrictive covenants \*\*\*\*\*, in form and substance reasonably satisfactory to the Purchaser, copies of which shall be provided to the Purchaser;
- (e) the Warrantors shall use their best endeavour to procure the relevant Group Companies to obtain the waivers or consents by the relevant Authority to waive any change of control, change of senior management, event of default, termination right, early repayment, or similar provision under the applicable Land Use Right Grant Contract, Investment Agreement, Other Property Documents, or other Material Contract in respect of any Owned Real Property that would be triggered by the Transactions, in form and substance reasonably satisfactory to the Purchaser, copies of which shall be provided to the Purchaser.

- 11.4 The Warrantors shall procure that each member of the Group shall, promptly provide the Purchaser's Group with all information and assistance as the Purchaser's Group may reasonably require in order to comply with the requirements of the Takeovers Code, the Listing Rules, the Executive, the HKSE and other applicable Laws in relation to the Transactions, and shall, in so far as it/he is able to and to the extent permitted by Laws, immediately notify the Purchaser in writing of any material change in the accuracy of any such information and consent to the public disclosure, if required, of such information.
- 11.5 The Warrantors agree and undertake that they will do all such acts and things (including, amongst others, provision of such information in its possession) and execute all such documents to give effect to its obligations and undertakings contained in this Agreement.
- 11.6 Each of the Parties agrees and acknowledges that at the time of the execution of this Agreement and as at Completion, (i) it is aware that each other Party is a person connected (within the meaning of the SFO) with Listco and is or may be in possession of inside information (as that term is defined in the SFO) by virtue of it being a "substantial shareholder" (as defined in Parts XIII and XIV of the SFO) or otherwise; and (ii) no such other Party has counselled or procured it to deal in Shares or derivatives.

#### CLAUSE 12 NOTICES

12.1 Any notice or other communication to be given under or in connection with this Agreement (a "Notice") shall be:

- (a) in writing in the English language; and
- (b) delivered:
  - (i) personally by hand or courier (using an internationally recognised courier company);
  - (ii) by local post or registered mail if local address and by airmail if overseas address, or
  - (iii) by email,

to the Party due to receive the Notice, to the address and for the attention of the relevant Party set out in this Clause 12 (or to such other address and/or for such other person's attention as shall have been notified to the giver of the relevant Notice and become effective (in accordance with this Clause 12) prior to despatch of the Notice).

12.2 In the absence of evidence of earlier receipt, any Notice served in accordance with this Clause 12 shall be deemed given and received:

- (a) in the case of personal delivery by hand or courier, at the time of delivery at the address referred to in Clause 12.3;
- (b) in the case of local post (other than airmail) or registered mail, at 10:00 am on the second Business Day after posting;

- (c) in the case of airmail, at 10:00 am on the fifth Business Day after posting; and
- (d) in the case of email, at the time of the transmission.

12.3 The addresses of the Parties for the purpose of this Clause 12 are as follows:

[REDACTED]

12.4 In proving service, it shall be sufficient to prove that:

- (a) if delivered by hand, the Notice was delivered to the correct address;
- (b) if sent by post, the envelope containing the Notice was properly addressed and delivered to the address of the relevant Party; or
- (c) if sent by email, an email has been received by the sender indicating delivery or no email has been received by the sender indicating non-delivery.

12.5 Any Party may notify the other Parties of any change to its name, address for the purpose of this Clause 12, provided that such Notice shall be sent to the other Parties and shall only be effective on:

- (a) the date specified in such Notice as the date on which the change is to take effect; or
- (b) if no date is so specified or the date specified is less than three Business Days after which such Notice was deemed to be given, the fourth Business Day after such Notice was deemed to be given.

12.6 This Clause 12 shall not prejudice the service of, or any step in, Proceedings permitted by Law or the rules of the relevant Authority.

#### **CLAUSE 13 COSTS AND EXPENSES**

[REDACTED]

#### **CLAUSE 14 GENERAL PROVISIONS**

- 14.1 Without prejudice to any other provisions of this Agreement, each Party shall (on being reasonably required to do so by any other Party) do or procure the doing of all such acts and/or execute or procure the execution of all such documents, in a form reasonably satisfactory to such other Party, which such other Party may from time to time reasonably require in order to give full effect to this Agreement.
- 14.2 Following Completion and pending registration of the Purchaser as the legal owner of the Sale Shares, the Seller shall exercise all voting and other rights in relation to the Sale Shares in accordance with the Purchaser's instructions.
- 14.3 Nothing in this Agreement shall be deemed to constitute a partnership between the Parties, nor constitute any of them the agent of any of the others or otherwise entitle a Party to bind the other Parties for any purpose.
- 14.4 Any time, date or period referred to in this Agreement may be extended by mutual agreement in writing between the Parties (but, as regards any time, date or period originally fixed or any time, date or period so extended, time shall be of the essence).

- 14.5 This Agreement shall be binding on and inure for the benefit of the successors of each of the Parties, but the Parties may not assign, grant any security interest, hold on trust or otherwise transfer all or any of their rights and obligations under this Agreement (without the prior written consent of the other Parties).
- 14.6 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties. The expression “**variation**” shall, in each case, include any variation, supplement, deletion or replacement howsoever effected.
- 14.7 Any waiver of any right or default under this Agreement shall be effective only in the instance given and shall not operate as or imply a waiver of any other or similar right or default on any subsequent occasion. No waiver of any provision of this Agreement shall be effective unless in writing and signed by each Party against whom such waiver is sought to be enforced.
- 14.8 Any delay by any Party in exercising, or failure to exercise, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy (or a waiver of any other rights or remedies) and no single or partial exercise of any rights or remedy under this Agreement or otherwise shall prevent any further exercise of the right or remedy (or the exercise of any other right or remedy).
- 14.9 The rights and remedies of the Parties under this Agreement are not exclusive of any rights or remedies provided by Law.
- 14.10 This Agreement contains the whole agreement and understanding between the Parties relating to the transactions contemplated by this Agreement to the exclusion of any terms implied by Law which may be excluded by contract and supersedes all previous agreements, understandings or arrangements (whether oral or written) between the Parties relating to such transactions.
- 14.11 Each of the Parties acknowledges that (in agreeing to enter into this Agreement) it has not relied on any representation, warranty, collateral contract, undertaking or other assurance (except those expressly set out in this Agreement) made by or on behalf of the other Parties before the execution of this Agreement (including during the course of negotiating this Agreement). Each of the Parties waives all rights and remedies which, but for this Clause 14.11, might otherwise be available to it in respect of any such representation, warranty, collateral contract, undertaking or other assurance (provided that nothing in this Clause 14.11 shall limit or exclude any liability for fraud or fraudulent misrepresentation).
- 14.12 Each of the Parties confirms that it has received independent legal advice relating to all matters provided for in this Agreement and agrees that the provisions of this Agreement are fair and reasonable.
- 14.13 If at any time any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable in whole or in part under any Law in any jurisdiction, then:
- (a) such provision shall:
    - (i) to the extent that it is not possible to delete or modify the provision, in whole or in part, be (in whole or in part) given no effect and shall be deemed not to form part of this Agreement;
    - (ii) not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; and

(iii) not affect or impair the legality, validity or enforceability under the Law of any other jurisdiction of such provision or any other provision of this Agreement; and

(b) the Parties shall use all reasonable efforts to modify such a provision as is necessary so that the provision is legal, valid and enforceable and gives effect, as closely as possible, to the intentions of the Parties under this Agreement.

14.14 A person who is not a party to this Agreement shall not have any right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Agreement. Notwithstanding any term of this Agreement, the right of the Parties to rescind or terminate this Agreement or to agree to a variation, release and/or waiver of this Agreement is not subject to the consent of any other person who is not a party to this Agreement.

#### CLAUSE 15 ANNOUNCEMENTS

15.1 No announcement, communication or circular ("**Public Release**") concerning the existence or the subject matter of this Agreement or any ancillary matter shall be made or issued by or on behalf of any Party without the prior written approval of the other Parties (such approval not to be unreasonably withheld or delayed).

15.2 Clause 15.1 shall not affect any Public Release concerning the existence or the subject matter of this Agreement if required by:

(a) any Law; or

(b) any Authority to which the disclosing Party is subject or submits (wherever situated),

in which case the disclosing Party shall, prior to making or issuing such Public Release:

(a) to the extent permitted by Law and insofar as is reasonably practicable, first give notice to the other Parties of its intention to make such Public Release; and

(b) take all such steps as may be reasonable and practicable in the circumstances to agree the contents of such Public Release with the other Parties.

15.3 The restrictions contained in this Clause 15 shall continue to apply after termination of this Agreement without limit in time.

#### CLAUSE 16 CONFIDENTIALITY

16.1 Subject to Clause 16.2, each Party shall treat as strictly confidential and shall not disclose to any other person any information received or obtained as a result of entering into or performing this Agreement which relates to:

(a) the provisions, negotiations or subject matter of this Agreement; or

(b) which relates to the other Parties,

including written information and information transferred or obtained orally, visually, electronically or by any other means (collectively "**Confidential Information**").

16.2 Notwithstanding the other provisions of this Clause 16, a Party may disclose or use Confidential Information which would otherwise be subject to the provisions of Clause 16.1 if and to the extent:

(a) the disclosure or use is required by Law or any Authority to which such Party is subject to or submits (whether or not the request for information has the force of law);

- (b) the disclosure or use is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement;
- (c) Confidential Information is disclosed on a need to know and strictly confidential basis to its Affiliates or their respective Representatives, provided that such recipients agree to be bound by equivalent confidentiality restrictions;
- (d) Confidential Information was lawfully in its possession or in the possession of any of its Affiliates or their respective Representatives (in either case as evidenced by written records) free of any restriction as to its use or disclosure prior to it being so disclosed;
- (e) Confidential Information is or becomes in the public domain through no fault of that Party or any of its Affiliates or their respective Representatives;
- (f) the other Parties have given prior written consent to the disclosure or use (such consent not to be unreasonably withheld or delayed);
- (g) the disclosure of Confidential Information is made on a confidential basis to a bona fide third party or professional advisers or financiers of such third party wishing to acquire all or part of the Purchaser's Group or the Seller's Group to the extent that any such persons need to know the information for the purposes of considering, evaluating, advising on or furthering the potential purchase, and provided that no such disclosure shall be made unless:
  - (i) such person has agreed to be bound by equivalent confidentiality restrictions; and
  - (ii) the information being disclosed has been approved by the other Parties (such approval not to be unreasonably withheld or delayed);
- (h) Confidential Information is independently developed by that Party after the date of this Agreement; or
- (i) the disclosure or use is required to enable that Party to perform this Agreement or enforce its rights under this Agreement or otherwise vest the full benefit of this Agreement in that Party,

and provided that, to the extent permitted by Law, any Confidential Information to be disclosed in reliance on Clauses 16.2(a) or (b) shall be disclosed only after consultation with the other Parties with a view to providing the other Parties with the opportunity to contest such disclosure or use (or otherwise agree the timing and content of such disclosure or use) and the Party intending to disclose the Confidential Information shall take into account the reasonable comments or requests of such other Parties.

16.3 The restrictions contained in this Clause 16 shall continue to apply after Completion or termination of this Agreement without limit in time.

#### **CLAUSE 17 LANGUAGE**

17.1 Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English.

17.2 This Agreement shall be executed in English.

#### CLAUSE 18 COUNTERPARTS

This Agreement may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but the counterparts shall together constitute one and the same instrument.

#### CLAUSE 19 PAYMENTS AND NO SET OFF

- 19.1 Every amount payable under this Agreement by one Party to another shall be made in full without any set-off or counterclaim howsoever arising and shall be free and clear of deduction or withholding of any kind (other than any deduction or withholding required by Law).
- 19.2 Unless otherwise expressly stated in this Agreement, all payments to be made under this Agreement shall be effected by crediting for same day value, in HK\$, to such account as the recipient directs by notice to the payer reasonably in advance and in sufficient detail to enable payment by telegraphic transfer or other electronic means to be effected on or before the due date for payment.
- 19.3 [REDACTED]

#### CLAUSE 20 GOVERNING LAW AND ARBITRATION

- 20.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, Hong Kong law.
- 20.2 Any dispute, controversy, claim, actions and proceedings arising out of, relating to, or in connection with this Agreement or its subject matter (including a dispute regarding the existence, validity, formation, effect, interpretation, performance or termination of this Agreement) shall be referred to and finally resolved by arbitration.
- 20.3 The arbitration shall be conducted as follows:
- (a) the place and seat of arbitration shall be in Hong Kong and the arbitration shall be administered by the Hong Kong International Arbitration Center (the “**HKIAC**”);
  - (b) subject to the directions of the tribunal, the arbitration proceedings shall be conducted, and all written decisions or correspondence shall be, in both English and Simplified Chinese;
    - (i) the HKIAC Administered Arbitration Rules in force (the “**Rules**”) when the Notice of Arbitration is submitted shall apply;
    - (ii) the law of this arbitration clause shall be the laws of Hong Kong;
    - (iii) there shall be three arbitrators for any such arbitration. The submitting Party/Parties shall nominate one arbitrator, and the responding Party/Parties shall nominate one arbitrator, in each case, within 30 days after the submission of the Notice of Arbitration. Both arbitrators shall agree on the third arbitrator within 30 days thereafter. Should either Party fail to appoint an arbitrator within such 30 day period or should the two arbitrators fail, within such 30 day period, to reach agreement on the third arbitrator, such arbitrator(s) shall be appointed by the HKIAC;

- (iv) an award by the HKIAC shall be final and conclusive and binding upon the Parties and to the extent permitted by law, the Parties waive irrevocably any rights to any form of appeal, review or recourse; and
  - (v) the Parties shall have the right to seek interim injunctive relief or other interim relief from a court of competent jurisdiction, both before and after the arbitral tribunal has been appointed, including at any time up until arbitral tribunal has made its final award; and
- (c) judgment upon the award rendered may be entered in any court having jurisdiction and the Parties submit to the non-exclusive jurisdiction of the Hong Kong courts for this purpose.

#### **CLAUSE 21 AGENT FOR SERVICE OF PROCESS**

- 21.1 Each of the Warrantors hereby irrevocably appoints Lee Holdings 1 Co. Ltd of Flat 01B3, 10/F Carnival Commercial Building, 18 Java Road, North Point, Hong Kong as its agent to accept service of process in Hong Kong in any Proceedings, service of whom shall be deemed completed whether or not forwarded to or received by such Warrantor.
- 21.2 The Purchaser hereby irrevocably appoints JD.com, Inc. of Room 1901, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, Hong Kong as its agent to accept service of process in Hong Kong in any Proceedings, service of whom shall be deemed completed whether or not forwarded to or received by the Purchaser.
- 21.3 Each Party shall notify the other Parties in writing of any change of address of its process agents within 10 Business Days of such change.
- 21.4 If, for any reason, the process agent appointed by any Party at any time ceases to act as such or no longer has an address in Hong Kong, that Party shall promptly appoint another process agent and promptly notify the other Parties of the appointment and the new process agent's name and address. If the Party concerned does not make such an appointment within 10 Business Days of such cessation, then it shall be effective service for the other Parties to serve the process upon the last known address in Hong Kong of the last known process agent for that Party notwithstanding that such process agent is no longer found at such address or has ceased to act, provided that a copy of the Proceedings is also sent to that Party's current registered office or principal place of business wherever situated.



**EXECUTED AS AN AGREEMENT**

SIGNED for and on behalf of **YUPEI** )  
**INTERNATIONAL INVESTMENT** )  
**MANAGEMENT CO., LTD** by its duly )  
authorised representative in the presence of: )

/s/ FEI SHANLING  
Name: FEI SHANLING  
Title: Accountant  
Date: 1 September 2021

/s/ LI SHIFA  
Name: LI SHIFA  
Date: 1 September 2021

in the presence of:

/s/ FEI SHANLING  
Name: FEI SHANLING  
Title: Accountant  
Date: 1 September 2021

/s/ LI SHIFA  
Name: LI SHIFA  
Title: Director  
Date: 1 September 2021

**EXECUTED AS AN AGREEMENT**

SIGNED for and on behalf of **JD PROPERTY** )  
**GROUP CORPORATION** by its duly )  
authorised representative in the presence of: )  
)  
)

/s/ Zinan Chen  
Name: Zinan Chen  
Title:  
Date: 1 September 2021

/s/ HU Wei  
Name: HU Wei  
Title: Authorize Signatory  
Date: 1 September 2021

On March 11, 2022, the Registrant, through a subsidiary, entered into a Founding Vendors Agreement (this “**Agreement**”) in Chinese with Cui Weixing and Xue Xia. Set forth below is an English summary of this Agreement.

1. Parties to the Founding Vendors Agreement

This Founding Vendors Agreement is made and entered into by and among the following Parties on March 11, 2022:

- (1) Suqian Jingdong Zhuofeng Enterprise Management Co., Ltd., a limited liability company incorporated under the laws of the PRC (“**Transferee**” or “**Investor**”);
- (2) Cui Weixing, a natural person of Chinese nationality (“**Founder**”); and
- (3) Xue Xia, a natural person of Canadian nationality.

The parties to this Agreement are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”. The Founder and Xue Xia are collectively referred to as the “**Founding Vendors**” or the “**Transferors**”.

For the purpose of this Agreement,

- (i) “**Business Disposal Agreement**” means the Business Disposal Agreement entered into by and among the Founding Vendors, the Investor and the Target Company on the date hereof;
- (ii) “**Excluded Business**” means (x) all the indebtedness of the Target Company and the Excluded Entities, (y) all other assets held by the Target Company other than the shares of the Listed Company and the Listed Group, and (z) the Excluded Entities;
- (iii) “**Excluded Entities**” means the entities that the Founder and the Investor agreed to exclude from the consolidated financial statements of the Target Company, namely Guangzhou Xingguang Small Loan Company Limited, Tianjin Deji Logistics Management Co., Ltd., Chengdu Deji Supply Chain Management Co., Ltd., Ningbo Dezhou Property Management Co., Ltd., Ningbo Desui Property Management Co., Ltd., Chongqing Deji Warehousing Service Co., Ltd., Ningbo Desong Property Management Co., Ltd., Dalian Debon Logistics Management Co., Ltd., Ningbo Dewei Real Estate Management Co., Ltd., and Dexin Commercial Factoring (Shenzhen) Co., Ltd.;
- (iv) “**Management Target Shares**” means the target shares under the Management Vendors Agreement;

- (v) **“Management Vendors”** means Cui Weigang, Xu Enjun, Pang Qingxiu, Huang Huabo, Tang Xianbao and Zhang Huanran;
- (vi) **“Management Vendors Agreement”** means a Management Vendors Agreement in Chinese entered into by and among the Management Vendors and the Investor on the date hereof;
- (vii) **“MVA First Instalment”** means the first instalment under the Management Vendors Agreement;
- (viii) **“MVA Second Instalment”** means the second instalment under the Management Vendors Agreement;
- (ix) **“MVA Subsequent Transaction”** means the subsequent transaction under the Management Vendors Agreement;
- (x) **“MVA Subsequent Trading Shares”** means the subsequent trading shares under the Management Vendors Agreement;
- (xi) **“Report of Acquisition by Offer”** means the report of acquisition by offer issued by the Investor pursuant to the law when the Acquisition triggers the Investor’s mandatory tender offer to purchase the shares of the Listed Company.

## 2. The Transaction

- (1) Subject to the terms and conditions set forth in this Agreement, the Transferors wish to transfer to the Investor, and the Investor wishes to assign from the Transferors 41,755,308 shares of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited (the **“Target Company”**, together with its subsidiaries, which includes the Listed Group but excludes the Excluded Entities, the **“Group Companies”**) (representing approximately 44.4798% equity interest in the Target Company) (the **“Target Shares”**, and such transaction hereafter referred to as the **“Transaction”**) held by the Transferors. For the Target Shares and subject to the terms and conditions of this Agreement, the total consideration of RMB 3,992,961,946.50 shall be transferred by the Investor to the Transferors.

For the avoidance of doubt, the transfers of the Target Shares under this Agreement do not include the rights relating to the Excluded Business (as defined below), of which shall remain with the Founder and/or his designated party. The Founder shall be responsible for the costs, expenses and liabilities relating to the Excluded Business.

The Transaction shall be carried out in the following manner:

(i) The First Instalment

Subject to the terms and conditions of this Agreement (including but not limited to the fulfilment or waiver of the First Instalment Conditions (as defined below)), the Transferors shall transfer to the Investor 5,350,175 shares of the Target Company (representing approximately 5.6992% equity interest in the Target Company immediately prior to the Closing of the First Instalment), which shall be adjusted to 11,010,893 shares of the Target Company (representing approximately 11.7293% equity interest in the Target Company immediately prior to the Closing of the First Instalment) after the Adjustment (as defined below) (collectively the “**First Instalment Target Shares**”, and such transaction, the “**First Instalment**”).

For the First Instalment Target Shares and subject to the terms and conditions of this Agreement, RMB 511,624,658.16 shall be transferred by the Investor to the Transferors, which shall be adjusted to RMB 1,052,945,813.40 after the Adjustment (collectively the “**First Instalment Consideration**”). Subject to the fulfilment or waiver of the First Instalment Conditions, at the Closing of the First Instalment, the Investor shall pay its First Instalment Consideration to the Transferors after the deduction of income tax the Investor withheld for each of them, and for the portion of the Founder, the First Instalment Deposit (as defined below) shall also be deducted.

The details of the First Instalment Target Shares and the First Instalment Consideration of each Founder Vendor are shown in Exhibit I to this Agreement.

(ii) The Second Instalment

Subject to the terms and conditions of this Agreement (including but not limited to the fulfilment or waiver of the Second Instalment Conditions (as defined below)), the Founder shall transfer to the Investor 33,847,114 shares of the Target Company (representing approximately 36.0556% equity interest in the Target Company immediately after the Closing of the First Instalment), which shall be adjusted to 28,186,396 shares of the Target Company (representing approximately 30.0255% equity interest in the Target Company immediately after the Closing of the First Instalment) after the Adjustment (collectively, the “**Second Instalment Target Shares**”, and such transaction, the “**Second Instalment**”).

For the Second Instalment Target Shares and subject to the terms and conditions of this Agreement, RMB 3,236,719,944.70 shall be transferred by the Investor to the Founder, which shall be adjusted to RMB 2,695,398,789.46 after the Adjustment (collectively the “**Second Instalment Consideration**”). Subject to the fulfilment or waiver of the Second Instalment Conditions, at the Closing of the Second Instalment, the Investor shall pay its Second Instalment Consideration to the Founder after the deduction of income tax the Investor withheld for him.

(iii) The Third Instalment

Subject to the terms and conditions of this Agreement (including but not limited to the fulfilment or waiver of the Third Instalment Conditions (as defined below)), the Founder shall transfer to the Investor 2,558,019 shares of the Target Company (representing approximately 2.7249% equity interest in the Target Company immediately after the Closing of the Second Instalment) (the “**Third Instalment Target Shares**”, and such transaction, the “**Third Instalment**”, together with the Second Instalment, the “**Subsequent Transactions**”).

For the Third Instalment Target Shares, RMB 244,617,343.63 shall be transferred by the Investor to the Founder after the deduction of Third Instalment Deposit (as defined below) (the “**Third Instalment Consideration**”). Subject to the fulfilment or waiver of the Third Instalment Conditions and after the Investor has received tax payment certificates in respect of Founder’s income generated from three instalments, the Investor shall pay its Third Instalment Consideration to the Founder at the Closing of the Third Instalment. For the avoidance of doubt, in the event that the Investor withholds income tax for the Founder, the amount of income tax payable shall also be deducted from the Third Instalment Consideration.

(iv) The Adjustment

In the event that the waiver for the Founder’s undertaking for a further period of lock-up at the expiration of the mandatory lock-up of the shares of Deppon Logistics Co., Ltd. (the “**Listed Company**”, together with its subsidiaries, the “**Listed Group**”) held directly and/or indirectly by him (the “**Voluntary Lock-up**”) is obtained prior to the Closing of the First Instalment, the Founder shall transfer an additional 5,660,718 shares of the Target Company at the First Instalment and the amount of shares to be transferred at the Second Instalment shall be reduced accordingly (the “**Adjustment**”). In respect of the Founder, the number of shares to be transferred after the Adjustments shall be as follows:

First Instalment: 10,248,138 shares of the Target Company (representing approximately 10.9168% equity interest in the Target Company), at the consideration of RMB 980,005,345.82.

Second Instalment: 28,186,396 shares of the Target Company (representing approximately 30.0255% equity interest in the Target Company), at the consideration of RMB 2,695,398,789.46.

(v) Security Deposit

The Investor shall withhold RMB 200,000,000 from the Founder's portion of First Instalment Consideration (the "**First Instalment Deposit**") and certain amount from the Third Instalment Consideration (the "**Third Instalment Deposit**") as the security deposits to cover any liabilities and expenses arising from the Business Disposal and the Excluded Business.

At the completion of the Business Disposal, the payment of the First Instalment Deposit (if any), and the calculation and payment of the Third Instalment Deposit should be determined by the Founder and the Investor through negotiation.

- (2) Each Party hereby acknowledges and agrees that any profits, gains, bonuses, dividends generated by the Target Shares between December 31, 2021 and the Closing Date (as defined below), as well as any profits, gains, bonuses, dividends accrued or declared but unpaid at the date of this Agreement, have been taken into account in the consideration for the Target Shares. Such profits, gains, bonuses, and dividends shall be jointly enjoyed by all shareholders of the Target Company upon the completion of the Acquisition (as defined below) (unless otherwise agreed in the Business Disposal Agreement). Thereby, the Transferors shall not claim any payment or distribution in respect of any profits, gains, bonuses, or dividends from the Target Company.

3. Conditions Precedent to the Closing of the Transaction

(1) Conditions Precedent to Closing of all instalments

For each instalment of the Transaction, only when the following conditions and the additional conditions specified for each instalment listed below (collectively the "**Conditions Precedent**"; the conditions hereunder together with the additional conditions under the First Instalment hereinafter referred to as the "**First Instalment Conditions**"; the conditions hereunder together with the additional conditions under the Second Instalment hereinafter referred to as the "**Second Instalment Conditions**"; the conditions hereunder together with the additional conditions under the Third Instalment hereinafter referred to as the "**Third Instalment Conditions**") have been duly fulfilled or waived, the Investor is obliged to pay the consideration for the shares at the Closing of such instalment:

- (i) on the Closing Date of each instalment, the transaction documents have been duly signed by relevant parties under each agreement and shall remain fully effective, and the representations and warranties made by the Founding Vendors and the Management Vendors remain true, accurate, not misleading, and containing no omission of any material facts. The Founding Vendors and the Management Vendors have fulfilled their respective obligations under the transaction documents;
- (ii) the instalment (including any transactions under that instalment in accordance with this Agreement and the Management Vendors Agreement, and any transaction contemplated at that instalment under the Acquisition) and relevant transaction documents have been approved by the relevant authorities (if any); there have been no proceedings, arbitration, other disputes or judicial seizure on the target shares of that instalment; there have been no law, regulations or any actions from the relevant authorities which restrict, prohibit or cancel the transfer of the shares of the Target Company under that instalment; the instalment and the relevant transaction documents are in compliance with applicable listing rules of the Stock Exchange of Hong Kong Limited (except those which waiver had been applied for);
- (iii) the Founding Vendors, the Management Vendors and other 153 minority shareholders of the Target Company (collectively “**Minority Vendors**”) have obtained all the necessary internal approvals (if any) in relation to the transactions under that instalment and there have been no selling restrictions in relation to the target shares or such restrictions have been duly waived;
- (iv) the Target Company has completed the relevant registrations and procedures relating to the transfers of the Target Shares and the Management Target Shares of that instalment with Guangzhou Equity Exchange, such that the Founding Vendors, Management Vendors, together with the Minority Vendors shall have transferred an aggregate of more than 51% equity interest in the Target Company and such transfers have been reflected in the register of shareholders of the Target Company, and each of the shareholders of the Target Company (except the Founder) has entrusted the voting rights attached to their shares and/or transferred the relevant shares to the Investor so that the investor shall control more than 51% of the voting rights in the Target Company (any and all transfers of shares and/or the entrustment of voting rights attached to shares, for the purpose of acquiring such control, hereinafter referred to as the “**Acquisition**”);

- (v) each of the Founding Vendors and the Management Vendors under that instalment has provided all of his/her documents on income tax in relation to the transfer of shares to the Investor at such instalment; and
  - (vi) the Founding Vendors (for the First Instalment) or the Founder (for the Second Instalment and Third Instalment) have/has provided to the Investor a written confirmation stating that the respective condition precedent had been fulfilled.
- (2) Additional Conditions Precedent under the First Instalment
- (i) The Founder and/or his designated third party, the Group Companies and the Excluded Entities have completed the relevant procedures and conditions for the Business Disposal in relation to the First Instalment in accordance with the Business Disposal Agreement, including having (1) completed the disposal of Guangzhou Xingguang Small Loan Company Limited (the “**Xingguang**”), which includes but not limited to the transfer of claims receivables and the transfer of shares held by the Target Company or the completion of Xingguang’s winding up procedures; (2) obtained the shareholders’ approval in relation to the liquidation of Dexin Commercial Factoring (Shenzhen) Co., Ltd., transferred and collected factoring claims receivables and repaid the relevant liabilities and complied with the relevant procedures such as the liquidation announcement and the notices of creditors; (3) submitted the winding up application of Ningbo Dewei Real Estate Management Co., Ltd. and Ningbo Dezhou Property Management Co., Ltd. to the relevant tax authorities;
  - (ii) The Target Company has obtained approvals from its shareholders and board of directors in relation to (1) the first amendment to the articles of association of the Target Company (the “**First Amendment to Articles of Association**”) that is satisfactory to the Investor; (2) the cancelation of the share management agreement of the Target Company, (3) the Business Disposal and the Business Disposal Agreement, and (4) the resignation of the Management Vendors from their positions as director, supervisor or senior management and the appointment of new directors, supervisors and senior management (the “**First Adjustment of Management**”);
  - (iii) The Target Company has registered with the relevant authorities for (1) the First Adjustment of Management, (2) the First Amendment to Articles of Association, and (3) the reduction in the registered capital of the Target Company from RMB94,224,991 to RMB93,874,768 (the “**Reduction**”);

- (iv) The Target Company has fully paid the relevant parties in relation to the Reduction and has withheld and paid the relevant parties the relevant taxes relating to the Reduction (including but not limited to income tax and stamp duty);
- (v) The Target Company has obtained approvals from its shareholders and board of directors in relation to (1) the second amendment to the articles of association of the Target Company (the “**Second Amendment to Articles of Association**”) that is satisfactory to the Investor, and (2) the change to each of the board of directors and supervisors of each of the members of the Group Companies (except the Listed Group) and the appointment of persons nominated by the Investor as the legal representative and general manager of each of the members of the Group Companies (except the Listed Group) (the “**Second Adjustment of Management**”);
- (vi) The concert party agreement entered into by the Founder, Cui Weigang and Xue Xia in 2017 has been duly terminated and there has been no concerted party arrangement among the shareholders of the Target Company;
- (vii) The Group Companies have given notice to or obtained the necessary approvals and/or consents from the relevant third parties regarding the Transaction and the Acquisition, and the change of the actual controller of the Listed Company shall not result in the qualification for the operation of the Listed Company being terminated or not renewed;
- (viii) The Listed Company has updated the commercial franchising registration with the relevant authorities in relation to its registered address, distribution of the franchisees’ stores and other information required by law;
- (ix) The Acquisition has been approved by the relevant PRC authorities in relation to antitrust review and has obtained the consent or recognition of relevant authorities;
- (x) From the date of this Agreement to the Closing of the First Instalment, there has been no material adverse effect (in an amount of more than RMB300,000,000) on the Group Companies’ assets, liabilities, profits and normal operation;
- (xi) The Investor has obtained all necessary internal approvals (including but not limited to the shareholders’ approval and board of directors’ approval) for the Acquisition; and

(xii) The Investor has completed business, legal, financial, human resources, and tax due diligence of the Group Companies.

(3) Additional Conditions Precedent under the Second Instalment

- (i) The First Instalment and the MVA First Instalment have been closed;
- (ii) The Voluntary Lock-up has been expired or waived, and except for the Founder, who should serve as the director of the Listed Company, each of the Management Vendors has resigned from his/her position as director, supervisor, or senior management of the Target Company and the Listed Company for no less than six months; and
- (iii) Second Instalment Target Shares Pledge Release (as defined below) and MVA Subsequent Trading Shares Pledge Release (as defined below) have been completed.

(4) Additional Conditions Precedent under the Third Instalment

- (i) The First Instalment, the MVA First Instalment, the Second Instalment and the MVA Second Instalment have been closed;
- (ii) Third Instalment Target Shares Pledge Release (as defined below) has been completed; and
- (iii) The following date (whichever the later) has occurred: (x) the date on which the Listed Company announces its 2023 annual audited report and (y) April 30, 2024 (the later date is referred to as the “**Announcement Date**”), and before the Announcement Date, (a) each of the parties to this Agreement have had settled his/her dispute or claims (if any) against the other party to this Agreement, or (b) any such dispute or claim had been adjudicated by the relevant authority and enforced accordingly, such that the Investor and the Transferors, and the Group Companies and the Transferors shall not have any outstanding dispute or claims after the Closing of the First Instalment.

4. The Closing of the Transaction

The closing of each instalment (the “**Closing**”) shall occur within 10 business days after the duly fulfillment or waiver of the respective conditions precedent (unless the condition by nature should be satisfied on the closing date), or any other date otherwise agreed by the Investor and the Founder (the “**Closing Date**”), at Building 1, No.316 Xuxiang Road, Xujing Town, Qingpu District, Shanghai, or at other place otherwise agreed by the Investor and the Founder.

5. Representations and Warranties

Each of the Transferors and the Investor have made customary representations and warranties and confirmed that the representations and warranties they make are true, accurate, not misleading and containing no omission of any material facts on the date of this Agreement, and the applicable Closing Date, the other parties can rely on the representations and warranties they make.

6. Undertakings

(1) Resignations

- (i) The Parties hereby agree that, as soon as practicable but in no event later than 20 business days after the date hereof, the Founder shall, and the Founding Vendors shall cause each of the Management Vendors to, resign from their position as directors, supervisors or senior management of the Target Company (the “**Resignation from the Target Company**”), and complete all relevant registration or filing procedures in relation to the Resignation from the Target Company, with the Target Company’s local branch of State Administration for Market Regulation of the PRC (the “**SAMR**”).
- (ii) The Parties hereby agree that, the Founding Vendors shall cause each of the Management Vendors (if serving relevant position in the Listed Company) to submit resignation letters in order to resign from their position as directors, supervisors or senior management of the Listed Company (the “**Resignation from the Listed Company**”, collectively with the Resignation from the Target Company, the “**Resignations**”) on the First Instalment Closing Date or the next business day after the First Instalment Closing Date (or any later date as otherwise required by the Investor). In addition, on the First Instalment Closing Date or the next business day after the First Instalment Closing Date (or any later date as otherwise required by the Investor), the Founding Vendors shall also (i) cause the current directors, supervisors and senior management personnel of the Listed Company (the specific list shall be designated by the Investor) other than the Management Vendors to submit resignation letters in order to resign from their position as directors, supervisors or senior management of the Listed Company; (ii) cause the board of directors of the Listed Company to issue a notice of general meeting for appointment of persons nominated by the Investor as new directors and supervisors of the Listed Company; (iii) take other actions to cause appointment of persons nominated by the Investor as new directors and supervisors of the Listed Company according to the Investor’s reasonable request; and (iv) cause current directors, supervisors and senior management of the Listed Group (the specific list shall be designated by the Investor) to submit resignation letters in order to resign from their position as directors, supervisors or senior management of the Listed Group.

(2) SAMR Registration

The Founding Vendors shall, and the Founding Vendors shall cause the Target Company to complete all relevant registration or filing procedures in relation to the Second Amendment to Articles of Association and the Second Adjustment of Management, with Target Company's local branch of the SAMR within 15 business days after the Closing of the First Instalment.

(3) Business Disposal

- (i) The Transferors hereby acknowledge and undertake that the Group Companies, the Excluded Entities and certain other parties shall proceed the Business Disposal in accordance with the Business Disposal Agreement and shall enter into an agreed formed business disposal agreement (the "**Business Disposal Agreement**", any disposal of the assets and liabilities related to the Excluded Entities under the Business Disposal Agreement hereinafter referred to as the "**Business Disposal**") with certain other parties on the date hereof. The Transferors shall, and the Transferors shall cause the director appointed by himself and/or herself (if any) and representatives to, vote in favor of such Business Disposal and execution of the Business Disposal Agreement in the general meeting and board of directors of the Target Company. The Transferors shall cause the Target Company to obtain approvals from the general meeting and board of directors of the Target Company in no event later than 30 days after the date hereof, in relation to (i) the First Amendment to the Articles of Association, (ii) the cancellation of the share management agreement of the Target Company, (iii) the Business Disposal and execution of the Business Disposal Agreement.
- (ii) The Parties hereby agree that the Transferors shall, and the Transferors shall cause the Group Companies and the Excluded Entities to, complete the Business Disposal as soon as practicable in accordance with the Business Disposal Agreement, including but not limited to obtaining all necessary governmental, statutory, regulatory, consents, approvals, licenses, waivers or exemptions in connection with the Business Disposal, and closing of transactions contemplated under the Business Disposal.

(iii) The Parties hereby agree that the Founder shall be responsible for the costs, expense and liabilities relating to the Business Disposal and the Excluded Business. The Founder shall reimburse the Group Companies and/or the Investor the applicable costs, expenses and liabilities in accordance with the Business Disposal Agreement.

(4) Transitional Loans

- (i) To satisfy the financial requirements of the Founder and the Management Vendors, the Investor agrees to provide a certain amount of loan to the Founder (the “**Founder Transitional Loan**”), and provide an aggregate amount of RMB 334,562,195.98 to the Management Vendors (the “**Management Vendors Transitional Loans**”, collectively with the Founder Transitional Loan, the “**Transitional Loans**”), within 10 business days upon the satisfaction of the conditions, including (i) the First Instalment and the MVA First Instalment shall have been closed, (ii) the Resignations and relevant registration or filing procedures in relation to the Second Amendment to Articles of Association and the Second Adjustment of Management with relevant local branch of the SAMR shall have been completed, (iii) each of the said Transferors and Management Vendors shall have entered into the Entrustment Agreement (as defined below) and the Entrustments (as defined below) having taken effect, and (iv) relevant parties shall have entered into the Share Pledge Agreement (as defined below) and each of the share pledges (as defined below) shall have been registered with the relevant authorities. The Parties hereby agree that the Founder shall, and the Founding Vendors shall cause each of the Management Vendors to, enter into an agreed formed transitional loan agreement (the “**Transitional Loan Agreement**”) with the Investor on the date hereof. The Parties hereby agree that, (i) for the First Instalment, the amount of the Founder Transitional Loan shall be RMB 2,640,025,756.70, and (ii) the amount of the Founder Transitional Loan shall be adjusted to RMB 2,198,497,970.26 after the Adjustment.
- (ii) The Parties hereby agree that, notwithstanding other provisions in this Agreement, on or prior to the Closing of the Second Instalment, the Investor shall be entitled to, by written notice in the agreed form (the “**Offset Notice**”), request to offset the outstanding amount of the Founder Transitional Loan against the same amount of Second Instalment Consideration to be paid by the Investor to the Founder (the “**Offset Amount**”). After the Offset Notice is issued, and from the Closing of the Second Instalment, the amount of the Founder Transitional Loan is deemed to have been repaid by the Founder to the Investor, and the Investor is also deemed to have fully paid the amount of the Second Instalment Consideration equal to the Offset Amount to the Founder. The Investor only needs to pay the amount of the after-tax Second Instalment Consideration deducting the Offset Amount, to the Founder on the Closing of the Second Instalment. For the avoidance of doubt, if the amount of the after-tax Second Instalment Consideration is lower than the Offset Amount, the Founder shall repay the amount of the Offset Amount deducting the after-tax Second Instalment Consideration to the Investor on or before the Closing of the Second Instalment.

(5) Entrustments

To ensure that the Subsequent Transactions and the MVA Subsequent Transaction can be carried out smoothly, the Founder hereby irrevocably agrees to entrust all of his voting rights of the Second Instalment Target Shares and Third Instalment Target Shares (collectively, the “**Subsequent Trading Shares**”) to the Investor (the “**Founder Entrustment**”). To ensure that the MVA Subsequent Transaction can be carried out smoothly, the Founding Vendors shall cause the Management Vendors to entrust all of his/her voting rights of the MVA Subsequent Trading Shares to the Investor (the “**MVA Entrustment**”, collectively with the Founder Entrustment, the “**Entrustments**”). The Parties hereby agree that the Founder shall, and the Founding Vendors shall cause each of the Management Vendors to, enter into an agreed formed entrustment agreement (the “**Entrustment Agreement**”) with the Investor on the date hereof.

(6) Share Pledges

To ensure that the certain parties will fulfil respective responsibilities and obligations under the main transaction documents (including the Subsequent Transactions and repayment of the Founder Transitional Loan), the Founder hereby irrevocably agrees to pledge the Subsequent Trading Shares to the Investor, and the Founder hereby irrevocably agrees to pledge the 43,009,184 shares of the Listed Company directly held by him to the Investor (the “**Pledge of Shares of the Listed Company**”). To ensure that the Management Vendors will fulfil respective responsibilities and obligations under the main transaction documents (including the MVA Subsequent Transaction and repayment of the Management Vendors Transitional Loans), the Founding Vendors hereby irrevocably agree to cause the Management Vendors to pledge the MVA Subsequent Trading Shares to the Investor.

The Parties hereby agree that:

- (i) The Founder shall, and the Founding Vendors shall cause each of the Management Vendors to, enter into one or more share pledge agreements in relation to the Subsequent Trading Shares or the MVA Subsequent Trading Shares in agreed form with the Investor on the date hereof. The Founder shall enter into a share pledge agreement in relation to the Pledge of Shares of the Listed Company in agreed form (the “**Listed Company Share Pledge Agreement**”) with the Investor on the date hereof.
- (ii) Within 15 business days after the Closing of the First Instalment, (i) the Founder shall complete all relevant registration procedures in relation to pledge of all Subsequent Trading Shares, with the Target Company’s local branch of the SAMR (the “**Subsequent Trading Shares Pledge**”), (ii) the Founding Vendors shall cause each of the Management Vendors to complete all relevant registration procedures in relation to pledge of all relevant MVA Subsequent Trading Shares, with Target Company’s local branch of the SAMR (the “**MVA Subsequent Trading Shares Pledge**”), (iii) the Founder shall complete the registration procedures in relation to the Pledge of Shares of the Listed Company with China Securities Depository and Clearing Co., Ltd, and the Investor shall use its best efforts, to the extent commercially practicable, to cooperate with such registration procedures.
- (iii) The Founder and the Investor shall release the pledge and complete relevant registration procedures in relation to the Second Instalment Target Shares (the “**Second Instalment Target Shares Pledge Release**”), within 10 business days upon the satisfaction of the conditions, including (i) the expiry of the Founder’s Voluntary Lock-up or waiver by the general meeting of the Listed Company, and (ii) the Founder having resigned from his position as the director and senior management of the Target Company for 6 months and the Second Instalment Target Shares having become unrestricted. Within 10 business days after the completion of the Second Instalment Target Shares Pledge Release, the Founder shall complete the relevant registrations and procedures relating to transfer of the relevant Second Instalment Target Shares to the Investor with Guangzhou Equity Exchange, and obtain a register of members issued by Guangzhou Equity Exchange to prove that the Investor has become the sole legal holder of the Second Instalment Target Shares.
- (iv) The Founding Vendors shall cause each of the Management Vendors to release the pledge and complete relevant registration procedures in relation to the MVA Subsequent Trading Shares with the Investor (the “**MVA Subsequent Trading Shares Pledge Release**”), within 10 business days upon the satisfaction of the conditions, including (i) such Management Transferor having resigned from his/her position as the director, supervisors and/or senior management of the Target Company for 6 months, and (ii) the MVA Subsequent Trading Shares held by such Management Transferor having become unrestricted. Within 10 business days after the completion of the MVA Subsequent Trading Shares Pledge Release, the Founding Vendors shall cause such Management Transferor to complete the relevant registrations and procedures relating to the transfer of relevant MVA Subsequent Trading Shares held by such Management Vendors to the Investor with Guangzhou Equity Exchange, and obtain a register of members issued by Guangzhou Equity Exchange to prove that the Investor has become the sole legal holder of such MVA Subsequent Trading Shares.

- (v) In the event of satisfaction of the Third Instalment Conditions (other than the Third Instalment Target Shares Pledge Release (as defined below), and transfer registration procedures of the Third Instalment Target Shares), the Founder and the Investor shall release the pledge and complete relevant registration procedures in relation to the Third Instalment Target Shares (the “**Third Instalment Target Shares Pledge Release**”), within 10 business days upon satisfaction of conditions under Section 3 (4) (iii).
  - (vi) Within 10 business days after the completion of the Third Instalment Target Shares Pledge Release, the Founder shall complete the relevant registrations and procedures relating to the transfer of relevant Third Instalment Target Shares to the Investor with Guangzhou Equity Exchange and obtain a register of members issued by Guangzhou Equity Exchange to prove that the Investor has become the sole legal holder of the Third Instalment Target Shares.
  - (vii) The release of the Pledge of Shares of the Listed Company shall be subject to the Listed Company Share Pledge Agreement and other written arrangements agreed between the Founder and the Investor.
- (7) Notice of Event of Default
- (i) The Transferors shall timely, accurately and completely notify and disclose to the Investor any event, circumstance, fact and situation that are occurred before the Closing of the First Instalment and may result in a material adverse change in the Group Companies, or may cause the Transferors to breach any of the representations, warranties, undertakings and other obligations of the Transferors herein under the main transaction documents, or its effect may cause the representations, warranties, undertakings and other obligations of the Transferors under the main transaction documents herein to be untrue or incorrect in any respect.
  - (ii) The Transferors shall timely, accurately and completely notify and disclose to the Investor any event, circumstance, fact and situation that are occurred before the Closing of the Second Instalment that may cause the Transferors to breach any of the representations, warranties, undertakings and other obligations of the Transferors herein under the main transaction documents, or its effect may cause the representations, warranties, undertakings and other obligations of the Transferors under the main transaction documents herein to be untrue or incorrect in any respect.

(iii) The Founder shall timely, accurately and completely notify and disclose to the Investor any event, circumstance, fact and situation that are occurred before the Closing of the Third Instalment that may cause the Founder to breach any of the representations, warranties, undertakings and obligations of the Founder herein under the main transaction documents, or its effect may cause the representations, warranties, undertakings and other obligations of the Founder under the main transaction documents herein to be untrue or incorrect in any respect.

(8) Exclusivity

From the date of this Agreement to the Closing of the Third Instalment or the date on which this Agreement is terminated pursuant to the Section 8 (2), without the prior consent of the Investor, the Transferors shall not directly or indirectly (or through any third party), and shall ensure that their respective affiliate and the Group Companies (including the Listed Company) as of the Closing of the First Instalment shall not directly or indirectly (or through any third party) (i) solicit, initiate, consider, encourage or accept any proposal or offer made by any person or any entity in respect of the following matters (i.e. matters referred to in (A), (B) and (C), collectively referred to as “**Conflicting Transaction**”): (A) acquire or purchase all or part of the equity of the Group Companies (including the Listed Company) from the Transferors, (B) enter into any merger, consolidation or other business combination with the Group Companies (including the Listed Company), or acquire or purchase the material assets of the Group Companies (including the Listed Company), or propose any tender offer to the Group Companies (including the Listed Company), (C) enter into capital restructuring, structural restructuring, business restructuring or any other transaction that conflicts with the transactions contemplated under the Acquisition, with the Group Companies (including the Listed Company), or (ii) participate in any discussion, conversation, negotiation or other communication with respect to the Conflicting Transaction, or provide any information related to the above matters to any third party, or allow any third party to proceed due diligence with respect to the Group Companies (including the Listed Company) for the Conflicting Transaction, or cooperate, assist, participate in or encourage any efforts or attempts of any third party to conduct the Conflicting Transaction in any other way, or enter into any agreement or arrangement with any third party for the Conflicting Transaction. The Transferors shall immediately cease it (and shall cause their affiliate and the Group Companies (including the Listed Company) to cease it immediately) and shall cause the termination of all discussions, conversations, negotiations or other communications and provision or sharing of information in relation to any Conflicting Transaction initiated prior to the execution of this Agreement. The Transferors shall promptly notify the Investor of any proposal, offer, inquiry or other contacts made by any entity with respect to the Conflicting Transactions.

(9) Closing Audit

The Parties hereby agree that, after the date hereof, the Investor shall be entitled (but not the obligation) to (i) appoint Deloitte to audit status of assets and financial information of the Group Companies as of the Closing of the First Instalment, prior to the Closing of the First Instalment (the “**Closing Audit**”), (ii) conduct technology-related due diligence on the Group Companies by itself or any third party appointed by the Investor (the “**IT DD**”), and (iii) appoint a third-party evaluation agency to evaluate the fixed assets, intangible assets and real estate of the Group Companies as of the Closing of the First Instalment (the “**Asset Valuation**”). The Transferors shall, and the Transferors shall cause the Group Companies to allow the Investor or any third party appointed by the Investor to conduct Closing Audit, the IT DD and the Asset Valuation within a reasonable period before the Closing of the First Instalment, and shall take all reasonable action to assist the Investor or any third party appointed by the Investor to process such procedures pursuant to reasonable request from the Investor or any third party appointed by the Investor.

According to the above results of Closing Audit, if there is any Leakage of the Listed Group during the period from September 30, 2021 to the Closing of the First Instalment, the Founding Vendors shall compensate the Investor for the amount of such Leakage within 10 business days after the results of Closing Audit are issued.

According to the above results of Closing Audit, if there is any Leakage of the Group Companies (excluded the Listed Group) during the period from December 31, 2021 to the Closing of the First Instalment, the Founding Vendors shall compensate the Investor for the amount of such Leakage within 10 business days after the results of Closing Audit are issued.

For the purposes of this Agreement, “**Leakage**” means any following act or payment by the Founding Vendors for or on behalf of the Founding Vendors (or their affiliate, for the avoidance of doubt, excluding the Group Companies) or other shareholders of the Group Companies: (i) any dividend or similar distribution (whether in cash or in kind) or any comparable return of capital (whether by reduction of capital or redemption or purchase of shares) from any Group Companies; (ii) any management, service or other fees, costs, bonuses or other payments paid or incurred by any Group Companies for the aforementioned persons (other than salaries or reimbursements paid by such Group Companies to the aforementioned persons serving in such Group Companies in accordance with past practice); (iii) any waiver and extension of due debt or other liabilities owed to any Group Companies (except for extension of the loan to employee for purpose of implemented employee incentive plan of the Listed Company); (iv) any Group Companies assumes responsibility for the aforementioned persons or relieves the aforementioned persons of any responsibility; (v) any guarantee or indemnity by any Group Companies for the duties or obligations of the aforementioned persons; (vi) any transaction with any Group Companies on an un-arm’s length basis.

(10) Tax Filing

Each of the Transferors shall duly and timely pay all applicable income tax and other taxes payable in respect of all consideration in relation to the transactions contemplated by this Agreement pursuant to applicable laws and the requirements from the relevant tax authorities (the “**Payable Taxes**”). The Investor shall be entitled to withhold all or part of the Payable Taxes for any Transferor (the “**Tax Withholding**”), and the Transferors shall take all necessary actions and sign all necessary documents. If the Investor performs the obligation of such Tax Withholding, the Investor shall be entitled to pay the amount of relevant consideration deducting the amount of the Payable Taxes to be withheld. The Parties agree that, notwithstanding any other provisions in the transaction documents to the contrary, if the Tax Withholding is unable to proceed for any reason not attributable to the Investor, regardless of whether closing conditions for payment of relevant consideration have been satisfied at that time, the Investor shall be entitled to not make any payment (including but not limited to any consideration in relation to the share transfer transaction contemplated by this Agreement).

If any Transferor requests to pay the Payable Taxes by himself or herself, the Investor agrees to negotiate with such Transferor about the specific arrangements with respect to the amount of Payable Taxes and payment of relevant consideration in relation to the share transfer transaction contemplated by this Agreement. For example, the Parties may agree otherwise, and the Investor may only pay such Transferor the amount of the Payable Taxes on Certain Installment (the “**Payable Taxes on Certain Installment**”). Within 10 business days after such Transferor has provided the certificate reasonably satisfactory to the Investor issued by the competent tax authority proving that such Transferor has duly and timely paid all Payable Taxes on Certain Installment and the related explanations or materials for exempting the Investor from obligation of the Tax Withholding, the Investor shall pay to the such Transferor the amount of the price to be paid pursuant to Section 2 deducting the amount of the Payable Taxes on Certain Installment.

(11) Continuing to Serve

Unless otherwise requested by the Investor, the Founder agrees to remain in his position as the chairman of the Listed Company and shall not voluntarily resign from the aforementioned position for a period of at least 12 months from the Closing of the First Instalment (or later period otherwise agreed by the Founder and the Investor). During the period when the Founder serves as the chairman of the Listed Company, the Founder shall perform his duties in accordance with the consistent standards before the Closing of the First Instalment, develop the business of the Listed Company, protect the interests of the Listed Company, and make reasonable efforts to assist the Investor and the Target Company to exercise the rights as the controlling shareholder of the Listed Company and have a smooth transition with respect to operation and business of the Group Companies after the Closing of the First Instalment.

(12) Non-competition and Confidentiality Obligations

Each of the Founding Vendors hereby acknowledges and undertakes that so long as such Founding Shareholder and/or his/her affiliate serves in the Group Companies or be a direct or indirect holder of equity interest in the Group Companies and for 3 years after such Founding Shareholder and/or his/her affiliate no longer serves as director, officer or other position in the Group Companies, or is no longer a direct or indirect holder of equity interest in the Group Companies, such Founding Shareholder will not directly or indirectly:

- (i) By himself or through its affiliate (including Cui Weigang), individually or jointly with, through or on behalf of any entity, directly or indirectly engage in, participate in or be employed or have an interest in or other interests (whether as an investor, joint venture partner, technology licensor, technology licensee, client, agent, distributor, consultant or in any other capacity, and for their own benefits or for the benefit of others. For the avoidance of doubt, (i) purchasing and holding no more than 3% of the outstanding share capital of any publicly traded company through the secondary market, (ii) for the purpose of financial investment only, holding no more than 49% of the outstanding interest of any private equity fund and acting only as a limited partner without any management authority of such private equity fund, shall be excluded from the aforesaid situation) in the business of courier service, express, warehousing and supply chain.
- (ii) Solicit or entice the resignation from the Group Companies, or attempt to solicit or entice the resignation of (i) any person or entity as the customer of the Group Companies, or (ii) any person or entity who used to be the customer of the Group Companies in two years prior to the date on which such Founding Shareholder and/or his/her affiliate no longer serves in the Group Companies, or is no longer a direct or indirect holder of equity interest in a Group Companies.

- (iii) Solicit or entice the resignation from the Group Companies, or attempt to solicit or entice the resignation of (i) any Employee at or above the M9 Level or any Employee under the M9 Level; or (ii) any person who used to be an Employee at or above the M9 Level in one year prior to the date on which such Founding Shareholder and/or his/her affiliate no longer serves in the Group Companies, or is no longer a direct or indirect holder of equity interest in the Group Companies. For the purpose of this Agreement, **“Employee at or above the M9 Level”** means any employee of the Group Companies with title at or above the M9 level (excluding Miao Yan and Gong Xueting); **“Employee under the M9 Level”** means another person identified by the Founder and the Investor.

Each Transferor hereby acknowledges and undertakes that, he/she will, and he/she will cause his/her affiliate to, keep in strict confidence the confidential information obtained concerning the Group Companies, and will not disclose any confidential information or allow any confidential information to be disclosed to any third party, and not disclose, copy or otherwise use any confidential information for any other purpose.

(13) Restriction on Transfers

After the Closing of the First Instalment, none of the Transferors shall directly or indirectly sell, assign, transfer, pledge, hypothecate, grant an option or constitute an offer to sell, encumber, or otherwise dispose of in de facto or economically effective way, any Subsequent Trading Share directly or indirectly owned or held by such Transferor, without the prior written consent of the Investor or otherwise agreed in the transaction documents.

(14) Subsequent Transactions

Each of the Parties shall take or cause to be taken all necessary action, to execute all necessary instruments (including but not limited to the articles of association applicable to the Subsequent Transactions and any simplified version of the share transfer agreement for the Subsequent Transactions for government approval or similar purposes), to cause the Subsequent Transactions to be consummated.

(15) Excluded Rights and Excluded Dividend

Notwithstanding other provisions in this Agreement, all Parties hereby acknowledge and agree that, from the date hereof to the Closing Date, in the event of any equity distribution, conversion of capital reserve into share capital, allotment of shares and issuance of bonus shares of the Target Company and other events that require conducting of ex-right and ex-dividend, then and in such event, the number of the Target Shares and/or the unit price per share shall be adjusted concurrently. The mathematical formula for determining such adjustment is as follows:

Equity distribution:  $P1 = P0 - D$

Issuance of bonus shares or conversion of capital reserve into share capital:  $P1 = P0 \div (1 + N)$

Allotment of shares:  $P1 = (P0 + (A \times K)) \div (1+K)$

Above adjustments to be proceeded concurrently:  $P1 = (P0 - D + (A \times K)) \div (1+K+N)$

WHERE:

P0 = the benchmark price per share before the adjustment

N = the number of bonus shares or increased capital stocks per share

K = the number of allotment shares per share

A = the allotment price

D = the equity distribution per share

P1 = the benchmark price per share after the adjustment

The value after the adjustment shall be rounded to two decimals. The round method provides normal rounding functionality, rounding a number up or down based on any existing decimals.

7. Liability for Breach of Contract

(1) Liabilities for Breach of Contract and Compensation Commitment

- (i) The occurrence of any of the following constitutes an event of default under this Agreement (the “**Event of Default**”): (x) a representation made by either Party under this Agreement proves to be untrue, inaccurate, incomplete or misleading, (y) a breach by either Party of its undertakings and warranties, or (z) any Party fails to perform its obligations under this Agreement (including the appendices hereto) as agreed herein.
- (ii) If either Transferor occurs an Event of Default, the Transferors shall compensate and hold harmless the Investor, in such case, the Transferors shall compensate the Investor for any actual loss, damage, liability, cost or expense as a result of such Event of Default, including without limitation reasonable litigation/arbitration fees and attorney fees (collectively, the “**Losses**”). For the avoidance of doubt, the Transferors shall indemnify the Investor for Losses (based on all the shares acquired thereby through the Acquisition) as a result of any breach by the Transferor of the representations and warranties made by the Transferors.

- (iii) If the Investor commits an Event of Default, which causes Losses to any Transferor, the Investor shall indemnify such Transferor for any Losses incurred as a result of such Event of Default.
  - (iv) If the Investor fails to perform its obligation of paying any of its considerations or the Transitional Loans in accordance with this Agreement, the Investor shall pay the Transferor liquidated damages in the amount of 0.05% of the outstanding amount for each day of delay, until the full payment under this Agreement is made to the Transferor.
  - (v) If the share transfer registration of the Second Instalment Target Shares fails to be completed within the period agreed in this Agreement, the Founder shall pay the Investor liquidated damages in the amount of 0.05% of the Second Instalment Transfer Price for each day of delay until the share transfer registration of the Second Instalment Target Shares is completed.
  - (vi) If the Founding Vendors and/or their designee(s) fail to make any payment (if any) on schedule as agreed in the Business Disposal Agreement, the Founding Vendors shall pay liquidated damages to the transferee or their designee(s) in the amount of 0.05% of the outstanding amount for each day of delay, until the amounts set forth in the Business Disposal Agreement have been paid by the Founding Vendors and/or their designee(s).
- (2) Notwithstanding anything to the contrary in this Agreement, after the Closing of the First Instalment, if the Group Companies and/or the Investor suffer any Losses arising from the following matters, regardless of whether such Losses are incurred before or after the Closing Date and whether such matters are disclosed in any form, the Founding Vendors shall indemnify the Investor or its designee(s) for such losses:
- (i) prior to the Closing Date of the First Instalment, (1) any of the Group Companies fails to pay or fails to pay in full of the employees' wages, or (2) there are any labor-related disputes between any Group Companies and any of its employees, or (3) any of the Group Companies is subject to any fine or overdue fine imposed by the competent authority or is requested by the competent authority to make up the arrears due to its default or deficiency in the payment of the social security premium and housing fund premium prior to the Closing Date of the First Instalment, provided that, (A) the Founder shall not be required to make any indemnification unless the aggregate amount of the Losses arising from such matters under the above items (1), (2) and (3) exceeds RMB 400 million, and (B) the maximum amount of such indemnification shall not exceed RMB 200 million;

- (ii) the following matters under items (a) to (i) below prior to the Closing Date of the First Instalment, provided that, (A) the Founder shall not be required to make any indemnification unless the aggregate amount of the Losses arising from such matters exceeds RMB50 million, and (B) the maximum amount of such indemnification shall not exceed RMB5 million:
- (a) any of the Group Companies and their contractual counterparties, and the vehicles and drivers used by the Group Companies fails to obtain the governmental approvals necessary for their business, or fails to conduct business in accordance with all applicable laws (including without limitation the laws, regulations and regulatory policies in relation to courier, express, warehousing and supply chain, road freight transportation services, special equipment, safety management, personal information protection and data compliance) and the governmental approvals, or conduct business beyond the scope approved by the government, or are required to make rectification by the relevant governmental authorities;
  - (b) any Group Companies fails to declare or pay (including withholding) taxes (including any fines and overdue fines arising therefrom) in accordance with applicable laws, or violates applicable laws related to taxes in any other respect;
  - (c) any Group Companies' infringement of a third party's intellectual property, or there is any ownership dispute over any Group Companies' intellectual property;
  - (d) any Losses arising to the Group Companies due to the internal control system (including but not limited to operation and financial control, safety management) of any Group Companies prior to the Closing Date of the First Instalment does not comply with the provisions of applicable laws, including but not limited to the internal control system of the Group Companies or the behavior of the Group Companies employees in implementing the internal control system in violation of the provisions of applicable laws;

- (e) any financial subsidies or tax preferences previously received or obtained by any Group Companies are requested by any governmental authority to be refunded;
  - (f) any of the Transferors or the Group Companies violates any representations and warranties in relation to anti-corruption under this Agreement.
  - (g) there are defects in the properties owned or used by any Group Companies;
  - (h) any claim for which any Group Companies is liable incurred after the Closing Date of the First Instalment as a result of the claim arising from any cause occurred by any Group Companies before the Closing Date of the First Instalment that occurred and was outstanding prior to the Closing Date of the First Instalment;
  - (i) the failure to obtain all necessary third party consents or notify all necessary third parties of the Acquisition.
- (iii) Any claim for which any Group Companies shall be liable which occurs after the Closing Date of the First Instalment as a result of the claim arising from any cause of any Group Companies occurred before the Closing Date of the First Instalment but is not raised before the Closing Date of the First Instalment, provided that, (A) the Founder shall not be required to make any indemnification unless the aggregate amount of the Losses therefrom exceeds RMB 3 million, and (B) the maximum amount of such indemnification shall not exceed RMB 5 million;
- (iv) Whether or not attributable to the Transferors, the Business Disposal violates or fails to comply with the requirements of the applicable laws, or various taxes relating to the internal reorganization fail to be declared or paid in accordance with the applicable laws or liabilities to any third party arising from the internal reorganization; and
- (v) Any Transferor fails to declare or pay (including any fines and overdue fines arising therefrom) the taxes payable by them for the completion of the transaction contemplated hereby in accordance with applicable laws.

For further clarification, the aggregate liability of the Founding Vendors under this Agreement in connection with the matters set forth in this Section (a), (b) and (c) above shall not exceed RMB210 million, if the Losses caused by matters under this Section (i), (iii) and (iii) above are incurred after the latter of (A) the third anniversary after the Closing of the First Instalment and (B) the Closing of the Third Instalment, the Founding Vendors shall not be liable for indemnification with respect to matters under this Section (i), (iii) and (iii) above.

8. Effectiveness and Termination

- (1) This Agreement shall be formed and become effective upon and from the date of execution by the Parties.
- (2) This Agreement may be terminated by relevant Party prior to the Closing Date of the First Instalment as follows:
  - (i) If the Closing of the First Instalment fails to occur within 9 months from the date hereof (or a longer period as the Founder and the Investor may otherwise agree in writing, the “**First Instalment LSD**”), either the Founder and the Investor shall be entitled to terminate this Agreement (if the Closing of the First Instalment fails to occur due to the Investor’s failure to fulfill or perform the First Instalment Conditions or relevant obligations that the Investor shall be responsible for fulfilling or performing, the Investor shall have no right to terminate this Agreement; if the Closing of the First Instalment fails to occur due to the Transferors’ failure to fulfill or perform the First Instalment Conditions or relevant obligations that the Transferors shall be responsible for fulfilling or performing, the Founder shall have no right to terminate this Agreement.); for the avoidance of doubt, if the Founder intends to terminate this Agreement in accordance with this Section 8 (2)(i), the First Instalment LSD shall be further extended to twelve months after the date hereof (or a longer period as the Founder and the Investor may otherwise agree in writing) if the Report of Acquisition by Offer of this Transaction has been announced.
  - (ii) This Agreement may be terminated by the mutual written consent of the Founder and the Investor.

(3) Termination of Subsequent Transactions

After the Closing of the First Instalment, the Subsequent Transactions may be terminated by the relevant Party as follows:

- (i) If the Closing of the Second Instalment fails to occur prior to June 30, 2023 (the “**Second Instalment LSD**”), either the Founder and the Investor shall be entitled to terminate the Subsequent Transactions upon written notice to the other party (if the Closing of the Second Instalment fails to occur due to the Investor’s failure to fulfill or perform the Second Instalment Conditions or relevant obligations that the Investor shall be responsible for fulfilling or performing, the Investor shall have no right to terminate the Subsequent Transactions; if the Closing of the Second Instalment fails to occur due to the Transferors’ failure to fulfill or perform the Second Instalment Conditions or relevant obligations that the Transferors shall be responsible for fulfilling or performing, the Founder shall have no right to terminate the Subsequent Transactions); If the Closing of the Second Instalment fails to occur due to the extension of the lock-up period of the shares of the Target Company held by the Founder and Management Vendors resulting from the change in PRC law (such lock-up period exists only because the Founder or the Management Vendors are or were the directors, supervisors and senior management officers of the Target Company and/or the Listed Company), the Second Instalment LSD shall be further extended until two months after the expiration of such lock-up period.
- (ii) If the Closing of the Third Instalment fails to occur within four months from the Announcement Date, either the Founder and the Investor shall have the right to terminate the Third Instalment by giving a written notice to the other party (if the Closing of the Third Instalment Completion fails to occur due to the Investor’s failure to fulfill or perform the Third Instalment Conditions or relevant obligations that the Investor shall be responsible for fulfilling or performing, the Investor shall have no right to terminate the Third Instalment; if the Closing of the Third Instalment fails to occur due to the Transferors’ failure to fulfill or perform the Third Instalment Completion Conditions or relevant obligations that the Transferors shall be responsible for fulfilling or performing, the Founder shall have no right to terminate the Third Instalment);
- (iii) Any of the Subsequent Transactions may be terminated by the mutual written consent of the Founder and the Investor.

9. Confidentiality

Without prior written approval of the Investor, the Transferors and its affiliates shall not, in any way, use or mention “JD”, “京东”, “Jingdong”,

“京东物流”, “JD Logistics”, “”, “”, or other trademarks used by the Investor and its affiliates, as well as names, trade names, trademarks or identifiers similar to the above-mentioned names, trade names, trademarks or identifiers.

10. Taxes and Expenses

(1) Taxes

Unless otherwise agreed herein, the Parties shall bear its own taxes incurred by the performance and completion of the transactions described in this Agreement. If a Party withholds taxes for the other Party required to be withheld in accordance with law due to the Transaction, the Party being withheld shall pay such taxes.

(2) Fees and Expenses

- (i) The fees, costs and expenses incurred by the parties in going through formalities with governmental authorities as a whole in connection with the Transaction shall be borne by the relevant parties and fully paid on time in accordance with the relevant regulations.
- (ii) Except for Section 10(2)(i) hereof, each of the Parties shall bear its own costs and expenses incurred in connection with its due diligence, drafting, negotiation and execution of this Agreement and the other Transaction Documents and the completion of the transactions contemplated by the Transaction Documents, including, without limitation, costs and expenses incurred in engaging financial advisors, legal counsels and tax advisors. However, if the Closing of the First Instalment fails to be completed due to breach by the Transferors, the Transferors shall bear any costs and expenses incurred by the Transferee for completing the complete transaction, including, without limitation, the professional fees and other relevant costs incurred by Transferee and its advisors (including, without limitation, legal counsel, financial advisor and tax advisor) in conducting due diligence, drafting Transaction Documents and other documents and negotiations in connection with the Acquisition, provided that the total amount of such costs shall be no more than RMB 3 million.

12. Applicable Law and Dispute Resolution

The conclusion, validity, interpretation and performance of this Agreement, as well as any dispute arising hereunder shall all be governed by the laws of the People's Republic of China. In the event of any dispute, controversy, contradiction or claim arising out of or in connection with this Agreement, including the existence, validity, interpretation, performance, breach or termination hereof or any dispute regarding non-contractual obligations arising out of or in connection with this Agreement (the "**Dispute**"), the Parties concerned shall attempt in the first instance to resolve such Dispute through amicable negotiation. Should negotiation fails, either Party shall have the right to submit such Dispute to Shanghai Arbitration Commission (the "**Shanghai Arbitration Commission**") for arbitration in accordance with the arbitration rules in force at the time of applying for arbitration. The arbitration tribunal shall consist of 3 arbitrators appointed in accordance with arbitration rules. The claimant shall appoint 1 arbitrator, and the respondent shall appoint 1 arbitrator. The third arbitrator shall be appointed by the above two arbitrators through consultation or by Shanghai Arbitration Commission. The language of arbitration shall be Chinese. The arbitration shall take place in Shanghai. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and enforcement of the arbitration award (including witness fees and reasonable attorney fees) shall be borne by the losing party, unless otherwise agreed in the arbitration award. When a dispute occurs and such dispute has been submitted to arbitration, the Parties shall continue to exercise and perform its remaining rights and obligations under this Agreement except for the matters in dispute.

13. Miscellaneous Provisions

(1) Transfer

Without the prior written consent of the Transferee, any party shall never transfer any of its rights or obligations under this Agreement prior to the delivery, provided that, the Transferee may transfer any of its rights or obligations under any transaction document to Suqian Jingdong Yueguan Enterprise Management Co., Ltd. or any of its affiliates as approved by the Founder upon giving a 10-business-day prior written notice to the other Parties. The other Parties shall cooperate with such transfer, and each of the Transferors hereby agrees that the Founder shall not unreasonably withhold his consent to such transfer.

(2) Waiver

A waiver by any Party of any of its rights, powers or remedies under this Agreement shall only be effective with related written documents signed by such Party. Any party's failure to exercise or its delay in exercising any right, power or remedy under this Agreement shall never be deemed as a waiver, and any single or partial exercise of such right, power or remedy shall not prevent the further exercise of such right, power or remedy or the exercise of any other right, power or remedy.

(3) Entire Agreement

This Agreement constitutes the entire agreement between the parties on the matters described in this Agreement and supersedes all prior oral or written discussions, understandings or agreements among the Parties with respect to such matters (if any).

(4) Severability

If any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected or prejudiced in any respect. The Parties shall, through consultation in good faith, strive to replace those invalid, illegal or unenforceable provisions with valid, legal and enforceable ones, and the economic effect of such valid, legal and enforceable provisions shall be as similar as possible to that of those invalid, illegal or unenforceable provisions. The non-enforceability of this Agreement against one party shall not affect its enforceability against other Parties.

(5) Amendment

Any amendment to this Agreement may be effective only upon a written agreement signed by the Parties.

(6) Joint and Several Liability

The Founding Vendors shall bear joint and several liability for all of their respective representations, warranties, undertakings, obligations and liabilities under the main transaction documents. If a matter under this Agreement requires the Group Company to perform or assist in the performance prior to the Closing of the First Instalment each of the Founding Vendors agrees to jointly and severally cause the Group Companies to perform or assist in the performance of such the matter.

(7) Text

This Agreement is made in 5 counterparts with each Party holding 1 counterpart, and other counterparts shall be used for the filings and transfer procedures. Each agreement shall have equal legal effect. Execution counterparts include counterparts in paper, facsimile and electronic means, each of which shall be deemed an original, but all of which shall be deemed to be one and the same original document.

(8) Further Assurance

Upon reasonable request by any party, without further consideration, each other party shall execute and deliver such additional instruments and take such further legal actions as may be necessary or required to complete and effect the transactions envisaged in this Agreement in the most expeditious manner possible. Each party shall promptly consult with the other Parties and provide any necessary information and materials with respect to all documents submitted by such party to any government department in connection with this Agreement and the transactions envisaged in this Agreement. Specifically (but not limited to) each Party shall use its reasonable best efforts and cooperate with each other to obtain all consents required to implement the transactions envisaged in this Agreement.

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(9) Government Format Text

Where the Parties need to sign a simplified version of this Agreement for this transaction for government approval or similar purposes, this Agreement shall take precedence over the simplified version of this Agreement, and such the simplified version of this Agreement shall only be used for the above-mentioned government approval or similar purposes, but not to establish and prove the rights and obligations of the relevant parties on the matters stipulated in such this Agreement.

## Exhibit I

Founding Vendors	Target Shares and the corresponding proportion	First Instalment (without the Adjustment)		First Instalment (after the Adjustment)	
		First Instalment Target Shares and the corresponding proportion	First Instalment Consideration	First Instalment Target Shares and the corresponding proportion	First Instalment Consideration
Cui Weixing	40,992,553 shares, 43.6673%	4,587,420 shares, 4.8867%	RMB 438,684,190.58	10,248,138 shares, 10.9168%	RMB 980,005,345.82
Xue Xia	762,755 shares, 0.8125%	762,755 shares, 0.8125%	RMB 72,940,467.58	762,755 shares, 0.8125%	RMB 72,940,467.58
Total	41,755,308 shares, 44.4798%	5,350,175 shares, 5.6992%	RMB 511,624,658.16	11,010,893 shares, 11.7293%	RMB 1,052,945,813.40

On March 11, 2022, the Registrant, through a subsidiary, entered into a Management Vendors Agreement (this “**Agreement**”) in Chinese with Cui Weigang, Xu Enjun, Pang Qingxiu, Huang Huabo, Tang Xianbao, and Zhang Huanran. Set forth below is an English summary of this Agreement.

#### 1. Parties to the Management Vendors Agreement

This Management Vendors Agreement is made and entered into by and among the following Parties on March 11, 2022:

- (1) Suqian Jingdong Zhuofeng Enterprise Management Co., Ltd., a limited liability company incorporated under the laws of the PRC (“**Transferee**” or “**Investor**”);
- (2) Cui Weigang, a natural person of Chinese nationality;
- (3) Xu Enjun, a natural person of Chinese nationality;
- (4) Pang Qingxiu, a natural person of Chinese nationality;
- (5) Huang Huabo, a natural person of Chinese nationality;
- (6) Tang Xianbao, a natural person of Chinese nationality;
- (7) Zhang Huanran, a natural person of Chinese nationality.

The parties to this Agreement are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”. The persons listed in the items (2) to (7) above are referred to collectively as the “**Management Vendors**” and each a “**Management Vendor**”.

For the purpose of this Agreement,

- (i) “**Business Disposal Agreement**” means the Business Disposal Agreement entered into by and among the Founding Vendors, the Investor and the Target Company on the date hereof;
- (ii) “**Excluded Business**” means (x) all the indebtedness of the Target Company and the Excluded Entities, (y) all other assets held by the Target Company other than the shares of the Listed Company and the Listed Group, and (z) the Excluded Entities;
- (iii) “**Excluded Entities**” means the entities that the Founder and the Investor agreed to exclude from the consolidated financial statements of the Target Company, namely Guangzhou Xingguang Small Loan Company Limited, Tianjin Deji Logistics Management Co., Ltd., Chengdu Deji Supply Chain Management Co., Ltd., Ningbo Dezhou Property Management Co., Ltd., Ningbo Desui Property Management Co., Ltd., Chongqing Deji Warehousing Service Co., Ltd., Ningbo Desong Property Management Co., Ltd., Dalian Debon Logistics Management Co., Ltd., Ningbo Dewei Real Estate Management Co., Ltd., and Dexin Commercial Factoring (Shenzhen) Co., Ltd.;

- (iv) **"Founder"** means Cui Weixing, a natural person of Chinese nationality;
- (v) **"Founding Vendors"** means Cui Weixing and Xue Xia;
- (vi) **"Founding Vendors Agreement"** means a Founding Vendors Agreement in Chinese entered into by and among the Founding Vendors and the Investor on the date hereof;
- (vii) **"Founding Vendors Transaction"** means the transaction under the Founding Vendors Agreement;
- (viii) **"Founding Target Shares"** means the target shares under the Founding Vendors Agreement.

2. The MVA Transaction

- (1) Subject to the terms and conditions set forth in this Agreement, the Management Vendors wish to transfer to the Investor, and the Investor wishes to assign from the Management Vendors 5,811,902 shares of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited (the **"Target Company"**, collectively with its subsidiaries, which includes the Listed Group (as defined below) but excludes the Excluded Entities, the **"Group Companies"**) (representing approximately 6.1913% equity interest in the Target Company) (the **"Management Target Shares"**, and such transaction hereafter referred to as the **"MVA Transaction"**) held by the Management Vendors. For the Management Target Shares and subject to the terms and conditions of this Agreement, the total consideration of RMB 555,778,525.75 shall be transferred by the Investor to the Management Vendors.

For the avoidance of doubt, the transfers of the Management Target Shares under this Agreement do not include the rights relating to the Excluded Business, of which shall remain with the Founder and/or his designated party. The Founder shall be responsible for the costs, expenses and liabilities relating to the Excluded Business.

The MVA Transaction shall be carried out in the following manner:

(i) The MVA First Instalment

Subject to the terms and conditions of this Agreement (including but not limited to the fulfilment or waiver of the MVA First Instalment Conditions (as defined below)), the Management Vendors shall transfer to the Investor 1,452,974 shares of the Target Company (representing approximately 1.5477% equity interest in the Target Company immediately prior to the Closing of the MVA First Instalment) (the “**MVA First Instalment Target Shares**”, and such transaction, the “**MVA First Instalment**”).

For the MVA First Instalment Target Shares and subject to the terms and conditions of this Agreement, RMB 138,944,488.00 shall be transferred by the Investor to the Management Vendors (the “**MVA First Instalment Consideration**”). Subject to the fulfilment or waiver of the MVA First Instalment Conditions, at the Closing of the MVA First Instalment, the Investor shall pay the MVA First Instalment Consideration to the Management Vendors after the deduction of income tax the Investor withheld for each of them.

The details of the MVA First Instalment Target Shares and the MVA First Instalment Consideration of each Management Vendor are shown in Exhibit I to this Agreement.

(ii) The MVA Second Instalment

Subject to the terms and conditions of this Agreement (including but not limited to the fulfilment or waiver of the MVA Second Instalment Conditions (as defined below)), the Management Vendors shall transfer to the Investor 4,358,928 shares of the Target Company (representing approximately 4.6434% equity interest in the Target Company immediately after the Closing of the MVA First Instalment) (the “**MVA Second Instalment Target Shares**”, and such transaction, the “**MVA Second Instalment**” or the “**MVA Subsequent Transaction**”).

For the MVA Second Instalment Target Shares and subject to the terms and conditions of this Agreement, RMB 416,834,037.75 shall be transferred by the Investor to the Management Vendors (the “**MVA Second Instalment Consideration**”). Subject to the fulfilment or waiver of the MVA Second Instalment Conditions, at the Closing of the MVA Second Instalment, the Investor shall pay the MVA Second Instalment Consideration to the Management Vendors after the deduction of income tax the Investor withheld for each of them.

The details of the MVA Second Instalment Target Shares and the MVA Second Instalment Consideration of each Management Vendor are shown in Exhibit I to this Agreement.

- (2) Each party hereby acknowledges and agrees that any profits, gains, bonuses, dividends generated by the Management Target Shares between December 31, 2021 and the Closing Date (as defined below), as well as any profits, gains, bonuses, dividends accrued or declared but unpaid at the date of this Agreement, have been taken into account in the consideration for the Management Target Shares. Such profits, gains, bonuses, and dividends shall be jointly enjoyed by all shareholders of the Target Company upon the completion of the Acquisition (as defined below) (unless otherwise agreed in the Business Disposal Agreement). Thereby, the Management Vendors shall not claim any payment or distribution in respect of any profits, gains, bonuses, or dividends from the Target Company.

3. Conditions Precedent to the Closing of the MVA Transaction

(1) Conditions Precedent to Closing of all instalments

For each instalment of the MVA Transaction, only when the following conditions and the additional conditions specified for each instalment listed below (collectively the “**MVA Conditions Precedent**”; the conditions hereunder together with the additional conditions under the MVA First Instalment hereinafter referred to as the “**MVA First Instalment Conditions**”; the conditions hereunder together with the additional conditions under the MVA Second Instalment hereinafter referred to as the “**MVA Second Instalment Conditions**”) have been duly fulfilled or waived, the Investor is obliged to pay the consideration for the shares at the Closing of such instalment:

- (i) on the Closing Date of each instalment, the transaction documents have been duly signed by relevant parties under each agreement and shall remain fully effective, and the representations and warranties made by the Founding Vendors and the Management Vendors remain true, accurate, not misleading, and containing no omission of any material facts. The Founding Vendors and the Management Vendors have fulfilled their respective obligations under the transaction documents;
- (ii) the instalment (including any transactions under that instalment in accordance with this Agreement and the Founding Vendors Agreement, and any transaction contemplated at that instalment under the Acquisition) and relevant transaction documents have been approved by the relevant authorities (if any); there have been no proceedings, arbitration, other disputes or judicial seizure on the target shares of that instalment; there have been no law, regulations or any actions from the relevant authorities which restrict, prohibit or cancel the transfer of the shares of the Target Company under that instalment; such instalment and the relevant transaction documents are in compliance with applicable listing rules of the Stock Exchange of Hong Kong Limited (except those which waiver had been applied for);

- (iii) the Founding Vendors, the Management Vendors and other 153 minority shareholders of the Target Company (collectively “**Minority Vendors**”) have obtained all the necessary internal approvals (if any) in relation to the transactions under that instalment and there have been no selling restrictions in relation to the Management Target Shares, the Founding Target Shares and shares to be transferred to the Investor under the Acquisition of such instalment or such restrictions have been duly waived;
  - (iv) the Target Company has completed the relevant registrations and procedures relating to the transfers of the Management Target Shares and the Founding Target Shares of that instalment with Guangzhou Equity Exchange, such that the Founding Vendors, the Management Vendors, together with the Minority Vendors shall have transferred an aggregate of more than 51% equity interest in the Target Company and such transfers have been reflected in the register of shareholders of the Target Company, and each of the shareholders of the Target Company (except the Founder) has entrusted the voting rights attached to their shares and/or transferred the relevant shares to the Investor so that the Investor shall control more than 51% of the voting rights in the Target Company (any and all transfers of shares and/or the entrustment of voting rights attached to shares, for the purpose of acquiring such control, hereinafter referred to as the “**Acquisition**”);
  - (v) each of the Founding Vendors and the Management Vendors under that instalment has provided all of his/her documents on income tax in relation to the transfer of shares to the Investor at such instalment; and
  - (vi) the Management Vendors have provided to the Investor a written confirmation stating that the respective condition precedent had been fulfilled.
- (2) Additional Conditions Precedent under the MVA First Instalment
- (i) The Founder and/or his designated third party, and the Group Companies have completed the relevant procedures and conditions for the Business Disposal (as defined below) in relation to the first instalment of Founding Vendors Transaction in accordance with the Business Disposal Agreement (the steps, processes and transactions described under the Business Disposal Agreement collectively hereinafter referred to as the “**Business Disposal**”) and the Founding Vendors Agreement;

- (ii) The Target Company has obtained approvals from its shareholders and board of directors in relation to (1) the first amendment to the articles of association of the Target Company (the “**First Amendment to Articles of Association**”) that is satisfactory to the Investor; (2) the cancellation of the share management agreement of the Target Company, (3) the Business Disposal and the Business Disposal Agreement, and (4) the resignation of the Management Vendors from their positions as director, supervisor or senior management and the appointment of new directors, supervisors and senior management (the “**First Adjustment of Management**”);
- (iii) The Target Company has registered with the relevant authorities for (1) the First Adjustment of Management, (2) the First Amendment to Articles of Association, and (3) the reduction in the registered capital of the Target Company from RMB94,224,991 to RMB93,874,768 (the “**Reduction**”);
- (iv) The Target Company has fully paid the relevant parties in relation to the Reduction and has withheld and paid the relevant parties the relevant taxes relating to the Reduction (including but not limited to income tax and stamp duty);
- (v) The Target Company has obtained approvals from its shareholders and board of directors in relation to (1) the second amendment to the articles of association of the Target Company (the “**Second Amendment to Articles of Association**”) that is satisfactory to the Investor, and (2) the change to each of the board of directors and supervisors of each of the members of the Group Companies (except the Listed Group) and the appointment of persons nominated by the Investor as the legal representative and general manager of each of the members of the Group Companies (except the Listed Group) (the “**Second Adjustment of Management**”);
- (vi) The Group Companies have given notice to or obtained the necessary approvals and/or consents from the relevant third parties regarding the Acquisition, and the change of the actual controller of the Listed Company shall not result in the qualification for the operation of the Listed Company being terminated or not renewed;
- (vii) The Listed Company has updated the commercial franchising registration with the relevant authorities in relation to its registered address, distribution of the franchisees’ stores and other information required by law;
- (viii) The Acquisition has been approved by the relevant PRC authorities in relation to antitrust review and has obtained the consent or recognition of relevant authorities;

- (ix) The Investor has obtained all necessary internal approvals (including but not limited to the shareholders' approval and board of directors' approval) for the Acquisition;
  - (x) The Investor has completed business, legal, financial, human resources, and tax due diligence of the Group Companies; and
  - (xi) The conditions precedent to the closing of the first instalment under the Founding Vendors Agreement have been fulfilled.
- (3) Additional Conditions Precedent under the MVA Second Instalment
- (i) The first instalment under the Founding Vendors Agreement and the MVA First Instalment have been closed;
  - (ii) The Voluntary Lock-up (as defined in the Founding Vendors Agreement) has been expired or waived, and except for the Founder, who should serve as the director of Deppon Logistics Co., Ltd. (the "**Listed Company**", together with its subsidiaries, the "**Listed Group**"), each of the Management Vendors has resigned from his/her position as director, supervisor, or senior management of the Target Company and the Listed Company for no less than six months and there have been no selling restrictions in relation to the Management Target Shares held by each of them; and
  - (iii) Second Instalment Target Shares Pledge Release (as defined in the Founding Vendors Agreement) and MVA Subsequent Trading Shares Pledge Release (as defined below) have been completed.

4. The Closing of the MVA Transaction

The closing of each instalment (the "**Closing**") shall occur within 10 business days after the duly fulfillment or waiver of the respective conditions precedent (unless the condition by nature should be satisfied on the closing date), or any other date otherwise agreed by the Investor and the Management Vendors (the "**Closing Date**").

5. Representations and Warranties

Each of the Management Vendors and the Investor have made customary representations and warranties and confirmed that the representations and warranties they make are true, accurate, not misleading and containing no omission of any material facts on the date of signing of this Agreement, the Closing of the MVA First Instalment and the Closing of the MVA Second Instalment, the other parties can rely on the representations and warranties they make.

6. Undertakings

(1) Transitional Loans

- (i) To satisfy the financial requirements of the Management Vendors' capital needs, the Investor agrees to provide an aggregate amount of RMB 334,562,195.98 to the Management Vendors (the "**Management Vendors Transitional Loans**"), within 10 business days upon the satisfaction of the conditions, including (i) the first instalment of Founding Vendors Transaction and the MVA First Instalment shall have been closed, (ii) the Resignations (as defined in the Founding Vendors Agreement) and relevant registration or filing procedures in relation to the Second Amendment to Articles of Association and the Second Adjustment of Management with relevant local branch of State Administration for Market Regulation of the PRC (the "**SAMR**") shall have been completed, (iii) each of the Management Vendors having entered into the Entrustment Agreement (as defined below) and the Entrustments (as defined below) having taken effect, and (iv) relevant parties shall have entered into the Share Pledge Agreements (as defined in the Founding Vendors Agreement) and each of the Subsequent Trading Shares Pledge (as defined in the Founding Vendors Agreement) and the MVA Subsequent Trading Shares Pledge (as defined below) shall have been completed. The Parties hereby agree that each of the Management Vendors shall enter into an agreed formed transitional loan agreement with the Investor and the Founder on the date hereof.
- (ii) The Parties hereby agree that, notwithstanding other provisions in this Agreement, on or prior to the Closing of the MVA Second Instalment, the Investor shall be entitled to, by written notice in the agreed form (the "**Offset Notice**") to each of the Management Vendors, request to offset the outstanding amount of the Management Vendors Transitional Loans in relation to such Management Vendor, against the same amount of the MVA Second Instalment Consideration to be paid by the Investor to such Management Vendor (the "**Offset Amount**"). After the Offset Notice is issued, and from the Closing of the MVA Second Instalment, the amount of the Management Vendors Transitional Loans in relation to such Management Vendor, is deemed to have been repaid by such Management Vendor to the Investor, and the Investor is also deemed to have fully paid the amount of the MVA Second Instalment Consideration equal to the Offset Amount to such Management Vendor. The Investor only needs to pay the amount of the after-tax MVA Second Instalment Consideration in relation to such Management Vendor deducting the Offset Amount, to such Management Vendor on the Closing of the MVA Second Instalment. For the avoidance of doubt, if the amount of the after-tax MVA Second Instalment Consideration in relation to such Management Vendor, is lower than the Offset Amount, such Management Vendor shall repay the amount of the Offset Amount deducting the after-tax MVA Second Instalment Consideration in relation to such Management Vendor to the Investor on or before the Closing of the MVA Second Instalment.

(2) Entrustments

To ensure that the MVA Subsequent Transaction can be carried out smoothly, the Management Vendors hereby irrevocably agree to entrust all of his/her voting rights of the MVA Second Instalment Target Shares to the Investor (the “**Entrustments**”). The Parties hereby agree that each of the Management Vendors shall enter into an agreed formed entrustment agreement (the “**Entrustment Agreement**”) with the Investor and the Founder on the date hereof.

(3) Share Pledges

To ensure that the Management Vendors will fulfil respective responsibilities and obligations under the relevant transaction documents (including the MVA Subsequent Transaction and repayment of the Management Vendors Transitional Loans), the Management Vendors hereby irrevocably agree to pledge the MVA Subsequent Trading Shares to the Investor.

The Parties hereby agree that:

- (i) Each of the Management Vendors shall enter into a share pledge agreement in agreed form with the Investor on the date hereof.
- (ii) Within 15 business days after the Closing of the MVA First Instalment, the Management Vendors shall complete all relevant registration procedures in relation to pledge of all MVA Subsequent Trading Shares, with the Target Company’s local branch of the SAMR (the “**MVA Subsequent Trading Shares Pledge**”).

- (iii) Each of the Management Vendors shall release the pledge and complete relevant registration procedures in relation to the MVA Subsequent Trading Shares held by such Management Vendor, with the Investor (the “**MVA Subsequent Trading Shares Pledge Release**”), within 10 business days upon the satisfaction of the conditions, including (i) such Management Vendor having resigned from his/her position as the director, supervisors and/or senior management of the Target Company and/or the Listed Company for 6 months, and (ii) the MVA Subsequent Trading Shares held by such Management Vendor having become unrestricted. Within 10 business days after the completion of MVA Subsequent Trading Shares Pledge Release, such Management Vendor shall complete the relevant registrations and procedures relating to the transfer of relevant MVA Subsequent Trading Shares held by such Management Vendor to the Investor with Guangzhou Equity Exchange, and obtain a register of members issued by Guangzhou Equity Exchange to prove that the Investor has become the sole legal holder of such MVA Subsequent Trading Shares.
- (4) Notice of Event of Default
- (i) The Management Vendors shall timely, accurately and completely notify and disclose to the Investor any event, circumstance, fact and situation that are occurred before the Closing of the MVA First Instalment that may cause the Management Vendors to breach any of the representations, warranties, undertakings and other obligations of the Management Vendors herein under the relevant transaction documents, or its effect may cause the representations, warranties, undertakings and other obligations of the Management Vendors under the relevant transaction documents herein to be untrue or incorrect in any respect.
  - (ii) The Management Vendors shall timely, accurately and completely notify and disclose to the Investor any event, circumstance, fact and situation that are occurred before the Closing of the MVA Second Instalment that may cause the Management Vendors to breach any of the representations, warranties, undertakings and obligations of the Management Vendors herein under the relevant transaction documents, or its effect may cause the representations, warranties, undertakings and other obligations of the Management Vendors under the relevant transaction documents herein to be untrue or incorrect in any respect.

(5) Exclusivity

From the date of this Agreement to the Closing the MVA Second Instalment or the date on which this Agreement is terminated pursuant to the Section 8 (2), without the prior consent of the Investor, the Management Vendors shall not directly or indirectly (or through any third party), and shall ensure that their respective affiliate and the Group Companies (including the Listed Company) as of the first instalment of Founding Vendors Transaction shall not directly or indirectly (or through any third party), (i) solicit, initiate, consider, encourage or accept any proposal or offer made by any person or any entity in respect of the following matters (i.e. matters referred to in (A), (B) and (C), collectively referred to as “**Conflicting Transaction**”): (A) acquire or purchase all or part of the equity of the Group Companies (including the Listed Company) from the Management Vendors, (B) enter into any merger, consolidation or other business combination with the Group Companies (including the Listed Company), or acquire or purchase the material assets of the Group Companies (including the Listed Company), or propose any tender offer to the Group Companies (including the Listed Company), (C) enter into capital restructuring, structural restructuring, business restructuring or any other transaction that conflicts with the transactions contemplated under the Acquisition, with the Group Companies (including the Listed Company), or (ii) participate in any discussion, conversation, negotiation or other communication with respect to the Conflicting Transaction, or provide any information related to the above matters to any third party, or allow any third party to proceed due diligence with respect to the Group Companies (including the Listed Company) for the Conflicting Transaction, or cooperate, assist, participate in or encourage any efforts or attempts of any third party to conduct the Conflicting Transaction in any other way, or enter into any agreement or arrangement with any third party for the Conflicting Transaction. The Management Vendors shall immediately cease it (and shall cause their affiliate and the Group Companies (including the Listed Company) to cease it immediately) and shall cause the termination of all discussions, conversations, negotiations or other communications and provision or sharing of information in relation to any Conflicting Transaction initiated prior to the execution of this Agreement. The Management Vendors shall promptly notify the Investor of any proposal, offer, inquiry or other contacts made by any entity with respect to the Conflicting Transactions.

(6) Tax Filing

Each of the Management Vendors shall duly and timely pay all applicable income tax and other taxes payable in respect of all consideration in relation to the MVA Transaction pursuant to applicable laws and the requirements from the relevant tax authorities (the “**Payable Taxes**”). The Investor shall be entitled to withhold all or part of the Payable Taxes for any Management Vendor (the “**Tax Withholding**”), and the Management Vendors shall take all necessary actions and sign all necessary documents. If the Investor performs the obligation of such Tax Withholding, the Investor shall be entitled to pay the amount of relevant consideration deducting the amount of the Payable Taxes to be withheld. The Parties agree that, notwithstanding any other provisions in the transaction documents to the contrary, if the Tax Withholding is unable to proceed for any reason not attributable to the Investor, regardless of whether closing conditions for payment of relevant consideration have been satisfied at that time, the Investor shall be entitled to not make any payment (including but not limited to any consideration in relation to the share transfer transaction contemplated by this Agreement) to such Management Vendor. If any Management Vendor has provided the certificate proving that such Management Vendor has duly and timely paid all Payable Taxes, the Investor shall make relevant payment to such Management Vendor within 10 business days upon the satisfaction of the relevant MVA Conditions Precedent pursuant to this Agreement.

If any Management Vendor requests to pay the Payable Taxes by himself or herself, the Investor agrees to negotiate with such Management Vendor about the specific arrangements with respect to the amount of Payable Taxes and payment of relevant consideration in relation to the share transfer transaction contemplated by this Agreement. For example, the Parties may agree otherwise, and the Investor may only pay such Management Vendor the amount of the Payable Taxes on certain installment (the “**Payable Taxes on Certain Installment**”). Within 10 business days after such Management Vendor has provided the certificate reasonably satisfactory to the Investor issued by the competent tax authority proving that such Management Vendor has duly and timely paid all Payable Taxes on Certain Installment and the related explanations or materials for exempting the Investor from obligation of the Tax Withholding, the Investor shall pay to the such Management Vendor the amount of the price to be paid pursuant to Section 2 deducting the amount of the Payable Taxes on Certain Installment.

(7) Confidentiality

Each of the Management Vendors hereby acknowledges and undertakes that, he/she will, and he/she will cause his/her affiliate to, keep in strict confidence the confidential information obtained concerning the Group Companies, and will not disclose any confidential information or allow any confidential information to be disclosed to any third party, and not disclose, copy or otherwise use any confidential information for any other purpose.

(8) Restriction on Transfers

After the Closing of the MVA First Instalment, none of the Management Vendors shall directly or indirectly sell, assign, transfer, pledge, hypothecate, grant an option or constitute an offer to sell, encumber, or otherwise dispose of in de facto or economically effective way, any MVA Subsequent Trading Share directly or indirectly owned or held by such Management Vendor, without the prior written consent of the Investor or otherwise agreed in the transaction documents.

(9) MVA Subsequent Transaction

Each of the Parties shall take or cause to be taken all necessary action, to execute all necessary instruments (including but not limited to the articles of association applicable to the MVA Subsequent Transaction and any simplified version of the share transfer agreement for the MVA Subsequent Transaction for government approval or similar purposes), to cause the MVA Subsequent Transaction to be consummated.

(10) Excluded Rights and Excluded Dividend

Notwithstanding other provisions in this Agreement, all Parties hereby acknowledge and agree that, from the date hereof to the Closing of the MVA Transaction, in the event of any equity distribution, conversion of capital reserve into share capital, allotment of shares and issuance of bonus shares of the Target Company and other events that require conducting of ex-right and ex-dividend, then and in such event, the number of the Management Target Shares and/or the unit price per share shall be adjusted concurrently. The mathematical formula for determining such adjustment is as follows:

Equity distribution:  $P1 = P0 - D$

Issuance of bonus shares or conversion of capital reserve into share capital:  $P1 = P0 \div (1 + N)$

Allotment of shares:  $P1 = (P0 + (A \times K)) \div (1+K)$

Above adjustments to be proceeded concurrently:  $P1 = (P0 - D + (A \times K)) \div (1+K+N)$

WHERE:

P0 = the benchmark price per share before the adjustment

N = the number of bonus shares or increased capital stocks per share

K = the number of allotment shares per share

A = the allotment price

D = the equity distribution per share

P1 = the benchmark price per share after the adjustment

The value after the adjustment shall be rounded to two decimals. The round method provides normal rounding functionality, rounding a number up or down based on any existing decimals.

7. Liabilities for Breach of Contract and Compensation Commitment

- (1) The occurrence of any of the following constitutes an event of default under this Agreement (“**Event of Default**”): (x) a representation made by either Party under this Agreement proves to be untrue, inaccurate, incomplete or misleading, (y) a breach by either Party of its undertakings and warranties, or (z) any Party fails to perform its obligations under this Agreement (including the appendices hereto) as agreed herein.
- (2) If either Management Vendor occurs an Event of Default, the Management Vendors shall compensate and hold harmless the Investor, in such case, the Management Vendors shall compensate the Investor for any actual loss, damage, liability, cost or expense as a result of such Event of Default, including without limitation reasonable litigation/arbitration fees and attorney fees (collectively the “**Losses**”). For the avoidance of doubt, the Management Vendors shall indemnify the Investor for Losses (based on all the Management Target Shares acquired thereby through the Acquisition) as a result of any breach by the Management Vendors of the representations and warranties made by the Management Vendors.
- (3) If the Investor commits an Event of Default, which causes Losses to any Management Vendor, the Investor shall indemnify such Management Vendor for any Losses incurred as a result of such Event of Default.

8. Effectiveness and Termination

(1) This Agreement shall be formed upon the date of execution by the Parties become effective from the effective date of the Founding Vendors Agreement.

(2) This Agreement may be terminated by the relevant Party prior to the MVA First Instalment as follows:

- (i) The Investor shall be entitled to terminate this Agreement upon termination of the Founding Vendors Agreement;
- (ii) This Agreement may be terminated by the mutual written consent of the Parties.

(3) Termination of the MVA Subsequent Transaction

After the Closing of the MVA First Instalment, the MVA Subsequent Transaction may be terminated by the relevant Party as follows:

- (i) If the Closing of the MVA Second Instalment fails to occur prior to June 30, 2023 (the “**MVA Second Instalment LSD**”), the Investor shall be entitled to terminate the MVA Subsequent Transaction upon written notice to the other party; If the Closing of the MVA Second Instalment fails to occur due to the extension of the lock-up period of the shares of the Target Company held by the Founder and the Management Vendors resulting from the change in PRC law (such lock-up period exists only because the Management Vendors are or were the directors, supervisors and senior management officers of the Target Company and/or the Listed Company), the MVA Second Instalment LSD shall be further extended until two months after the expiration of such lock-up period.
- (ii) the MVA Subsequent Transaction may be terminated by the mutual written consent of all Parties.

9. Taxes and Expenses

(1) Taxes

Unless otherwise agreed herein, the Parties shall bear its own taxes incurred by the performance and completion of the transactions described in this Agreement. If a Party withholds taxes for the other Party required to be withheld in accordance with law due to the MVA Transaction, the Party being withheld shall pay such taxes.

(2) Fees and Expenses

- (i) The fees, costs and expenses incurred by the parties in going through formalities with governmental authorities as a whole in connection with the transaction shall be borne by the relevant parties and fully paid on time in accordance with the relevant regulations.
- (ii) Except for Article 9(2)(a) hereof, each of the Parties shall bear its own costs and expenses incurred in connection with its due diligence, drafting, negotiation and execution of this Agreement and the other transaction documents and the completion of the transactions contemplated by the transaction documents, including, without limitation, costs and expenses incurred in engaging financial advisors, legal counsels and tax advisors.

10. Applicable Law and Dispute Resolution

The conclusion, validity, interpretation and performance of this Agreement, as well as any dispute arising hereunder shall all be governed by the laws of the People's Republic of China. In the event of any dispute, controversy, contradiction or claim arising out of or in connection with this Agreement, including the existence, validity, interpretation, performance, breach or termination hereof or any dispute regarding non-contractual obligations arising out of or in connection with this Agreement (the "**Dispute**"), the Parties concerned shall attempt in the first instance to resolve such Dispute through amicable negotiation. Should negotiation fails, either Party (the Management Vendors as one Party and the Transferee as the other Party) shall have the right to submit such Dispute to Shanghai Arbitration Commission (the "**Shanghai Arbitration Commission**") for arbitration in accordance with the arbitration rules in force at the time of applying for arbitration. The arbitration tribunal shall consist of three (3) arbitrators appointed in accordance with arbitration rules. The claimant shall appoint one (1) arbitrator, and the respondent shall appoint one (1) arbitrator. The third arbitrator shall be appointed by the above two arbitrators through consultation or by Shanghai Arbitration Commission. The language of arbitration shall be Chinese. The arbitration shall take place in Shanghai. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and enforcement of the arbitration award (including witness fees and reasonable attorney fees) shall be borne by the losing party, unless otherwise agreed in the arbitration award. When a dispute occurs and such dispute has been submitted to arbitration, the Parties shall continue to exercise and perform its remaining rights and obligations under this Agreement except for the matters in dispute.

11. Miscellaneous Provisions

(1) Transfer

Without the prior written consent of the Transferee, any party shall never transfer any of its rights or obligations under this Agreement prior to the delivery, provided that, the Transferee may transfer any of its rights or obligations hereunder to Suqian Jingdong Yueguan Enterprise Management Co., Ltd. or any of its affiliates as approved by the Founder upon giving a 10-business-day prior written notice to the other Parties. The other Parties shall cooperate with such transfer.

(2) Waiver

A waiver by any Party of any of its rights, powers or remedies under this Agreement shall only be effective with related written documents signed by such Party. Any party's failure to exercise or its delay in exercising any right, power or remedy under this Agreement shall never be deemed as a waiver, and any single or partial exercise of such right, power or remedy shall not prevent the further exercise of such right, power or remedy or the exercise of any other right, power or remedy.

(3) Entire Agreement

This Agreement constitutes the entire agreement between the parties on the matters described in this Agreement and supersedes all prior oral or written discussions, understandings or agreements among the Parties with respect to such matters (if any).

(4) Severability

If any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected or prejudiced in any respect. The Parties shall, through consultation in good faith, strive to replace those invalid, illegal or unenforceable provisions with valid, legal and enforceable ones, and the economic effect of such valid, legal and enforceable provisions shall be as similar as possible to that of those invalid, illegal or unenforceable provisions. The non-enforceability of this Agreement against one party shall not affect its enforceability against other Parties.

(5) Amendment

Any amendment to this Agreement may be effective only upon a written agreement signed by the Parties.

(6) Non-joint and Several liability

The obligations of each Management Vendor under this Agreement are several and not joint.

(7) Text

This Agreement is made in 10 counterparts with each Party holding 1 counterpart, and other counterparts shall be used for the filings and transfer procedures. Each agreement shall have equal legal effect. Execution counterparts include counterparts in paper, facsimile and electronic means, each of which shall be deemed an original, but all of which shall be deemed to be one and the same original document.

(8) Further Assurance

Upon reasonable request by any Party, without further consideration, each other Party shall execute and deliver such additional instruments and take such further legal actions as may be necessary or required to complete and effect the transactions envisaged in this Agreement in the most expeditious manner possible. Each Party shall promptly consult with the other Parties and provide any necessary information and materials with respect to all documents submitted by such Party to any government department in connection with this Agreement and the transactions envisaged in this Agreement. Specifically (but not limited to) each Party shall use its reasonable best efforts and cooperate with each other Party to obtain all consents required to implement the transactions envisaged in this Agreement.

(9) Government Format Text

Where the Parties need to sign a simplified version of this Agreement for the MVA Transaction for government approval or similar purposes, this Agreement shall take precedence over the simplified version of this Agreement, and such the simplified version of this Agreement shall only be used for the above-mentioned government approval or similar purposes, but not to establish and prove the rights and obligations of the relevant parties on the matters stipulated in such this Agreement.

Exhibit I

Management Vendors	Management Target Shares and the corresponding proportion	MVA First Instalment		MVA Second Instalment		Management Vendors Transitional Loans
		MVA First Instalment Target Shares and the corresponding proportion	MVA First Instalment Consideration	MVA Second Instalment Target Shares and the corresponding proportion	MVA Second Instalment Consideration	
Cui	4,112,990	1,028,247 shares,	RMB	3,084,743 shares,	RMB	RMB
Weigang	shares,4.3814%	1.0953%	98,328,843.43	3.2860%	294,986,721.54	236,719,316.70
Xu Enjun	997,023	249,255 shares,	RMB	747,768 shares,	RMB	RMB
	shares,1.0621%	0.2655%	23,835,669.71	0.7966%	71,507,296.00	57,326,787.48
Pang	349,932	87,483 shares,	RMB	262,449 shares,	RMB	RMB
Qingxiu	shares,0.3728%	0.0932%	8,365,793.64	0.2796%	25,097,380.91	20,120,355.58
Huang	250,893	62,723 shares,	RMB	188,170 shares,	RMB	RMB
Huabo	shares,0.2673%	0.0668%	5,998,053.04	0.2004%	17,994,254.75	14,584,768.33
Tang	61,560	15,390 shares,	RMB	46,170 shares,	RMB	RMB
Xianbao	shares,0.0656%	0.0164%	1,471,709.52	0.0492%	4,415,128.56	3,539,570.80
Zhang	39,504	9,876 shares,	RMB	29,628 shares,	RMB	RMB
Huanran	shares,0.0421%	0.0105%	944,418.66	0.0316%	2,833,255.99	2,271,397.09
Total	5,811,902	1,452,974 shares,	RMB	4,358,928 shares,	RMB	RMB
	shares,6.1913%	1.5477%	138,944,488.00	4.6434%	416,834,037.75	334,562,195.98

On March 11, 2022, the Registrant, through a subsidiary, entered into a separate Minority Vendor Agreement (this “**Agreement**”) in Chinese with each of the 153 minority shareholders of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited (the “**Target Company**”; the minority shareholders of the Target Company collectively hereinafter referred to as the “**Minority Vendors**” and each a “**Minority Vendor**”). Except for the personal information of each Minority Vendors, the number and the corresponding considerations of the target shares, the main context of the Minority Vendor Agreement executed by each of them is consistent. Set forth below is an English summary of the template of this Agreement.

#### 1. Parties to the Minority Vendor Agreement

This Minority Vendor Agreement is made and entered into by and between a Minority Vendor and Suqian Jingdong Zhuofeng Enterprise Management Co., Ltd., a limited liability company incorporated under the laws of the PRC (the “**Transferee**” or the “**Investor**”) on March 11, 2022.

The parties to this Agreement are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

For the purpose of this Agreement,

- (i) “**First Instalment**” means the first instalment under the Founding Vendors Agreement;
  - (ii) “**First Instalment Conditions**” means all the conditions precedent to the closing relevant to the First Instalment under the Founding Vendors Agreement;
  - (iii) “**Founder**” means Cui Weixing, a natural person of Chinese nationality;
  - (iv) “**Founding Vendors**” means Cui Weixing and Xue Xia;
  - (v) “**Founding Vendors Agreement**” means a Founding Vendors Agreement in Chinese entered into by and among the Founding Vendors and the Investor on the date hereof.
2. The Minority Vendor agrees to transfer \_\_\_\_\_ shares of the Target Company (the “**Minority Vendor Target Shares**”, and such transaction hereinafter referred to as the “**Minority Vendor Transaction**”) at the price of RMB \_\_\_\_\_ (the “**Consideration**”).
  3. The Minority Vendor has made customary representations and warranties and has confirmed that the representations and warranties true, accurate, not misleading and containing no omission of any material facts on the date of this Agreement and on the Closing Date (as defined below) of the Minority Vendor Transaction, and the Investor can rely on the representations and warranties the Minority Vendor made.

4. The Minority Vendor Target Shares shall be deemed to have transferred to the Transferee on the Closing Date. Thereby, the Transferee shall, from the Closing Date, enjoy all the rights and interests as the shareholder of the Target Company and assume the corresponding obligations. For the avoidance of doubt, after the execution of this Agreement, the Minority Vendor shall not claim any payment or distribution in respect of the undistributed profits from the Target Company. The Minority Vendor confirms that it has no claim of any kind to the Target Company (or the subsidiaries the Target Company controls) and there is no dispute between the Minority Vendor and the Target Company (or the subsidiaries the Target Company controls). The Minority Vendor hereby consents to the Acquisition (as defined in the Founding Vendors Agreement) and waives its right of first refusal, veto right or other similar rights (if any), to any transfer of shares by any other shareholders of the Target Company to the Transferee.
5. The Minority Vendor shall complete the relevant registrations and procedures relating to the Minority Vendor Transaction at Guangzhou Equity Exchange within 10 business days (or any later date required by the Transferee) after the Minority Vendor Transaction and the transactions contemplated by the Founding Vendors Agreement have been approved by the relevant PRC authorities in relation to antitrust review. The Transferee shall provide reasonable and necessary cooperation to the registrations and procedures in relation to the transfer of the Minority Vendor Target Shares.
6. The Transferee shall pay the Consideration to the bank account designated by the Minority Vendor after deducting the Tax Payable the Transferee withheld for it in accordance with Section 9 hereof within 10 business days after the satisfaction, or waiver of all of the following conditions (the date on which the Transferee make fully payment of the Consideration in accordance with Section 6 hereof hereinafter referred to as the “**Closing Date**”):
  - (1) on the Closing Date, this Agreement has been duly signed by the Minority Vendor and the Transferee and shall remain fully effective, and the representations and warranties made by the Minority Vendor remain true, accurate, not misleading, and containing no omission of any material facts. The Minority Vendor has fulfilled its respective obligations under this Agreement;
  - (2) all the First Instalment Conditions set forth in the Founding Vendors Agreement have been satisfied;

- (3) the Minority Vendor has completed the relevant registrations and procedures relating to the transfers of the Minority Vendor Target Shares with Guangzhou Equity Exchange, such that the shareholders of the Target Company shall have transferred an aggregate of more than 51% equity interest in the Target Company and such transfers have been reflected in the register of shareholders of the Target Company;
- (4) the Minority Vendor (if a natural person) has provided his/her information on income tax in relation to the Minority Vendor Transaction to the Transferee.
7. In the event of any dispute, controversy, contradiction or claim arising out of or in connection with this Agreement, including the existence, validity, interpretation, performance, breach or termination hereof or any dispute regarding non-contractual obligations arising out of or in connection with this Agreement (the “**Dispute**”), the Parties concerned shall attempt in the first instance to resolve such Dispute through amicable negotiation. Should the negotiation fail, either Party shall have the right to submit such Dispute to Shanghai Arbitration Commission (the “**Shanghai Arbitration Commission**”) for arbitration in accordance with the arbitration rules in force at the time of applying for arbitration. The arbitration tribunal shall consist of 3 arbitrators appointed in accordance with arbitration rules. The claimant shall appoint 1 arbitrator, and the respondent shall appoint 1 arbitrator. The third arbitrator shall be appointed by the above two arbitrators through consultation or by Shanghai Arbitration Commission. The language of arbitration shall be Chinese. The arbitration shall take place in Shanghai. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and enforcement of the arbitration award (including witness fees and reasonable attorney fees) shall be borne by the losing party, unless otherwise agreed in the arbitration award. When a dispute occurs and such dispute has been submitted to arbitration, the Parties shall continue to exercise and perform its remaining rights and obligations under this Agreement except for the matters in dispute.
8. This Agreement constitutes the entire agreement between the Parties on the matters described in this Agreement and supersedes all prior oral or written discussions, understandings or agreements among the Parties with respect to such matters (if any). Without the prior written consent of the Transferee, the Minority Vendor shall never transfer any of its rights or obligations under this Agreement. The Transferee may transfer any of its rights or obligations under this Agreement to Suqian Jingdong Yueguan Enterprise Management Co., Ltd. or any of its affiliates as approved by the Founder upon giving a 10-business-day prior written notice to the Minority Vendor. The Minority Vendor shall cooperate with such transfer.

9. Unless otherwise agreed herein, the Parties shall bear its own taxes incurred by the performance and completion of the transactions described in this Agreement. The Minority Vendor shall promptly pay any and all applicable income tax and other taxes payable on the Consideration as required by applicable laws and relevant competent tax authority (“**Taxes Payable**”). If the Minority Vendor is a natural person, the Transferee shall have the right to withhold all or part of the Taxes Payable on behalf of the Minority Vendor, and the Minority Vendor shall take all necessary actions and execute all necessary documents to provide cooperation; if the Transferee performs the withholding obligation, the Transferee shall have the right to withhold and pay the relevant Taxes Payable with respect to the Consideration and shall only pay the Consideration after the deduction of Taxes Payable; if the Transferee is unable to withhold any Taxes Payable for the Minority Vendor due to reasons not attributable to the Transferee, the Transferee shall have no obligation to make any payment (including but not limited to the Consideration) to the Minority Vendor under this Agreement before the Minority Vendor provides the Transferee with the tax payment receipt evidencing the payment of all due taxes, even if the conditions under Section 6 have been satisfied. After the Minority Vendor provides the Transferee with the tax payment receipt evidencing the payment of the Taxes Payable, the Transferee shall pay the relevant amount to the Minority Vendor within 10 business days after the satisfaction of all the conditions set forth in Section 6 hereof.
10. If either Party (the “**Breaching Party**”) is in breach of this Agreement, the Breaching Party shall indemnify and hold harmless the other Party (the “**Non-breaching Party**”), in which case, the Breaching Party shall indemnify the Non-breaching Party for any loss, damage, liability, cost or expense incurred as a result of such breach, including but not limited to any reasonable litigation/arbitration costs and attorney’s fees.
11. This Agreement shall come into effect on the execution date of this Agreement and shall be terminated on the termination date of the Founding Vendors Agreement. For the avoidance of doubt, if the closing of the First Instalment fails to occur within 9 months after the execution of the Founding Vendors Agreement (or a longer period as the Founder and the Investor may otherwise agree in writing) (including but not limited to that the closing of the First Instalment fails to take place because the percentage of shares aggregately transferred to the Transferee did not exceed 51%), the Transferee shall be entitled to terminate this Agreement. After the termination of this Agreement, the Parties shall restore the status of the Parties to the status when this Agreement is executed (including the refund of the price received under this Agreement to the Transferee, the completion of the relevant registrations and procedures relating to the return of the transferred Shares to the Minority Vendor with Guangzhou Equity Exchange, etc.) based on the principles of fairness, reasonableness, honesty and credibility.

**The Share Transfer Information of the Minority Vendors**

<b>No.</b>	<b>Name of the Minority Vendors</b>	<b>Number of Shares</b>	<b>Consideration (RMB)</b>	<b>Note</b>
1.	Zhuhai Chenying Equity Investment Partnership (Limited Partnership)	3,086,072	295,113,810.68	/
2.	Ningbo Debang Growth Investment Partnership (Limited Partnership)	2,575,622	246,300,677.14	/
3.	Li Yunman	2,535,596	242,473,084.85	/
4.	Ding Shaohong	2,386,115	228,178,568.22	/
5.	Ningbo Debang Growth Phase II Investment Partnership (Limited Partnership)	2,331,718	222,976,710.98	/
6.	Zhu Yu	1,497,837	143,234,631.22	/
7.	Ningbo Debang Growth Phase III Investment Partnership (Limited Partnership)	1,106,049	105,768,865.79	/
8.	Zhuhai Xuanying Equity Investment Partnership (Limited Partnership)	1,016,420	97,197,855.22	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
9.	Ren Guifang	1,003,230	95,936,526.53	/
10.	Jiang Haiping	995,634	95,210,138.90	/
11.	Li Zhongmin	960,000	91,802,543.25	/
12.	Meng Qingxin	923,400	88,302,571.29	/
13.	Chen Weijie	872,440	83,429,386.29	/
14.	Zhong Wenyi	848,015	81,093,680.95	/
15.	Liu Yanlan	843,075	80,621,280.37	/
16.	Li Yong	840,077	80,334,588.67	There is one additional condition precedent to the closing in relation to Li Yong's transfer of shares, which is that he has resigned from his position as director, supervisor, or senior management of the Target Company and the Listed Company for no less than 6 months and there has been no selling restrictions in relation to the target shares held by him.
17.	Yang Chongjun	827,604	79,141,825.01	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
18.	Zhou Qiulan	801,164	76,613,429.96	/
19.	Lu Weiqing	799,403	76,445,029.67	/
20.	Mao Dabing	720,000	68,851,907.44	/
21.	Niu Huizhen	710,778	67,970,029.26	/
22.	Shi Wen	690,077	65,990,441.29	/
23.	Yu Xilai	683,605	65,371,539.15	/
24.	Cao Zhongyu	682,290	65,245,788.79	/
25.	Yan Xuefeng	680,077	65,034,164.80	/
26.	Zhang Xueyuan	590,336	56,452,443.93	/
27.	Deng Xiaobo	576,250	55,105,432.86	/
28.	Luo Xingling	530,000	50,682,654.09	/
29.	Wang Xiaoyu	478,135	45,722,926.06	/
30.	Liu Lihua	460,000	43,988,718.64	/
31.	Liu Meisong	451,915	43,215,569.10	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
32.	Ye Fen	413,287	39,521,664.26	/
33.	Yu Xianchun	398,430	38,100,924.28	/
34.	Qiu Fusheng	391,173	37,406,954.43	/
35.	Wei Biao	390,954	37,386,011.97	/
36.	Qiu Yuyong	375,935	35,949,780.31	/
37.	Gao Xiaoqiong	370,000	35,382,230.21	/
38.	Yu Dapeng	344,185	32,913,602.45	/
39.	Zhou Xuezhen	334,280	31,966,410.58	/
40.	Wang Bin Changxing Mingjun Enterprise Management	320,000	30,600,847.75	/
41.	Consulting Studio	307,800	29,434,190.43	/
42.	Zhang Xuemei	293,360	28,053,327.18	/
43.	Shi Huiying	275,255	26,321,988.59	/
44.	Liu Jianqing	261,800	25,035,318.57	/
45.	Shi Kunxiang	255,812	24,462,700.20	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
46.	Ningbo Meishan Baoshui Area Deppon Changqing Phase IV Investment Partnership (limited partnership)	249,365	23,846,188.75	/
47.	Zhang Qijie	245,168	23,444,839.50	/
48.	Pu Jiayao	215,483	20,606,132.74	/
49.	Zhou Qing	209,148	20,000,331.58	/
50.	Zhang Xiaobo	203,512	19,461,374.15	/
51.	Li Yandong	193,521	18,505,958.30	/
52.	Xiong Wei	184,675	17,660,036.12	/
53.	Wang Xueren	183,920	17,587,837.24	/
54.	Kang Bo	180,964	17,305,161.91	/
55.	Qiu Wentong	170,850	16,337,983.87	/
56.	Liang Deqi	153,864	14,713,652.62	/
57.	Wang Jing	150,000	14,344,147.38	/
58.	Cui Weifang	150,000	14,344,147.38	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
59.	Sun Guangsheng	149,863	14,331,046.40	/
60.	Wu Baoguo	143,900	13,760,818.72	/
61.	Zhang Jie	143,680	13,739,780.64	/
62.	Ou Changhong	140,460	13,431,859.61	/
63.	Huang Zhaohong	140,000	13,387,870.89	/
64.	Liu Zhigang	132,645	12,684,529.53	/
65.	Hu Yanhong	125,540	12,005,095.08	/
66.	Li Jianxiong	117,780	11,263,024.53	/
67.	Liang Jianfei	117,282	11,215,401.96	/
68.	Wu Yanli	112,897	10,796,074.71	/
69.	Qiu Junjiang	110,000	10,519,041.41	/
70.	Feng Haibing	100,000	9,562,764.92	/
71.	Xu Wei	98,603	9,429,173.10	/
72.	Jiang Kaiyong	97,730	9,345,690.16	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
73.	Song Rongjun	93,577	8,948,548.53	/
74.	Niu Xiaoyue	92,340	8,830,257.13	/
75.	Wang Wanyou	92,340	8,830,257.13	/
76.	Gao Xiaoping	91,472	8,747,252.33	/
77.	Liu Guojun	90,020	8,608,400.98	/
78.	Li Keju	90,000	8,606,488.43	/
79.	Lu Ning	86,662	8,287,283.34	/
80.	Zhang Wencong	83,317	7,967,408.85	/
81.	Guo Zhiguang	82,908	7,928,297.14	/
82.	Zhang Chun	80,000	7,650,211.94	/
83.	Zhong Changhua	77,913	7,450,637.03	/
84.	Guo Jingang	73,663	7,044,219.52	/
85.	Wang Xiulian	72,625	6,944,958.02	/
86.	Song Jie	72,340	6,917,704.14	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
87.	Yin Chengdong	70,000	6,693,935.45	/
88.	Kuang Zhuran	68,120	6,514,155.46	/
89.	Ma Anping	62,340	5,961,427.65	/
90.	Yuan Yongjuan	62,320	5,959,515.10	/
91.	He Yuanlong	61,560	5,886,838.09	/
92.	Qiu Tao	61,560	5,886,838.09	/
93.	Xu Yi	61,560	5,886,838.09	/
94.	Guo Zongxiang	61,249	5,857,097.89	/
95.	Liang Jie	60,000	5,737,658.95	/
96.	Mao Gongtao	60,000	5,737,658.95	/
97.	Liu Hongqing	59,008	5,642,796.33	/
98.	Meng Bao	58,799	5,622,810.15	/
99.	Zhu Yinghao	58,255	5,570,788.71	/
100.	Ren Luwen	55,871	5,342,812.39	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
101.	Muo Gongfa	55,860	5,341,760.49	/
102.	Huang Kailong	55,000	5,259,520.71	/
103.	Yang Chongming	53,081	5,076,011.25	/
104.	Wang Wei	51,560	4,930,561.59	/
105.	Li Yangshe	51,279	4,903,690.22	/
106.	Zhang Jun	50,458	4,825,179.92	/
107.	Zeng Zuosheng	50,458	4,825,179.92	/
108.	He Yuantao	50,000	4,781,382.46	/
109.	Wang Wei	50,000	4,781,382.46	/
110.	Zhang Jincheng	47,128	4,506,739.85	/
111.	Li Dongsheng	41,560	3,974,285.10	/
112.	Li Yingqing	41,560	3,974,285.10	/
113.	Luo Guangfeng	41,560	3,974,285.10	/
114.	Zhang Feng	40,674	3,889,559.00	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
115.	Han Xiyou	40,000	3,825,105.97	/
116.	Li Dongliang	40,000	3,825,105.97	/
117.	Hong Chaojie	40,000	3,825,105.97	/
118.	Liang Desheng	40,000	3,825,105.97	/
119.	Wu Yong	40,000	3,825,105.97	/
120.	Liu Renchao	40,000	3,825,105.97	/
121.	A Yunshun	40,000	3,825,105.97	/
122.	Wang Xiaofei	40,000	3,825,105.97	/
123.	Lin Kai	39,875	3,813,152.51	/
124.	Pi Shenping	38,000	3,633,850.67	/
125.	Ye Hanwen	37,648	3,600,189.74	/
126.	Xu Yuhan	34,274	3,277,542.05	/
127.	Duan Jianshe	32,927	3,148,731.61	/
128.	Wu Wanfeng	32,340	3,092,598.18	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
129.	Qiu Liangren	31,160	2,979,757.55	/
130.	Huang Jianyong	30,780	2,943,419.04	/
131.	Wu Xiaogang	30,780	2,943,419.04	/
132.	Yang Yongying	30,284	2,895,987.73	/
133.	He Wenbin	30,000	2,868,829.48	/
134.	Huang Huan	30,000	2,868,829.48	/
135.	Su Jiabin	30,000	2,868,829.48	/
136.	Liang Ruijie	30,000	2,868,829.48	/
137.	Wang Huazhong	29,504	2,821,398.16	/
138.	Li Junjie	29,152	2,787,737.23	/
139.	Lai Jianzhao	28,301	2,706,358.10	/
140.	Liu Liangwu	27,189	2,600,020.15	/
141.	Cai Zhishou	26,170	2,502,575.58	/
142.	Wu Haipeng	25,000	2,390,691.23	/

No.	Name of the Minority Vendors	Number of Shares	Consideration (RMB)	Note
143.	Liu Weijun	22,130	2,116,239.88	/
144.	Wang Xiangyang	21,064	2,014,300.80	/
145.	Chen Songfeng	20,780	1,987,142.55	/
146.	Zeng Yongping	20,310	1,942,197.56	/
147.	Zhang Yi	20,000	1,912,552.98	/
148.	Xia Guoqing	20,000	1,912,552.98	/
149.	Li Zhiqiang	15,956	1,525,834.77	/
150.	Xiong Shanshan	15,647	1,496,285.83	/
151.	Peng Yunhua	10,000	956,276.49	/
152.	Liang Shujun	5,000	478,138.25	/
153.	Yang Biao	5,000	478,138.25	/
<b>Total</b>		<b>46,295,323</b>	<b>4,427,112,908.38</b>	/

March 25, 2022

**JD LOGISTICS, INC.**

AND

**JINGDONG TECHNOLOGY GROUP CORPORATION**

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**SUBSCRIPTION AGREEMENT**

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THIS SUBSCRIPTION AGREEMENT (this “Agreement”) is made on March 25, 2022

**BETWEEN:**

- (1) **JD LOGISTICS, INC.**, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 2618), whose registered office is at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (the “**Issuer**”); and
  - (2) **JINGDONG TECHNOLOGY GROUP CORPORATION**, a company incorporated under the laws of the Cayman Islands, whose registered office is at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands (the “**Subscriber**”).
- Each of the Issuer and the Subscriber is individually referred to herein as a “**Party**” and together as the “**Parties**.”

Words and expressions used in this Agreement shall be interpreted in accordance with Schedule 5.

**WHEREAS:**

- (A) The Issuer proposes to issue, and the Subscriber proposes to subscribe for, certain number of shares of the Company set out below (collectively, the “**Subscription Shares**”) on the terms and conditions set out in this Agreement.
- (B) The Issuer proposes to issue, and the Subscriber proposes to subscribe for, certain Shares as set out in Schedule 1 on and subject to the terms and conditions set out in Schedule 1 and this Agreement (the “**Subscription**”).

**IT IS HEREBY AGREED** as follows:

**1. SUBSCRIPTION AND PRICE**

- 1.1 Subject to the conditions and in accordance with the terms of this Agreement, the Issuer shall issue, and the Subscriber shall subscribe for, the Subscription Shares at the Subscription Price set out in Schedule 1. Subject to the payment by the Subscriber of the Subscription Amount, the Subscription Shares shall be allotted and issued to the Subscriber, credited as fully paid, with effect from Closing with full legal and beneficial title and with all rights then attaching to them.
- 1.2 The Subscription Amount shall be payable by the Subscriber to the Issuer on the Closing Date by wire transfer to a bank account notified by the Issuer to the Subscriber at least two (2) Business Days before the Closing Date or on such other date or in such other manner as the Parties may agree in writing. Immediately upon effecting payment of the Subscription Amount, the Subscriber shall deliver to the Issuer documentary evidence that the Subscription Amount has been irrevocably made to the bank account.

**2. CONDITIONS TO CLOSING**

- 2.1 Subject to the provisions under this Clause 2, Closing shall be conditional on the Closing Conditions being satisfied with respect to all Parties.

- 2.2 The date on which all the Closing Conditions set out in Schedule 2 have been satisfied shall be the “**Unconditional Date.**” If the Unconditional Date has not occurred on or prior to September 30, 2022 (the “**Longstop Date**”), the Issuer may, at its sole and absolute discretion within ten (10) Business Days any time after the Longstop Date:
- (a) terminate this Agreement with immediate effect (other than the Surviving Provisions), by written notice to the Subscriber, and (without prejudice to the rights and/or obligations of any Party in respect of any antecedent breach) the Parties shall be released and discharged from their respective obligations under this Agreement; or
  - (b) with the agreement of the Subscriber, extend the Longstop Date to such later date as the Parties may agree (such new date being the “**Extended Longstop Date**”).
- 2.3 If the Unconditional Date has not occurred on or prior to the Extended Longstop Date (if any), this Agreement shall terminate with immediate effect (other than the Surviving Provisions and without prejudice to the rights and/or obligations of any Party in respect of any antecedent breach), and the Parties shall be released and discharged from their respective obligations under this Agreement.
- 2.4 The Issuer and Subscriber shall, at their own cost, use their reasonable endeavours to ensure that the Closing Conditions set out in Schedule 2 applicable to each are fulfilled as soon as reasonably practicable after the date of this Agreement.

### 3. CLOSING

- 3.1 Subject to the satisfaction of the Closing Conditions, Closing shall take place by way of electronic exchange of relevant documents and items on or around the Closing Date at 10:00 a.m. (Hong Kong time) or by such other method or at such other place and time as the Parties may agree in writing.

### 4. REPRESENTATIONS AND WARRANTIES

- 4.1 Subject to and except for the information disclosed to the Subscriber in respect of any due diligence conducted by the Subscriber, any announcement, circular or other release or communication released or published by the Issuer as it relates to specific Warranties set out in Schedule 4, the Issuer represents and warrants to the Subscriber that the Issuer’s Warranties set out in Part A of Schedule 4 are true, accurate and complete as at the date of this Agreement. The Issuer’s Warranties, save for those that are expressed to be given only as of a specific date, shall be deemed to be repeated by the Issuer immediately prior to Closing by reference to the facts and circumstances then existing as if references in the Issuer’s Warranties to the date of this Agreement were references to the Closing Date.
- 4.2 The Subscriber represents and warrants to the Issuer that the Subscriber’s Warranties set out in Part B of Schedule 4 are true, accurate and complete as at the date of this Agreement. The Subscriber’s Warranties, save for those that are expressed to be given only as of a specific date, shall be deemed to be repeated by the Subscriber immediately prior to Closing by reference to the facts and circumstances then existing as if references in the Subscriber’s Warranties to the date of this Agreement were references to the Closing Date.
- 4.3 Each Warranty given pursuant to Clauses 4.1 and 4.2 is a separate and independent statement and is not limited or otherwise affected by any other Warranty or by any other provision of this Agreement.

### 5. EXPENSES

- 5.1 The Issuer shall be liable for all costs and expenses (including but not limited to the costs and expenses of legal and other professional advisers) incurred in connection with the Subscription.

5.2 Without prejudice to Clause 5.1, all stamp, issue, registration, documentary or other similar taxes and duties payable on or in connection with the allotment and issue of the Subscription Shares shall be paid by the Issuer.

5.3 The Issuer agrees to pay all fees, costs and expenses incurred in connection with the listing of Subscription Shares on the Stock Exchange.

## 6. CONFIDENTIALITY

6.1 Each Party undertakes that it shall (and shall procure that its Affiliates shall, and where relevant, undertakes to procure that its officers, employees, agents, investment managers and professional and other advisers and those of any Affiliate (together its “**Authorised Persons**”) shall) use its best endeavours to keep confidential at all times and not permit or cause the disclosure of any information (other than to its Authorised Persons) which it may have or acquire before or after the date of this Agreement relating to the provisions of, and negotiations leading to, this Agreement and the performance of the obligations thereunder (such information being “**Confidential Information**”). In performing its obligations under this Clause 6.1, each Party shall apply confidentiality standards and procedures at least as stringent as those that applies generally in relation to its own confidential information.

6.2 Each of the Parties agrees that it shall not use Confidential Information for any purpose other than in relation to the proper performance of its obligations and exercise of its rights under this Agreement and the transactions contemplated hereunder.

6.3 Each Party shall use its reasonable endeavours to alert the other Party as soon as is reasonably practical after it becomes aware of any request from a third party for disclosure of any Confidential Information.

6.4 The obligation of confidentiality under Clause 6.1 does not apply to:

- (a) information which at the date of disclosure is within the public domain (otherwise than as a result of a breach of this Clause 6);
- (b) the disclosure of information to the extent required to be disclosed by law, regulation or any court, tribunal or regulatory authority; or
- (c) any announcement made in accordance with the terms of Clause 8.

## 7. TERMINATION

7.1 This Agreement may be terminated at any time prior to Closing by written agreement between the Issuer and the Subscriber.

## 8. ANNOUNCEMENTS

8.1 If any Party is required by law or by any stock exchange or by any governmental or regulatory authority or by any rule thereof to make any announcement in connection with this Agreement or the transactions contemplated thereunder (other than the announcement referred to in Clause 8.2), the relevant Party shall, to the extent legally permissible, notify the other Party as soon as practicable and shall use all reasonable endeavours to accommodate the requests of such Party with respect to the terms and provisions of such announcement.

8.2 The Parties acknowledge and agree that the Issuer is required to publish or despatch announcements, circulars or other communications (“**Communications**”) in relation to the subject matter contained herein following entry into this Agreement by the Parties in accordance with the Listing Rules.

**9. GOVERNING LAW; JURISDICTION AND ARBITRATION**

9.1 This Agreement is governed by and shall be construed in accordance with the law of the Hong Kong. Any disputes that arise in connection with this Agreement shall be negotiated and attempted to be settled by the Parties in good faith and with best efforts; failing which, the dispute shall be submitted to the China International Economic and Trade Arbitration Commission in Beijing (CIETAC) for arbitration which shall be conducted in accordance with the arbitration rules issued by CIETAC in effect at the time of applying for arbitration. The arbitral award is final and binding upon both parties.

**10. ENTIRE AGREEMENT**

10.1 This Agreement, together with any agreements or documents referred to herein, sets out the entire agreement and understanding between the Parties with respect to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions (whether oral or written) and all previous agreements in relation to the subject matter contained herein are hereby terminated and shall have no further force or effect.

**11. COUNTERPARTS**

11.1 This Agreement may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment or telecopy shall be an effective mode of delivery.

For and on behalf of  
**JD Logistics, Inc.**  
京东物流股份有限公司

/s/ Yue Ma

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Name: Yue Ma (马越)

Title: Chief Financial Officer

For and on behalf of  
**Jingdong Technology Group Corporation**

/s/ Nani Wang

\_\_\_\_\_  
Name: Nani Wang (王娜妮)

Title: Director

SCHEDULE 1

SUBSCRIPTION DETAILS

<u>Subscriber</u>	<u>Number of Subscription Shares</u>	<u>Subscription Price</u>	<u>Subscription Amount</u>
Jingdong Technology Group Corporation	261,400,000	HK\$20.71 (corresponding to US\$2.65)	US\$692 million (corresponding to HK\$5,414 million)

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## SCHEDULE 2

### CLOSING CONDITIONS

1. The approval of this Agreement and the transactions contemplated hereunder by the independent shareholders at a general meeting of the Company (or, if earlier, at the next annual general meeting of the Company) as required under Applicable Laws.
2. The Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to Closing).

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**SCHEDULE 3**

**CLOSING ARRANGEMENT**

**Part A Issuer Obligations**

At Closing or otherwise within the time period specifically stated below, and against due compliance with the provision in Schedule 3 Part B, the Issuer shall perform all of the following:

1. allot and issue the Subscription Shares to the Subscriber in accordance with Schedule 1, credited as fully paid, and procure the entry of the Subscriber in the register of members of the Issuer as the owner of the Subscription Shares; and
2. if so prior requested by the Subscriber, deliver or ensure that there is delivered to the Subscriber a share certificate or equivalent document(s) in the applicable jurisdiction representing the Subscription Shares subscribed for by the Subscriber.

**Part B Subscriber's Obligations**

At or before Closing, the Subscriber shall:

1. pay or procure the payment of the Subscription Amount as set out in Schedule 1 by immediately available funds transfer.

## SCHEDULE 4

### REPRESENTATIONS AND WARRANTIES

#### Part A Issuer's Warranties

The Issuer represents and warrants to the Subscriber that:

1. this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with its terms, and the Issuer has full right, power and authority to enter into and perform its obligations under this Agreement and any other documents to be executed by the Issuer pursuant to or in connection with this Agreement;
2. the execution, delivery and performance of this Agreement, the issuance of the Subscription Shares and compliance with the terms hereof do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutional documents of the Issuer or infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental body or court, having jurisdiction over any member of its group or infringe the rules of any stock exchange on which securities of any member of its group are listed which would affect the performance of this Agreement;
3. save as otherwise provided for under this Agreement and in the Articles:
  - (a) there are no restrictions on issuance of the Subscription Shares; and
  - (b) there are no restrictions on the voting or transfer of any of the Subscription Shares or payments of dividends with respect to the Subscription Shares pursuant to the Issuer's constitutional documents, or pursuant to any agreement or other instrument to which the Issuer is a party or by which it is bound.

#### Part B Subscriber's Warranties

The Subscriber represents and warrants to the Issuer that:

1. it has full right, power and authority to enter into and perform its obligations under this Agreement and any other documents to be executed by the Subscriber pursuant to or in connection with this Agreement, which when executed shall constitute valid and binding obligations of the Subscriber, enforceable in accordance with their respective terms; and
2. the execution, delivery and performance of this Agreement, the subscription of the Subscription Shares and compliance with the terms hereof do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutional documents of the Subscriber or infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental body or court, having jurisdiction over any member of its group or infringe the rules of any stock exchange on which securities of any member of its group are listed which would affect the performance of this Agreement.

## SCHEDULE 5

### DEFINITIONS

1. The following terms and expressions used in this Agreement, unless the context otherwise requires, shall have the following meanings:

“ <b>Affiliate</b> ”	of any specified person means any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified person;
“ <b>Applicable Laws</b> ”	means, with respect to any person, any laws, rules, regulations, directives, treaties, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person and without limitation to the foregoing, shall, in respect of the Issuer, include the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs;
“ <b>Articles</b> ”	means the Issuer’s articles of association from time to time;
“ <b>Authorised Persons</b> ”	has the meaning given to it in Clause 6.1;
“ <b>Board</b> ”	means the board of directors of the Issuer;
“ <b>Business Day</b> ”	means a day (other than a Saturday or Sunday or public holiday and any other day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in the city in which the specified office of the registrar is located and in Hong Kong, and “ <b>Business Days</b> ” shall be construed accordingly;
“ <b>Closing</b> ”	means the completion of the Subscription, as the case may be, in accordance with Clause 3;
“ <b>Closing Conditions</b> ”	means the conditions to Closing as set out in <u>Schedule 2</u> ;
“ <b>Closing Date</b> ”	means the date of Closing, which shall be the date as the Parties agree in writing after the satisfaction of the Closing Conditions and before the Longstop Date or Extended Longstop Date (if so agreed by the Parties in accordance with Clause 2.2(b))
“ <b>Closing Payment</b> ”	has the meaning given to it in Clause 1.2;
“ <b>Communications</b> ”	has the meaning given to it in Clause 8.2;
“ <b>Confidential Information</b> ”	has the meaning given to it in Clause 6.1;

<b>“Control”</b>	means in relation to an undertaking: (a) the power to direct the exercise of a majority of the voting rights capable of being exercised at a general meeting of that undertaking; (b) the right to appoint or remove a majority of the board of directors (or corresponding officers) of that undertaking; or (c) the right to exercise a dominant influence over that undertaking by virtue of provisions contained in its constitutional documents or under a control contract or otherwise. In each case either directly or indirectly and <b>“Controlled”</b> and <b>“Controlling”</b> shall be construed accordingly;
<b>“Director”</b>	means a director of the Issuer;
<b>“Extended Longstop Date”</b>	has the meaning given to it in Clause 2.2(b);
<b>“HK\$”</b>	means the legal currency of Hong Kong;
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Issuer’s Warranties”</b>	means the warranties set out in <u>Schedule 4</u> Part A;
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Longstop Date”</b>	has the meaning given to it in Clause 2.2;
<b>“Shares”</b>	means the ordinary shares with a par value of US\$0.000025 each in the share capital of the Issuer;
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited;
<b>“Subscriber’s Warranties”</b>	means the warranties set out in <u>Schedule 4</u> Part B;
<b>“Subscription”</b>	has the meaning given to it in Recital B;
<b>“Subscription Amount”</b>	the consideration for the Subscription Shares payable by the Subscriber, as set out in <u>Schedule 1</u> ;
<b>“Subscription Price”</b>	the price per Subscription Share, as set out in <u>Schedule 1</u> ;
<b>“Subscription Shares”</b>	has the meaning given to it in Recital B and as set out in <u>Schedule 1</u> ;
<b>“Unconditional Date”</b>	has the meaning given to it in Clause 2.2;
<b>“Warranties”</b>	mean the Issuer’s Warranties and Subscriber’s Warranties as set out in <u>Schedule 4</u> ;

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2. In this Agreement:
- (a) words denoting the singular shall include the plural and vice versa;
  - (b) words denoting one gender shall include each gender and all genders;
  - (c) references to persons shall be deemed to include references to natural persons, to firms, to partnerships, to bodies corporate, to undertakings, to associations, to organisations, to trusts, to trustees, to legal representatives, to governments (or any department or agency thereof) or to any other entity howsoever designated or constituted (in each case, whether or not having separate legal personality), but references to individuals shall be deemed to be references to natural persons only;
  - (d) a reference to this Agreement includes the Schedules to it, each of which forms part of this Agreement for all purposes;
  - (e) references to Clauses and Schedules are, unless stated otherwise, references to clauses and schedules of this Agreement;
  - (f) references to paragraphs are, unless expressly provided otherwise, references to paragraphs of the Schedule in which the references appear;
  - (g) the headings are inserted for convenience only and will not affect the construction of this Agreement;
  - (h) any reference to an enactment or a statutory provision is a reference to it as it may have been or may from time to time be, amended, modified, consolidated or re-enacted; and
  - (i) the terms “**hereof**” and “**hereunder**” (and any other similar expressions) refer to this Agreement and not to any particular clause or other portion hereof and include any agreement supplemental hereto.

## List of Principal Subsidiaries and Consolidated Variable Interest Entities

<u>Subsidiaries:</u>	<u>Place of Incorporation</u>
Jingdong Technology Group Corporation	Cayman Islands
JD Property Group Corporation	Cayman Islands
JD Logistics, Inc.	Cayman Islands
JD Property Holding Limited	Cayman Islands
JD Assets Holding Limited	Cayman Islands
JD Health International Inc.	Cayman Islands
JD Industrial Technology Inc.	Cayman Islands
JD.com Investment Limited	British Virgin Islands
JD Asia Development Limited	British Virgin Islands
JD Jiankang Limited	British Virgin Islands
JD Industrial Technology Limited	British Virgin Islands
JD Logistics Holding Limited	Hong Kong
Jingdong E-Commerce (Trade) Hong Kong Co., Ltd.	Hong Kong
JD.com International Limited	Hong Kong
JD.com E-Commerce (Technology) Hong Kong Co., Ltd.	Hong Kong
JD.com Overseas Innovation Limited	Hong Kong
JD.com E-Commerce (Investment) Hong Kong Co., Ltd.	Hong Kong
Beijing Jingdong Century Trade Co., Ltd.	PRC
Jiangsu Jingdong Information Technology Co., Ltd.	PRC
Chongqing Jingdong Haijia E-commerce Co., Ltd.	PRC
Beijing Jingdong Shangke Information Technology Co., Ltd.	PRC
Xi'an Jingxundi Supply Chain Technology Co., Ltd.	PRC
Xi'an Jingdong Xuncheng Logistics Co., Ltd.	PRC
Shanghai Shengdayuan Information Technology Co., Ltd.	PRC
Suqian Hanbang Investment Management Co., Ltd.	PRC
Beijing Wodong Tianjun Information Technology Co., Ltd.	PRC
Beijing Jingdong Zhenshi Information Technology Co., Ltd.	PRC
Jingdong Logistics Supply Chain Co., Ltd.	PRC
Jiangsu Huiji Space Technology Co., Ltd.	PRC
Jingdong Five Star Appliance Group Co., Ltd.	PRC
<b>Consolidated variable interest entities and their subsidiaries:</b>	
Beijing Jingdong 360 Degree E-commerce Co., Ltd.	PRC
Jiangsu Yuanzhou E-commerce Co., Ltd.	PRC
Jiangsu Jingdong Bangneng Investment Management Co., Ltd.	PRC
Xi'an Jingdong Xincheng Information Technology Co., Ltd.	PRC
Suqian Juhe Digital Enterprise Management Co., Ltd.	PRC
Suqian Jingdong Jinyi Enterprise Management Co., Ltd.	PRC
Suqian Jingdong Sanhong Enterprise Management Center (L.P.)	PRC
Suqian Jingdong Mingfeng Enterprise Management Co., Ltd.	PRC
Beijing Jingbangda Trade Co., Ltd.	PRC
Beijing Jingxundi Technology Co., Ltd.	PRC
Beijing Jingdong Qianshi Technology Co., Ltd.	PRC

**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lei Xu, 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: April 28, 2022

By: /s/ Lei Xu  
Name: Lei Xu  
Title: Chief Executive Officer

**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sandy Ran Xu, 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: April 28, 2022

By: /s/ Sandy Ran Xu

Name: Sandy Ran Xu

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 fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lei Xu, 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, as amended;  
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: April 28, 2022

By: /s/ Lei Xu  
Name: Lei Xu  
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 fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sandy Ran Xu, 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, as amended;  
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: April 28, 2022

By: /s/ Sandy Ran Xu  
Name: Sandy Ran Xu  
Title: Chief Financial Officer

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-198578 and No. 333-229957) and Form F-3 (No. 333-235338 and No. 333-238952), of our reports dated April 28, 2022, relating to the financial statements of JD.com, Inc. and the effectiveness of JD.com, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2021.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Beijing, People's Republic of China  
April 28, 2022

April 28, 2022  
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, 2021 (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 Statements on Form S-8 (File Nos. 333-229957 and 333-198578) pertaining to JD.com, Inc.’s Share Incentive Plan and the Registration Statements on Form F-3 (No. 333-235338 and No. 333-238952) 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/ Shihui Partners