

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Dada Nexus Limited
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands
(State or other jurisdiction of incorporation or organization)

7370
(Primary Standard Industrial Classification Code Number)

Not Applicable
(I.R.S. Employer Identification Number)

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[]
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Approximate date of commencement of proposed sale to the public:
as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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 7(a)(2)(B) of the Securities 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.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(2)(3)	Amount of registration fee
Ordinary Shares, par value US\$0.0001 per share(1)	US\$	US\$
(1) American depositary shares issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-) . Each American depositary share represents ordinary shares.		
(2) Includes ordinary shares that are issuable upon the exercise of the underwriters' option to purchase additional ADSs. Also includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These ordinary shares are not being registered for the purpose of sales outside the United States.		
(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.		

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated _____, 2020.

American Depositary Shares



Dada Nexus Limited

Representing Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, of Dada Nexus Limited.

We are offering _____ ADSs [and the selling shareholders identified in this prospectus are offering _____ ADSs]. [We will not receive any proceeds from the sale of ADSs by the selling shareholders.] Each ADS represents _____ of our ordinary shares, par value US\$0.0001 per share.

Prior to this offering, there has been no public market for our ADSs or shares. It is currently estimated that the initial public offering price per ADS will be between \$ _____ and \$ _____. Application has been made for the listing of the ADSs on the [New York Stock Exchange/Nasdaq Global Select Market] under the symbol "DADA."

See "[Risk Factors](#)" beginning on page 15 for factors you should consider before buying the ADSs.

PRICE US\$ PER ADS

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Initial public offering price	US\$ _____	US\$ _____
Underwriting discounts and commissions	US\$ _____	US\$ _____
Proceeds, before expenses, to us	US\$ _____	US\$ _____
[Proceeds, before expenses, to selling shareholders	US\$ _____	US\$ _____]

The underwriters have the option to purchase up to an additional _____ ADSs from us [and the selling shareholders] at the initial public offering price less the underwriting discounts.

The underwriters expect to deliver the ADSs against payment in New York, New York on _____, 2020.

Goldman Sachs (Asia) L.L.C.

BofA Securities

Jefferies

Prospectus dated _____, 2020



Notes:

1. Largest open on-demand delivery platform in China by number of orders in the first nine months of 2019, according to the iResearch Report.
2. In the first nine months of 2019, JDDJ was the largest local on-demand retail platform in the supermarket segment by GMV, according to the iResearch Report.
3. For the year of 2019.
4. As of December 31, 2019.
5. For Dada Now's last-mile delivery service.

OUR
MISSION
**To Bring People
Everything
On Demand**

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You should rely only on the information contained in this prospectus or in any related free writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or in any related free writing prospectus. We[and the selling shareholders] are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs.

Neither we nor any of the underwriters has taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus or any filed free writing prospectus outside the United States.

Until _____, 2020 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under “Risk Factors,” before deciding whether to invest in the ADSs. This prospectus contains information from an industry report commissioned by us and prepared by iResearch Consulting Group, or iResearch, an independent research firm, to provide information regarding our industry and our market position in China. We refer to this report as the “iResearch Report.”

Who We Are

Our mission is to bring people everything on demand.

We are a leading platform of local on-demand retail and delivery in China. We operate *JD-Daojia* (“*JDDJ*”), one of China’s largest local on-demand retail platforms by GMV in the first nine months of 2019, and *Dada Now*, a leading local on-demand delivery platform in China by number of orders in the first nine months of 2019, according to the iResearch Report.

Our Industry Background

We believe China’s retail industry has entered into a new era—the era of local on-demand retail—and we are a pioneer and leader ushering this evolution. With rising penetration of smartphones and mobile payments, consumer demands have evolved, calling for delivery of online purchases ranging from daily necessities to unique finds to their doorsteps within hours after orders are placed. At the same time, there is a surging need from retailers for access to online traffic and efficient on-demand fulfillment solutions. According to the iResearch Report, local retail industry remains a significant contributor to China’s total retail sales, yet online-to-offline penetration of China’s local retail market was merely 0.4% in 2018. All of these set the stage for the rise of local on-demand retail in China.

Our Corporate Development

Dada Now

Powerful on-demand delivery infrastructure is indispensable to local retail in the new era. To seize the growing market opportunities, five years ago we founded Dada Now, our open local on-demand delivery platform. Leveraging cutting-edge proprietary technologies and deep insights into the logistics industry, Dada Now has developed into a leading local on-demand delivery platform in China open to merchants and individual senders across various industries and product categories. In 2019, more than 525,000 annual active riders collectively delivered over 753 million orders, fulfilling the delivery demand for the participants on our platforms. As of December 31, 2019, Dada Now’s intra-city delivery service covered more than 700 cities and counties in China, and its last-mile delivery service covered more than 2,400 cities and counties in China. Dada Now was the largest open on-demand delivery platform in China by number of orders in the first nine months of 2019, according to the iResearch Report. The strong on-demand delivery infrastructure further enables us to serve as the backbone to our partners.

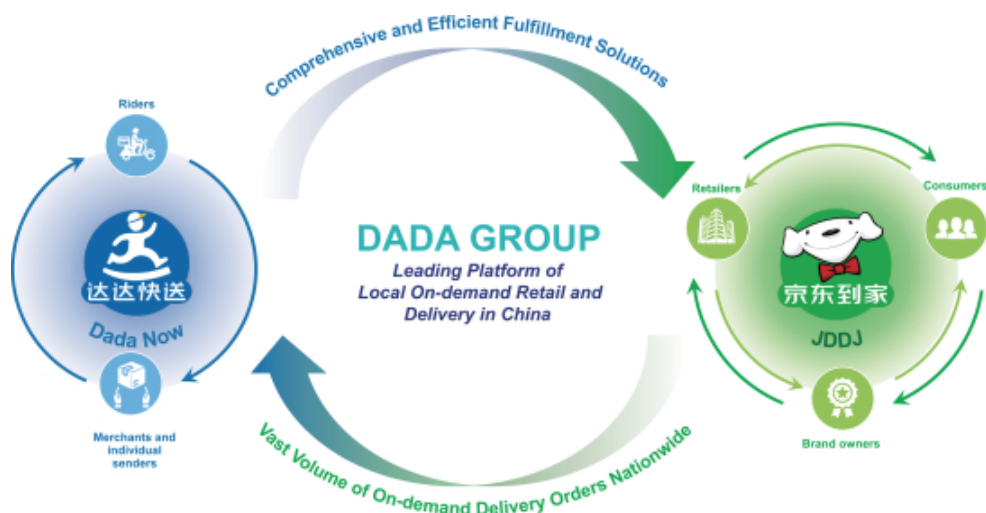
JDDJ

In 2016, we extended our core capabilities from local on-demand delivery to local on-demand retail by acquiring JDDJ, the former local retail platform and a strategic asset of JD Group. JDDJ has since quickly built

its reputation by delivering top-notch services to retailers and brand owners and offering high-quality on-demand retail experience for consumers. For instance, we partner with almost all the leading supermarket chains in China, including Walmart, Yonghui and CR Vanguard. Moreover, as one of the world's most reputable retail chain giants, Walmart Group extended its trust and support to us through its investments in our company and comprehensive strategic cooperation with us. In the first nine months of 2019, JDDJ was the largest local on-demand retail platform in the supermarket segment by GMV, according to the iResearch Report. Since the acquisition, JDDJ has achieved remarkable growth, with GMV in 2019 increasing by 66.4% year-on-year to RMB12,205 million generated from 119.2 million orders by 24.4 million active consumers during the period.

Our Platforms

We have successfully managed the integration of Dada Now and JDDJ to develop into a leading platform for local on-demand retail and delivery in China. The diagram below illustrates our two inter-connected platforms: Dada Now, the local on-demand delivery platform, and JDDJ, the local on-demand retail platform.



We operate our local on-demand delivery platform leveraging the crowdsourcing model to address the challenge of frequent fluctuations brought forward by the nature of on-demand orders, and to match the surging demand for delivery capacity with efficient supply. Our delivery network demonstrates great scalability in operation. The intra-city delivery orders we delivered in the peak hour on the peak day in 2019 exceeded the average hourly order volume in the same period by more than ten times. The total orders we delivered on the peak day in 2019 were more than four times of the average daily order volume in 2019. Moreover, Dada Now enjoys a strong network effect across the platform. The growing number of merchants and individual senders using our platform enlarges order volume and density, which attracts more riders to join our network. More riders improve the delivery experience, which in turn fuels the growth of order volume and density from merchants and individual senders. We are continuing to invest in and enhance our delivery model, optimize operational efficiency and improve delivery experience for every merchant and individual sender on our platform.

Our on-demand retail platform is designed to facilitate digitalized transformation for all retailers and brand owners. Apart from our acclaimed delivery experience, we also offer a wide range of services and solutions to retailers, optimizing their operational and fulfillment efficiencies. Further, we enable brand owners to conduct product launches and efficient marketing on JDDJ. With these solutions, we have built a platform with steadily

growing and loyal participants, forming a virtuous cycle. More retailers increase the product choices on the platform, and more consumers place an increasing number of orders, boosting sales for retailers and in turn amplifying marketing effectiveness for brand owners. As the platform attracts more retailers and brand owners, more product offerings with greater variety are available to consumers.

Our two platforms are inter-connected and mutually beneficial. The Dada Now platform enables improved delivery experience for participants on the JDDJ platform through its readily accessible fulfillment solutions and strong on-demand delivery infrastructure. Meanwhile, the vast volume of on-demand delivery orders from the JDDJ platform increases order volume and density for the Dada Now platform.

Our Technology Capabilities

Our technologies are our core competence. We have invested strategically to build our proprietary technology capabilities, with the goal to improve operational efficiency and user experience in both our local on-demand delivery and retail platform, as well as to empower our retail partners.

Dada Now. We apply data mining and AI technologies on a vast amount of historical delivery data to achieve higher operational efficiency, lower delivery costs, and better consumer experience. In December 2019, we achieved an average delivery time of approximately 30 minutes for all intra-city delivery orders.

- *Smart order recommendation and dispatching system.* Our proprietary system recommends and dispatches orders to riders, bundles orders in advance, and suggests the best routes to riders, all based on recommendations from a sophisticated proprietary AI model.
- *Automated order pricing mechanism.* Using deep learning technologies, we have an automated pricing system based on algorithms, guaranteeing service responsiveness while optimizing profitability.
- *Digitalized rider management system.* We efficiently track, rate and manage the behaviors of millions of riders, with the purpose of retaining good riders and improving customer experience.

JDDJ. We provide various technology-based features and solutions for participants on our platform.

- *Omni-channel online retail operation system.* Through a unified set of tools and interfaces, our omni-channel online retail solution serves as an operation system for a retailer's online business. It allows a retailer to efficiently manage its online SKUs, inventories, and promotions, as well as process online orders across multiple channels.
- *Personalized shopping experience.* We improve consumer experience and conversion rate with customized content display, SKU recommendations and search results based on their purchasing habits and geographic proximity to retailers.
- *Customized and integrated fulfillment solution.* Our end-to-end fulfillment solutions for retailers enhance the online order fulfillment efficiency for retailers with the help of in-store customized picking solutions and our Warehouse Management System (WMS), the Picking Assistant app, and various tailor-made delivery strategies.
- *Omni-channel CRM.* Our CRM tools help retailers establish their own omni-channel membership programs, allowing them to reach out to their customers with more effective marketing. As of December 31, 2019, our CRM tools embedded in "Pan'gu Marketing" system have been adopted by 148 retailers covering more than 20,000 stores.
- *Smart assortment recommendation.* Based on consumer insights gained on our platform, we help retailers increase product availability by using algorithms that provide product assortment and replenishment recommendations suitable for each retailer aiming at increasing efficiency of inventory control and improving sales.

- *Smart offline-store solutions.* The Self-Check-out solution and Scan-n-Go solution we provide to retail stores enhance operational efficiency and consumer experience.

Our Financial Performance

We achieved remarkable growth since our inception in 2014. Our net revenues grew by 57.8% from RMB1.2 billion in 2017 to RMB1.9 billion (US\$268.9 million) in 2018, and grew by 45.7% from RMB1.3 billion in the nine months ended September 30, 2018 to RMB1.9 billion (US\$267.7 million) in the same period in 2019. We incurred net loss of RMB1.4 billion and RMB1.9 billion (US\$262.8 million) in 2017 and 2018, respectively. We incurred net loss of RMB1.1 billion (US\$157.8 million) in the nine months ended September 30, 2019, compared to net loss of RMB1.4 billion in the nine months ended September 30, 2018.

Industry and Market Opportunities

The local retail market in China, which provides products closely related to the daily lives of consumers, amounted to approximately RMB12.3 trillion in sales with continuing growth going forward. Within this market, the supermarket segment is the single largest segment, contributing to 24% of total local retail sales in 2018. This segment has witnessed the emergence of several sizeable and efficient local on-demand retail platforms, which allow consumers to browse, compare, purchase, and arrange delivery for goods from their local supermarkets through online channels. According to the iResearch Report, the opportunity for local on-demand retail platforms in the supermarket segment is expected to grow to RMB360.8 billion in terms of GMV by 2023, representing a CAGR of 69.3% from 2018.

The local delivery market in China, which covers on-demand delivery and courier services, is expected to be driven by growth of e-commerce and change of consumer shopping behavior, as well as the continuing development of logistics infrastructure. Total average daily orders for the China local delivery market is expected to reach 165.9 million orders by 2023, representing a CAGR of 19.3% from 2018, according to the iResearch Report. Within the on-demand delivery segment, open on-demand delivery, representing independent fulfillment services offered to external parties through a platform model, is expected to reach 27.6 million average daily orders by 2023, representing a CAGR of 32.2% from 2018, according to the iResearch Report.

Our Competitive Strengths

We believe the following strengths contribute to our success and differentiate us from our competitors:

- the open on-demand delivery platform with scarcity value;
- superior operational efficiency of on-demand delivery platform;
- widely trusted local on-demand retail platform exhibiting robust growth;
- evolving empowerment capabilities fueling strong growth of retailers and brand owners;
- powerful multilateral network effects fostering win-win outcomes for all participants; and
- proven and visionary management team with commitment to technology innovation.

Our Strategies

We intend to achieve our mission by pursuing the following growth strategies:

- enhance on-demand delivery capabilities;
- invigorate local on-demand retail platform;

- strengthen collaboration with brand owners;
- continue to invest and innovate in technologies; and
- further pursue and enhance strategic alliances.

Our Challenges

Our ability to realize our mission and execute our strategies is subject to risks and uncertainties, including those relating to our ability to:

- operate in the rapidly evolving local on-demand retail and delivery industries;
- diversify revenue streams, attain profitability and maintain growth;
- maintain our relationship with major strategic investors;
- provide efficient on-demand delivery services to merchants and individual senders;
- offer quality on-demand retail experience to consumers and continue to provide effective services and solutions to retailers and brand owners;
- maintain and enhance the recognition and reputation of the Dada Now and JDDJ brands;
- develop and innovate our technology systems and infrastructure;
- compete effectively; and
- adapt to regulatory changes.

See “Risk Factors” and other information included in this prospectus for a discussion of these and other risks and uncertainties that we face.

Corporate History and Structure

We commenced operations through Shanghai Qusheng Internet Technology Co., Ltd., or Shanghai Qusheng, and launched our Dada Now app in July 2014.

In July 2014, Dada Nexus Limited was incorporated in the Cayman Islands as an offshore holding company to facilitate our offshore financing activities. Shortly following its incorporation, Dada Nexus Limited established a wholly owned subsidiary in Hong Kong, Dada Wisdom (HK) Limited, or Dada Wisdom. In November 2014, Dada Wisdom established its wholly owned subsidiary in China, Dada Glory Network Technology (Shanghai) Co., Ltd., or Dada Glory.

In April 2016, we established our cooperative relationship with JD Group, which became one of our strategic investors. We entered into a business cooperation agreement with JD Group, obtained the entire business of JDDJ by acquiring all equity interests in Shanghai JDDJ Yuanxin Information Technology Co., Ltd., or Shanghai JDDJ, and received US\$200 million in cash. In exchange, we issued ordinary shares, preferred shares and a warrant to purchase preferred shares to JD Group. In December 2017, JD Group exercised its warrant to acquire additional preferred shares of ours. In August 2018, JD Group further invested a total of US\$180 million in our preferred shares.

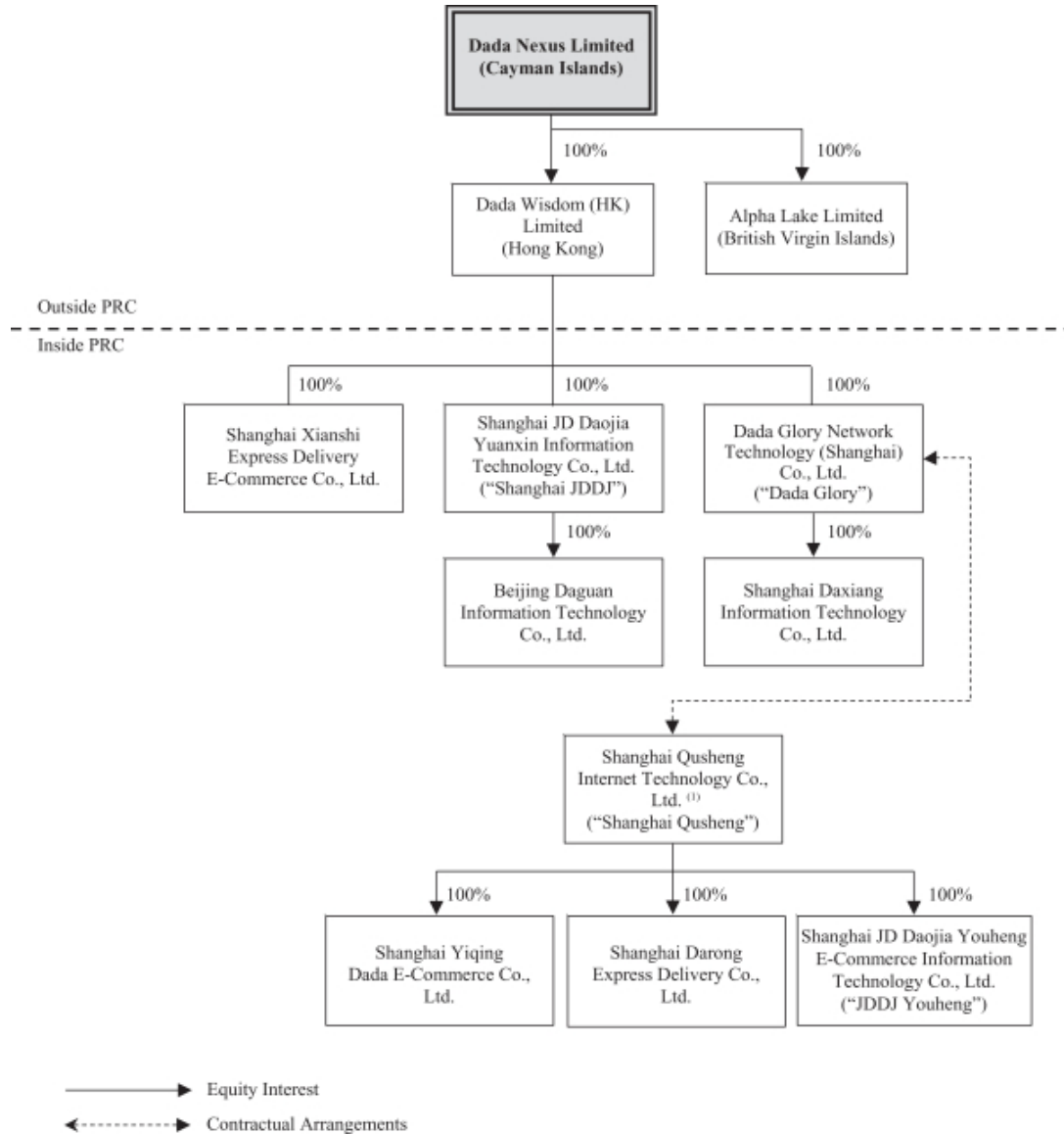
In June 2016, we entered into a business cooperation agreement with Walmart Group, which was amended and restated in August 2018. In October 2016, Walmart Group became one of our strategic investors and invested US\$50 million in our preferred shares. In August 2018, Walmart Group further invested a total of US\$320 million in our preferred shares.

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For details of JD Group’s and Walmart Group’s beneficial ownership in our equity securities, please see “Principal [and Selling] Shareholders.”

In November 2014, we gained control over Shanghai Qusheng, through Dada Glory, by entering into a series of contractual arrangements with Shanghai Qusheng and its shareholders.

The following diagram illustrates our corporate structure, including our principal subsidiaries, our VIE and our VIE’s principal subsidiaries, as of the date of this prospectus:



Note:

(1) Mr. Philip Jiaqi Kuai and Mr. Jun Yang each holds 85.5% and 2.7% of the equity interests in Shanghai Qusheng, respectively. Mr. Philip Jiaqi Kuai is a beneficial owner of our company and serves as the chairman of our board of directors and the chief executive officer of our company. Mr. Jun Yang is a beneficial owner of our company and serves as the chief technology officer of our company. In addition, Jiangsu Jingdong Bangneng Investment Management Co., Ltd., Lhasa Heye Investment Management Co., Ltd., and Shanghai Jinglinxiyu Investment Center L.P. each holds 10.0%, 0.9% and 0.9% of the equity interests in Shanghai Qusheng, respectively. All of these three entities are affiliates of shareholders of our company. See also “Corporate History and Structure—Contractual Arrangements with Our Consolidated Affiliated Entity and Its Shareholders.”

Implication of Being an Emerging Growth Company

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We do not plan to “opt out” of such exemptions afforded to an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates is at least US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

Corporate Information

Our principal executive offices are located at 22/F, Oriental Fisherman’s Wharf, No.1088 Yangshupu Road, Yangpu District, Shanghai, People’s Republic of China. Our telephone number at this address is +86 21 31657167. Our registered office in the Cayman Islands is located at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is www.imdada.cn. The information contained on our website is not a part of this prospectus. Our agent for service of process in the United States is _____, located at _____.

Conventions that Apply to This Prospectus

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

- “active consumer” for a specified period are to a consumer account that placed at least one order on JDDJ through a desktop or mobile device during the specified period, regardless of whether the products are sold, delivered or returned;

- “active rider” for a specified period are to a rider who delivered at least one order on Dada Now during the specified period;
- “ADSs” are to the American depositary shares, each of which represents ordinary shares;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- “Dada,” “we,” “us,” “our company” and “our” are to Dada Nexus Limited, our Cayman Islands holding company and its subsidiaries, its consolidated variable interest entity and the subsidiaries of the consolidated variable interest entity;
- “GMV” are to the total value of all orders placed on JDDJ through our website and mobile applications, regardless of whether the goods are sold or delivered or whether the goods are returned, inclusive of delivery and packaging charges;
- “ordinary shares” are to our ordinary shares, par value US\$0.0001 per share;
- “our VIE” are to Shanghai Qusheng;
- “our WFOEs” are to Shanghai JDDJ, Dada Glory and Shanghai Xianshi Express Delivery E-Commerce Co., Ltd.;
- “RMB” and “Renminbi” are to the legal currency of China;
- “tier 1 and tier 2 cities” are to (i) tier 1 cities in China, which are Beijing, Shanghai, Guangzhou and Shenzhen and (ii) tier 2 cities in China, which are Hangzhou, Nanjing, Jinan, Chongqing, Qingdao, Dalian, Ningbo, Xiamen, Tianjin, Chengdu, Wuhan, Harbin, Shenyang, Xi’an, Changchun, Changsha, Fuzhou, Zhengzhou, Shijiazhuang, Suzhou, Foshan, Dongguan, Wuxi, Taiyuan, Hefei, Kunming, Nanchang, Nanning and Wenzhou; and
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their option to purchase additional ADSs. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at a rate of RMB7.1477 to US\$1.00, the exchange rate in effect as of the end of September 30, 2019 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

The Offering

Offering price	We expect that the initial public offering price will be between US\$ and US\$ per ADS.
ADSs offered by us	ADSs (or ADSs if the underwriters exercise their option to purchase additional ADSs in full).
[ADSs offered by the selling shareholders	ADSs (or ADSs if the underwriters exercise their option to purchase additional ADSs in full).]
ADSs outstanding immediately after this offering	ADSs (or ADSs if the underwriters exercise their option to purchase additional ADSs in full)
Ordinary shares issued and outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters exercise their option to purchase additional ADSs in full), assuming the conversion of all outstanding preferred shares into ordinary shares immediately upon the completion of this offering, and excluding shares issuable upon full vesting and/or exercise of the options and restricted share units granted and outstanding as of the date of this prospectus.
The ADSs	<p>Each ADS represents ordinary shares, par value US\$0.0001 per share.</p> <p>The depositary will hold ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.</p> <p>You may surrender your ADSs to the depositary in exchange for ordinary shares. The depositary will charge you fees for any exchange.</p> <p>We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.</p> <p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is</p>

filed as an exhibit to the registration statement that includes this prospectus.

Option to purchase additional ADSs

We[and the selling shareholders] have granted the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs.

Use of proceeds

We expect that we will receive net proceeds of approximately US\$ million from this offering or approximately US\$ million if the underwriters exercise their option to purchase additional ADSs in full, assuming an initial public offering price of US\$ per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for investing in technology and research and development, for implementing our marketing initiatives and growing our user base, as well as for general corporate purposes. See “Use of Proceeds” for more information.

[We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]

Lock-up

[We, our directors, executive officers, and all of our existing shareholders] have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriting” for more information.

[Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering to some of our directors, officers, employees, business associates and related other persons associated with us through a directed share program.]

Listing

We intend to apply to have the ADSs listed on the [New York Stock Exchange/Nasdaq Global Select Market] under the symbol “DADA.” The ADSs and our ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.

Payment and settlement

The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on , 2019.

Depository

Summary Consolidated Financial and Operating Data

Summary consolidated financial data

The following summary consolidated financial data for the years ended December 31, 2017 and 2018 and as of December 31, 2017 and 2018 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated financial data for the nine months ended September 30, 2018 and 2019 and as of September 30, 2019 are derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read this Summary Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table presents our summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019.

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands, except for share and per share data)					
Net revenues⁽¹⁾	1,217,965	1,922,015	268,900	1,313,077	1,913,260	267,675
Operating expenses						
Fulfillment expenses	(1,592,664)	(2,044,139)	(285,986)	(1,448,729)	(1,762,599)	(246,597)
Selling and marketing expenses	(723,463)	(1,223,345)	(171,152)	(842,136)	(929,369)	(130,024)
General and administrative expenses	(249,172)	(282,539)	(39,529)	(198,433)	(210,647)	(29,471)
Research and development expenses	(191,977)	(270,163)	(37,797)	(194,090)	(238,562)	(33,376)
Other operating expenses	(48,860)	(97,179)	(13,595)	(64,612)	(33,264)	(4,653)
Other operating income	1,408	18,875	2,641	18,422	70,185	9,819
Loss from operations	(1,586,763)	(1,976,475)	(276,518)	(1,416,501)	(1,190,996)	(166,627)
Total other income	123,560	70,603	9,878	40,279	56,224	7,866
Loss before income tax benefits	(1,463,203)	(1,905,872)	(266,640)	(1,376,222)	(1,134,772)	(158,761)
Income tax benefits	14,113	27,497	3,847	11,086	6,774	948
Net loss and net loss attributable to the Company	(1,449,090)	(1,878,375)	(262,793)	(1,365,136)	(1,127,998)	(157,813)
Accretion of convertible redeemable preferred shares	(374,246)	(511,646)	(71,582)	(335,758)	(577,826)	(80,841)
Net loss available to ordinary shareholders	(1,823,336)	(2,390,021)	(334,375)	(1,700,894)	(1,705,824)	(238,654)
Net loss per ordinary share:						
Basic	(5.13)	(6.64)	(0.93)	(4.73)	(4.71)	(0.66)
Diluted	(6.21)	(6.64)	(0.93)	(4.73)	(4.71)	(0.66)
Weighted average shares used in calculating net loss per ordinary share:						
Basic	355,105,296	360,002,151	360,002,151	359,262,170	362,197,963	362,197,963
Diluted	293,803,781	360,002,151	360,002,151	359,262,170	362,197,963	362,197,963

Notes:

(1) Includes related party revenues of RMB691,002, RMB1,032,455, RMB666,270 and RMB1,148,605 for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019, respectively.

The following table presents our summary consolidated balance sheet data as of December 31, 2017 and 2018 and September 30, 2019.

	As of December 31,			As of September 30,	
	2017	2018		2019	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)				
Summary Consolidated Balance Sheet Data:					
Cash and cash equivalents	1,559,537	2,744,006	383,901	2,361,554	330,394
Short-term investments	324,746	721,380	100,925	121,858	17,049
Accounts receivable ⁽¹⁾	6,946	30,344	4,245	40,807	5,709
Amount due from related parties	48,760	159,363	22,296	219,351	30,688
Prepayments and other current assets	54,704	96,978	13,568	98,871	13,833
Intangible assets, net	1,069,702	900,632	126,003	776,166	108,590
Total assets	4,412,064	5,646,857	790,025	4,615,691	645,761
Short-term loan	354,499	—	—	—	—
Payable to riders	265,015	280,097	39,187	280,297	39,215
Amount due to related parties	38,290	54,302	7,597	39,750	5,561
Accrued expenses and other current liabilities	258,115	229,940	32,170	294,129	41,153
Deferred tax liabilities	80,272	52,733	7,378	45,959	6,430
Total liabilities	1,003,336	625,734	87,544	667,703	93,418
Total mezzanine equity	5,883,754	9,798,011	1,370,792	10,375,837	1,451,633
Total shareholders' deficit	(2,475,026)	(4,776,888)	(668,311)	(6,427,849)	(899,290)

Note:

(1) Net of allowance for doubtful accounts of nil, RMB316 and nil as of December 31, 2017 and 2018 and September 30, 2019, respectively.

The following table presents our summary consolidated cash flow data for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2019		
	RMB	RMB	US\$	RMB	US\$	
	(in thousands)					
Summary Consolidated Cash Flow Data:						
Net cash (used in) operating activities	(1,211,624)	(1,819,355)	(254,536)	(1,295,822)	(941,694)	(131,749)
Net cash (used in)/provided by investing activities	(110,608)	(415,382)	(58,114)	52,699	571,484	79,954
Net cash provided by financing activities	1,338,319	3,048,112	426,446	3,048,112	—	—
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(74,393)	11,363	1,588	12,788	(12,242)	(1,712)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(58,306)	824,738	115,384	1,817,777	(382,452)	(53,507)
Cash and cash equivalents and restricted cash at the beginning of the year/period	1,977,574	1,919,268	268,517	1,919,268	2,744,006	383,901
Cash and cash equivalents and restricted cash at the end of the year/period	1,919,268	2,744,006	383,901	3,737,045	2,361,554	330,394

Non-GAAP financial measure

We use adjusted net loss, a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss excluding share-based compensation expenses, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets.

We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. Adjusted net loss enables our management to assess our operating results without considering the impact of share-based compensation, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets, which are non-cash charges. We believe that adjusted net loss helps identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that are included in net loss. We also believe that the use of the non-GAAP measure facilitates investors' assessment of our operating performance. We believe that adjusted net loss provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision making.

Adjusted net loss should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review our historical adjusted net loss to the most directly comparable GAAP measures. Adjusted net loss presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of our net loss to adjusted net loss for the periods indicated:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)					
Net loss	(1,449,090)	(1,878,375)	(262,793)	(1,365,136)	(1,127,998)	(157,813)
Add:						
Share-based compensation expenses	60,841	51,185	7,161	40,426	37,713	5,276
Amortization of intangible assets resulting from business acquisitions	204,163	201,833	28,237	149,523	154,916	21,674
Less:						
Tax effect of amortization of intangible assets resulting from business acquisitions	(14,837)	(27,539)	(3,853)	(11,128)	(6,774)	(948)
Adjusted net loss	<u>(1,198,923)</u>	<u>(1,652,896)</u>	<u>(231,248)</u>	<u>(1,186,315)</u>	<u>(942,143)</u>	<u>(131,811)</u>

Summary operating data

The following table presents certain of our operating data for 2017, 2018 and 2019:

	For the Year Ended December 31,		
	2017	2018	2019
Dada Now			
Number of orders delivered ⁽¹⁾ (in millions)	520.3	515.3	753.8
JDDJ			
GMV (in millions of RMB)	3,287	7,334	12,205
Number of active consumers (in millions)	7.3	14.7	24.4

Note:

(1) Includes orders from merchants and individual senders. Orders from merchants account for both the orders placed by merchants with Dada Now directly and the fulfillment of orders for merchants listed on JDDJ.

RISK FACTORS

Investing in our ADSs involves a high degree of risk. You should carefully consider the following risks and uncertainties and all other information contained in this prospectus before investing in our ADSs. Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our ADSs could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our business and growth are significantly affected by the future growth and proliferation of local on-demand retail and delivery industries, which are new and rapidly evolving.

We operate in two new and rapidly evolving industries. Our business and growth are highly dependent on the future growth and proliferation of local on-demand retail and delivery industries in China, which could be affected by many factors and beyond our control.

Firstly, the local on-demand retail industry in China could be affected by, from the merchant side, the close integration with and improvements in online infrastructure, efficient access to consumers, user base and insights, customer acquisition costs; and from the consumer side, by the continued formation of consumers' online retail consumption habits, the selection, price and popularity of products offered by retailers, the demand for convenience, the availability, reliability and security of on-demand retail channels and shopping experience.

Secondly, the local on-demand delivery industry in China could be affected by the development of local delivery infrastructure, sophistication of logistics technologies that improve operational efficiency, store digitalization and inventory optimization, enhanced picking and fulfillment capability, reduction of losses on perishables in transportation, and increasing level of price-sensitivity and time-sensitivity of merchants and individual senders.

In addition, other factors, such as changes in government policies, laws and regulations governing the retail and delivery industries, and changes in macroeconomic conditions resulting in economic recessions and inflation and deflation that affect consumer confidence in general can also influence the growth of the local on-demand retail and delivery industries in China. Our ongoing success depends on our ability to continue to adapt to evolving industrial trends, modify our strategies, and satisfy changing customer demands. If local on-demand retail and delivery industries in China fail to develop as we expect, our business and growth could be materially and adversely affected.

Our operation could also be significantly affected by the development of the e-commerce industry, an adjacent industry to local on-demand retail, in China. Major e-commerce platforms may start to offer or strengthen their offerings of daily necessities and other competing products that are of less time-sensitive nature to consumers at lower prices and in reliable storage conditions, where the consumers' willingness to wait longer time might be increased, such as next-day delivery. Demand for our advantageous on-demand retail and delivery in efficiency might be weakened due to possible lower prices charged by e-commerce platforms and our business and growth could be materially and adversely affected.

Our limited operating history and evolving business model makes it difficult to evaluate our business and future prospects and the risks and challenges we may encounter.

We commenced our commercial operation in 2014. As we only have limited historical financial data, it is difficult to predict our future revenues and appropriately budget for our costs and expenses, and the evaluation of our business and prediction about our future performance may not be as accurate as they would be if we had a

longer operating history. In the event that actual results differ from our evaluation or we adjust our estimates in future periods, our results of operations and financial position could be materially affected and the investors' perceptions of our business and future prospects could differ materially from their expectations and the market price of our ADSs could decline.

We have been actively exploring boundaries and expanding our services. We started with Dada Now for local on-demand delivery service in July 2014, and began to tap into the local on-demand retail service in April 2016 upon the acquisition of JDDJ. Our evolving business make it difficult to evaluate the risks and challenges we may encounter. The risks and uncertainties we may face include challenges to our ability to successfully develop new platform features and expand our service offerings to enhance the experience of our various platform participants, to attract new retailers, merchants, consumers, individual senders and riders in a cost-effective manner, to anticipate and respond to macroeconomic changes and changes in local markets where we operate, to successfully expand our geographic reach, to forecast our revenue and manage capital expenditures for our current and future operations and to comply with existing and new laws and regulations applicable to our business. If we fail to address the risks and challenges that we face, our business, financial condition and results of operations could be adversely affected.

Any deterioration in our relationship with our major strategic investors may adversely affect our prospectus and business operations.

Our business has benefited from our collaborations with our major strategic investors, some of which are also our customers, such as JD Group and Walmart Group, and we expect to continue to be reliant on them for the foreseeable future. As of the date of this prospectus, JD Group and Walmart Group each holds approximately 51.4% and 10.8% equity interests of our Company, respectively. If including ordinary shares reserved for issuance under our 2015 Equity Incentive Plan, as of the date of this prospectus, JD Group and Walmart Group each holds approximately 47.4% and 9.9% equity interests of our Company, respectively. For more details of JD Group's and Walmart Group's beneficial ownership in our equity securities, please see "Principal [and Selling] Shareholders."

We derive a significant portion of revenue from providing last-mile delivery services to JD Group, as well as from performing omni-channel services to Walmart Group. Please see "—Our concentration on a small number of customers could adversely affect our business and results of operations." for more details of our reliance on these two strategic investors.

In addition, the JDDJ trademarks are licensed from JD Group. On April 26, 2016, we entered into a series of trademark licensing agreements with JD Group. Pursuant to the licensing terms, JD Group continues to own the relevant JDDJ trademarks and licenses the exclusive use of such trademarks to us infinitely until either of the earliest of (i) mutual agreement to terminate the trademark licensing; (ii) expiration of the terms of such trademarks; or (iii) JD Group's termination of the trademark licensing upon happening of certain triggering events, such as the decrease of JD Group's shareholding percentage in our company to a certain degree on a fully diluted basis, or any material adverse influence to JD Group's brand and reputation caused by our licensed use of such trademarks or the termination of JD Group's business cooperation agreement with us. If any of the event happens and JD Group terminates its license of the JDDJ trademarks to us, our business could be disrupted, and our results of operations may be materially and adversely affected. In addition, if JD Group, as the owner of JDDJ trademarks, fails to maintain or renew the registration status of such trademarks, our use of JDDJ brand will also be adversely affected. Further, to the extent the brand and reputation of JD Group suffers any negative publicity, especially those involving any similar trademarks or any other trademarks owned or used by JD Group, our reputation may be negatively affected by virtue of our various collaboration with JD Group.

We also rely on JD Group on certain operational support services, including traffic support, exclusive logistic cooperation, marketing and promotion services, and other managerial services. For example, over 20% of total traffic to JDDJ platform had come from JD.com in 2019.

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We cannot assure you that we will continue to maintain our cooperative relationships with our major strategic investors and their respective affiliates in the future. Our current cooperation landscape with JD Group and Walmart Group are set forth in our business cooperation agreements with them, respectively, covering our collaboration with JD Group regarding user traffic, supply chain, marketing and other cooperation, and our collaboration with Walmart Group regarding omni-channel initiative and expansion plan. However, we may not be able to successfully extend or renew our business cooperation agreements with JD Group and Walmart Group upon expiration of the current terms or early termination of the agreements on commercially reasonable terms or at all and may therefore be prohibited or restricted to conduct relevant business. This could materially disrupt our operations and result in significant alternative expenses, which could adversely affect our reputation, business, financial condition and results of operations. For details of the terms of our business cooperation agreements with JD Group and Walmart Group, please see “Business—Our Strategic Partners.”

We have a history of net losses and negative cash flows from operating activities, which may continue in the future.

We have incurred net losses and negative cash flows from operating activities each year since our inception and we may not be able to achieve or maintain profitability or positive cash flow in the future. We incurred net losses of RMB1,449.1 million, RMB1,878.4 million (US\$262.8 million) and RMB1,128.0 million (US\$157.8 million) in 2017, 2018 and for the nine months ended September 30, 2019, respectively. Net cash used in our operating activities was RMB1,211.6 million, RMB1,819.4 million (US\$254.5 million) and RMB941.7 million (US\$131.7 million) in 2017, 2018 and for the nine months ended September 30, 2019, respectively.

Our costs and expenses will likely increase in the future as we expect to enhance our on-demand delivery capabilities, develop and launch new service offerings and solutions, expand customer base in existing market and penetrate into new markets, and continue to invest and innovate in our technology infrastructure. Any of these efforts may incur significant capital investment and recurring costs, have different revenue and cost structures, and take time to achieve profitability. In addition, these efforts may be more costly than we expect and may not result in increased revenue or growth in our business.

Our ability to achieve profitability depends on our ability to improve our market position and profile, expand our online platforms, maintain competitive pricing, increase our operational efficiency and obtain financing, which may be affected by numerous factors beyond our control. If we are unable to generate adequate revenue growth and manage our expenses, we may not be able to achieve profitability or positive cash flow on a consistent basis, which may impact our business growth and adversely affect our financial condition and results of operations.

Our concentration on a small number of customers could adversely affect our business and results of operations.

We derive a substantial portion of our net revenue from a relatively small number of customers, including JD Group, Walmart Group and Yonghui. Although we plan to expand and diversify our customer base, we still expect to be reliant on our major customers, some of which are also our major strategic investors, including JD Group and Walmart Group, for the foreseeable future. In particular, we expect that JD Group will continue to account for a substantial portion of service revenues generated by Dada Now platform, and Walmart Group and Yonghui, collectively, will continue to account for an important portion of our revenues generated by JDDJ platform for the foreseeable future. In 2017, 2018 and the nine months ended September 30, 2019, 56.7%, 49.1% and 47.0% of our net revenues were derived from services provided to JD Group, respectively. Walmart Group became a related party of ours in August 2018, and in 2018 and the nine months ended September 30, 2019, 4.6% and 13.0% of our net revenues were derived from services provided to Walmart Group after it became our related party, respectively.

Such concentration of customers is primarily the result of our in-depth collaborations with JD Group and Walmart Group. We have entered into business cooperation agreements with JD Group and Walmart Group,

respectively, for details of the terms of such business cooperation agreements, please see “Business—Our Strategic Partners.” If the business cooperation agreements with these two major customers were terminated or not renewed upon expiration, our business relationships might be adversely affected and our revenue deriving from serving these two major customers may decrease. In addition, concerns of our major customers such as their increasing reliance on us for local on-demand retail and delivery services may drive them to address their concentration risks through diversifying their vendor base and engage other firms besides us, under which circumstances they may also choose to reduce cooperation with us.

The decrease in the amount of orders placed by or services provided to any of these small number of our customers, the loss or reduction of any significant agreements, the deterioration of our relationships with any such customers, or any material negative trends of markets in which these customers operate, could materially disrupt our operations and our revenue and cash flows from operating activities could be significantly reduced. If we cannot find other potential customers on a cost-effective and timely basis, or at all, the loss of business from any one of such customers could have a material adverse effect on our business and results of operations. In addition, any of the foregoing risks may strain our managerial, financial, operational and other resources. If we fail to manage such reduction in revenue or deterioration of our relationships with small number of major customers, our brand and reputation could also be materially harmed.

We face intense competition and could lose market share, which could adversely affect our results of operations.

The markets for local on-demand retail and local on-demand delivery are competitive and characterized by rapid market changes and technology evolution, giving rise to new market entrants and well-funded competitors and the introduction of new business models disruptive to our business. Although we are not aware of any peer companies in the industry that operate under a business model that directly resembles ours, our two platforms face competition in their respective markets. There are multiple existing market players that operates on-demand delivery and/or on-demand retail business, such as Ele.me, Meituan Dianping and SF Rush, and there may be new entrants emerging in each of the markets we operate in, and these market players compete to attract, engage and retain consumers and merchants. They may be well-established and be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than we do, which could adversely affect our results of operations. If we cannot equip ourselves with necessary resources and skills, we may lose market share as competition increases.

Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience a decline in growth that could adversely affect our business, financial condition and results of operations.

Further, certain large retailers may build or further develop their own on-demand delivery network leveraging on their established delivery capacities in selected high-density cities in order to gain control of the consumer touchpoint and to create synergies with their businesses. They may even expand to serve outside e-commerce platforms and compete with us for qualified riders and personnel at lower costs. In addition, our customers may also develop their own delivery capabilities, increase utilization of their in-house supply chain, reduce their logistics spending, or otherwise choose to terminate our services.

Any harm to Dada Now and JDDJ brands or reputation may materially and adversely affect our business and results of operations.

We believe that building a strong brand and reputation as an effective, safe, reliable and affordable platform and continuing to increase the strength of the network effects are critical to our business and competitiveness. The brand recognition and reputation of our “Dada Now” and “JDDJ” brands and the successful maintenance and

enhance of our brand and reputation have contributed and will continue to contribute significantly to our success and growth.

Any negative perception and publicity, whether or not justified, such as complaints and accidents in relation to user experience, products sold on our platform, quality of delivery services and our brand awareness and recognition, and actual or perceived deterioration of our service quality could tarnish our reputation and reduce the value of our brand, which might result in loss of important customers. Further, our competitors may fabricate complaints or negative publicity about us and retailers, merchants and riders on our platforms for the purpose of vicious competition. With the increased use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to respond and mitigate effectively.

We are also subject to negative publicity regarding our platform participants, whose activities are out of our control. Negative public perception on the merchandise sold by retailers on our platform or that retailers on our platform do not provide satisfactory consumer services, even if factually incorrect or based on isolated incidents, could undermine the trust and credibility we have established and have a negative impact on our ability to attract new consumer or retain our current consumers. In addition, complaints regarding illegal, negligent, reckless or otherwise inappropriate behavior of the riders on our platform could also adversely and materially harm our reputation and brand.

If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our platforms, it may be difficult to maintain and grow our customer base, and our business, results of operations and growth prospects may be materially and adversely affected.

The status of our riders as independent contractors of retailers, merchants or individual senders on our platforms may be challenged.

We rely on the riders to deliver products sold on JDDJ and our other cooperated platforms and retailers, and to provide local on-demand delivery services to orders placed through Dada Now. However, such riders are independent contractors of the retailers and merchants selling or delivering products and individual senders delivering or fetching items on our platforms, instead of our employees.

As the platform connecting the retailers, merchants and individual senders with riders, we provide online platforms to these participants, and derive revenue from charging service fees from these parties. The riders can choose whether, when, and where to provide services on our platform and are free to provide services on other platforms.

However, we have been subject to and may continue to be subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings seeking to reclassify the riders. We prevail in a substantial majority of such lawsuits where the relevant judgments have confirmed that there were no employment relationships between the riders and us. However, laws and regulations that govern the status and classification of independent contractors are subject to changes and divergent interpretations by various authorities which can create uncertainty and unpredictability for us.

In the event of a reclassification of the status of riders as our independent contractors, we could be held liable for personal injuries and property damages caused by such riders to third parties. In the event of such reclassifications, we could also be held liable for any severe personal injuries or casualties occurred to such riders.

Further, a determination that reclassifies a rider as an employee of us could cause us to incur significant additional expenses resulting from the potential application of labor and employment laws to compensate riders, including employee benefits, social security contributions and housing provident funds, as well as the application of relevant taxes and governmental penalties or other legal sanctions. Further, any such reclassification would require us to fundamentally change our pricing methodologies and business model, and consequently have an adverse effect on our business, financial condition and results of operations.

Our historical growth rate may not be indicative of our future performance and if we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected.

We have experienced rapid growth since our inception, particularly in terms of the number of annual active riders, annual active consumers, annual GMV, daily delivery orders and peak day order volume, and our geographic reach. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth rates may slow due to a number of reasons, including decreasing demand for our services or market saturation, increasing competition, emergence of alternative business models, changes in government policies, increasing regulatory costs, declining growth of the online retail industry in China, or changes in general economic conditions. If our growth rates slow or decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our ADSs could decline.

We cannot assure you that we will be able to effectively manage our future growth. We have evolved from a local on-demand delivery service provider to a leading platform of local on-demand retail and delivery in China, and we expect to continue to experience business growth in the future. We intend to achieve growth by enhancing our on-demand delivery capabilities, invigorating local on-demand retail platform and solidifying our leading position in supermarket, creating more values for brand owners, and continuing to invest and innovate in technologies. We cannot assure you that our growth initiatives will succeed. In addition, our rapid growth has placed, and may continue to place significant demands on our management and our technology systems, as well as our administrative, operational and financial systems. Our ability to manage our growth effectively and to integrate new technologies and participants into our existing business will also require us to continue to implement a variety of new and upgraded managerial, operating, technological and financial systems, procedures and controls. If we are not able to effectively manage the growth of our business and operations or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

If we fail to cost-effectively attract new retailers and merchants to our platforms, or to maintain relationships with existing retailers and merchants, our business and results of operations could be adversely affected.

We rely on retailers to offer products that appeal to our existing and potential consumers at attractive prices on our JDDJ platform and rely on merchants to generate delivery demands on our Dada Now local on-demand delivery platform. Our success depends in part on our ability to cost-effectively attract new retailers and merchants to our platforms and to maintain relationships with existing retailers and merchants. We must continue to provide retailers and merchants with on-demand delivery infrastructure, commercial support, technology support of comprehensive retail solutions and smart-offline store solutions, and operational insights. If we fail to provide these services comparable or superior to those of our competitors, we may fail to attract new retailers and merchants to our platforms, or to maintain relationships with existing retailers and merchants. Merchants may also choose our competitors if they charge lower service or other fees, or if our competitors provide more types of or more effective empowering services, or the merchants being acquired by or merged into our competitors, or form strategic alliance with our competitors.

The extent to which we are able to maintain and strengthen the attractiveness of our platforms to retailers and merchants also depends on our ability to provide and maintain platforms where retailers and merchants are able to develop mutually beneficial relationships with other participants. For example, if retailers or merchants are unsatisfied with the services performed by riders on our platforms, our ability to attract new retailers and merchants, or to maintain relationships with existing merchants could be adversely affected.

In addition, as we continue to expand into new geographic areas, we also rely in part on the expansion of our existing retailers and merchants to lower-tier cities, some of which operate national chain stores, to attract new retailers and merchants. If we fail to satisfy the needs of existing retailers and merchants, our ability to cost-effectively attract new retailers and merchants to our platforms could be adversely affected, and our business and results of operations could be adversely affected.

If we fail to cost-effectively attract and retain new consumers and increase engagement of existing consumers on our JDDJ platform, or to adapt our services to changing consumer needs, our business and results of operations could be adversely affected.

The success of our JDDJ platform depends in part on our ability to cost-effectively attract and retain new consumers and increase engagement of existing consumers. We believe that our selling and marketing efficiency, consistent and reliable services and rapid responses to changing consumer preferences have been critical in promoting awareness of our services, which in turn drive new consumer growth and engagement. However, if our promotional activities and marketing strategies do not work efficiently and we cannot continue to lower our customer acquisition cost, if the consumers cannot find products they are looking for on our JDDJ platform, or if our competitors offer more incentive promotions, or provide better, more convenient or more cost-effective services, they may lose interest in us and visit our mobile apps or websites less frequently or even stop placing orders with us.

We have been leveraging artificial intelligence technologies to generate personalized recommendations to consumers for products and incentives in which they may be potentially interested. For example, on our JDDJ platform, product and store information could be displayed in various orders, such as product categories, past sales volume, distance between offline stores to the consumer and estimated delivery time. In addition, we make individually tailored recommendations and incentives to consumers according to a comprehensive database. If our searching results display or tailored recommendations and incentives fail to satisfy individual consumer needs, we may lose potential or existing consumers and may experience decrease in orders.

Further, if the consumers do not perceive the services provided by riders on our JDDJ platform to be reliable and safe, we may not be able to attract and retain consumers and increase their utilization of our platform. The decrease in consumer base will affect our ability to provide the retailers on our platform with adequate consumer demands, which may reduce our platform's attractiveness to retailers, and the decrease in merchant base will, in turn, result in further decrease in consumer base. Therefore, if we fail to cost-effectively retain consumers and increase their utilization of our platform, our business and results of operations could be adversely and materially affected.

Any failure in delivery with efficiency could damage our reputation and substantially harm our business.

We are devoted to delivering items purchased from JDDJ or for orders placed through Dada Now with efficiency to ensure premium user experience. However, consumers and individual senders of local on-demand retail and delivery services are becoming more time-sensitive and price-sensitive, and their willingness to pay for local on-demand retail and delivery may decrease if the services are not conveniently and quickly available at reasonable price. Therefore, if we are unable to provide local on-demand retail and delivery services in a timely, reliable, safe and affordable manner, our reputation, customer loyalty, and business could be negatively affected.

We rely on our proprietary smart order recommendation and dispatching system to support our time management and instant rerouting based on traffic condition to estimate and ensure our delivery efficiency. However, our actual delivery time is subject to various factors that may be beyond our control, including the regional traffic conditions and weather conditions that may affect the traffic, governmental activities that block the normal delivery route and unanticipated accidents. In addition, our platforms match and dispatch delivery tasks by computing a matching score between the order and each of the riders nearby. Although our smart order recommendation and dispatching system could simulate the optimal route and optimize the performance and efficiency of our delivery network, we may experience rider shortage in peak hours or for remote area, where delivery orders might not be accepted and picked up timely. If products and items are not delivered on time or are delivered in a damaged condition, our consumers and individual senders may lose confidence on us, which in turn may result in the merchants' less confidence on us. Our reputation and brand may be adversely damaged and we may lose customers.

We collect, process and use data, some of which contains personal information. Any privacy or data security breach could damage our reputation and brand and substantially harm our business and results of operations.

As a technology-based platform, our business generates and processes a large quantity of personal, transaction, behavioral and demographic data. We face risks inherent in handling and protecting large volumes of data, including protecting the data hosted in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any system failure, security breach or third parties attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data could damage our reputation and brand, deter current and potential customers from using our services, damage our business, and expose us to potential legal liability.

We also have access to a large amount of confidential information in our day-to-day operations. Each waybill contains the names, addresses, phone numbers and other contact information of the sender and recipient of an order placed and delivered through our platforms. The content of the item delivered may also constitute or reveal confidential information. Although we have data security polices and measures in place, for example, leveraging on our encryption techniques, order code, instead of actual personal information, of each transaction on our platforms will be shown to our personnel as well as riders handling the orders, we cannot assure you that the information will not be misappropriated, as a large number of riders and our personnel handle the orders and have access to the relevant confidential information. All of the riders are not our employees, which makes it more difficult for us to implement adequate management, supervision and control over them.

We are subject to domestic laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personally identifiable information with respect to our customers and employees including any requests from regulatory and government authorities relating to this data. Further, PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. We expect that these areas will receive greater public scrutiny and attention from regulators, which could increase our compliance costs and subject us to heightened risks and challenges. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We are subject to risks inherent in the logistics industry, including personal injury, product damage, and transportation-related incidents.

A large volume of products are being handled and delivered by a large number of our riders every day. We face the risks associated with carriage and transportation safety, which may result in property damages and personal injuries. Items carried and transferred by our riders may be stolen, damaged or lost for various reasons. In particular, delivery of fresh and perishable products entails inherent risks regarding item packing and stacking, storage condition in transit, and traffic condition.

Our failure to detect and prevent unsafe, prohibited or restricted items from entering into our delivery platform may harm our reputation and business, and subject us to penalties and civil liabilities if any personal injury or property damage take place. In addition, we cannot guarantee all unsafe items, such as flammables and explosives, toxic or corrosive items be detected and prevented, and those unsafe items may damage other products and items in our network, injure recipients and harm personnel and damage other properties.

Delivery of products also involves risks regarding transportation safety. We constantly have a large number of riders in transportation and most of them ride electric bicycles. From time to time, riders on our platforms may be involved in transportation accidents, and the products and items carried by them may be lost or damaged. In addition, the riders and third-parties may also suffer personal injuries, where the insurance maintained by them may not fully cover the damages caused. We are regularly subject to claims, lawsuits, arbitrations and other legal proceedings seeking to hold us liable for property damages and personal injuries caused in the process of performing our local on-demand delivery services, which may be raised by item senders and recipients, consumers, merchants, riders and injured third-parties, the results of which cannot be predicted with certainty.

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Any of the foregoing risks could disrupt our services, cause us to incur substantial expenses and divert the time and attention of our management. We may face claims and incur significant liabilities if found liable or partially liable for any injuries, damages or losses. Claims against us may not be covered by insurance at all. Government authorities may also impose significant fines on us or require us to adopt costly preventive measures. Furthermore, if our delivery services are perceived to be unsafe by consumers, individual senders, merchants and riders on our platforms, which may reduce our platforms' attractiveness, our business, financial condition and results of operations may be materially and adversely affected.

We may fail to successfully roll out and expand our offerings of various value-added services to retailers and brand owners on our platforms.

Our services to retailers and brand owners on JDDJ platform do not stop at connecting them with consumers and facilitating transactions. We have been constantly endeavoring to develop new value-added services to them and to solidify our relationship and increase customer stickiness. For example, we have utilized our big data technology to help retailers establish omni-channel membership programs. Together with our CRM tools, we empower retailers to target and communicate with their members and potential consumers for effective marketing. We also help brand owners broaden their consumer reach, deepen their consumer insights and run brand promotions on our platform. We have experienced rapid growth in this new business offering, however, our expansion of new service offerings may result in unseen risks, challenges and uncertainties along with our expansion into this relative new business area.

We may incur additional capital expenditure to support the expansion of our new value-added services to retailers and brand owners. In addition, due to the limited operating history of these new business offering, it is difficult to predict future revenues, which could be subject to seasonality. Any failure in managing expenditures and evaluating customer demands could materially and adversely affect the prospects of achieving profitability of and recouping our investments in this new business offering and our overall financial condition.

In addition, the expansion of service offerings 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.

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

Our business is subject to intense regulation, and we are required to hold a number of licenses and permits in connection with our business operation, including, but not limited to, the License for Value-added Telecommunications Services, or VATS License, Food Operation License, Retail Liquor License, Internet Drug Information Service Qualification Certificate and Filing Certificate of Third-party Platform of Medical Device Online Transaction. We hold all material licenses and permits described above and are applying for certain filings with the government authorities.

As of the date of this prospectus, information contained in certain licenses, certificates and permits we obtained has not been updated in a timely manner, such as the business address and legal representative. We are in the process of applying for registration amendment, and any failure to complete the registration amendment in a timely manner may cause fines and penalties.

As of the date of this prospectus, we have not received any notice of warning or been subject to penalties or other disciplinary action from the relevant governmental authorities regarding the conducting of our business without the above-mentioned approvals, certificates and permits. However, we cannot assure you that the relevant governmental authorities would not require us to obtain the approvals, certificates or permits or take any other actions retrospectively in the future. If the relevant governmental authorities require us to obtain the approvals, certificates or permits, we cannot assure you that we will be able to do so in a timely manner or at all.

New laws and regulations may be enforced from time to time to require additional licenses and permits other than those we currently have. For example, our crowdsourced delivery business currently has no clear regulatory authority or governing laws and regulations as such industry are relatively nascent and is at its early stage of development, however, new requirements regarding approvals, licenses or permits may be implemented in the future along with rapid industrial evolution. In addition, *Law of E-commerce* promulgated by Standing Committee of the National People's Congress, which took effect on January 1, 2019, establishes additional standards in the e-commerce industry, and intensified the responsibility of third-party platforms. Further, the *Foreign Investment Law*, which was promulgated on March 15, 2019 and came into force on January 1, 2020, replaced the existing laws regulating foreign investment in China, together with their implementation rules and ancillary regulations. See “—Risks Related to Our Corporate Structure—Our current corporate structure and business operations may be substantially affected by the newly enacted *Foreign Investment Law*.”

Changes to our pricing methodologies could adversely affect our ability to attract or retain retailers, merchants, consumers, individual senders and riders.

Demand for our services is highly sensitive to the delivery price, the rates for time and distance, the subsidies paid to consumers and the fees we charge retailers, merchants and individual senders. Many factors, including operating costs, legal and regulatory requirements or constraints and our current and future competitors' pricing, and marketing strategies, could significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or a broader range of services. Similarly, certain competitors may use marketing strategies that enable them to attract or retain new qualified retailers, merchants and new riders at a lower cost than us. Although we do not intend to compete with aggressive pricing policies which are not beneficial to long-term growth, there can be no assurance that we will not be forced, through competition, regulation or otherwise, to reduce the price of delivery for riders, increase the subsidies we pay to consumers, reduce the fees we charge retailers, merchants, or increase our marketing and other expenses to attract and retain qualified merchants and riders in response to competitive pressures.

We have launched, and may in the future launch, new pricing strategies and initiatives, or modify existing pricing methodologies, any of which may not ultimately be successful in attracting and retaining retailers, merchants, consumers, individual senders and riders. Further, a determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that reclassifies a rider, who are independent contractor of the retailers, merchants or individual senders, as our employee, may require us to revise our pricing methodologies to account for such a change to rider reclassification which may result in significant increase in our operation costs. While we do and will attempt to set prices and pricing packages based on our past operating experience, our assessments may not be accurate or there may be errors in the pricing algorithms used and we could be underpricing or overpricing our services. Any such changes to our pricing methodologies or our ability to efficiently price our services could adversely affect our ability to attract or retain retailers, merchants, consumers, individual senders and riders, as well as our business, financial condition and results of operations.

Any disruption to our technology systems and resulting interruptions in the availability of our website, applications, platform or services could adversely affect our business and results of operations.

The satisfactory performance, reliability and availability of our technology systems are critical to our success. We rely on our scalable technology infrastructure, which consists of a smart order recommendation and dispatching system, an automated order pricing system, a digitalized rider management system, a warehouse management system, a picking assistant app, systems for shopping experience customization and assortment recommendation, and corresponding mobile apps connecting our network with those of our various platform users. These integrated systems support the smooth performance of certain key functions of our business. However, our technology systems or infrastructure may not function properly at all times. We may be unable to monitor and ensure high-quality maintenance and upgrade of our technology systems and infrastructure, and users may experience service outages and delays in accessing and using our platforms as we seek to source additional capacity. In addition, we may experience surges in online traffic and orders associated with

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promotional activities and generally as we scale, which can put additional demand on our platform at specific times. Any disruption to our technology systems and resulting interruptions in the availability of our website, applications, platform or services could adversely affect our business and results of operations.

Our technology systems may also experience telecommunications failures, computer viruses, failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, user errors, or other attempts to harm our technology systems, which may result in the unavailability or slowdown of our platform or certain functions, delays or errors in transaction processing, loss of data, inability to accept and fulfill orders, reduced gross merchandise volume and the attractiveness of our platform. Further, hackers, acting individually or in coordinated groups, may also launch distributed denial of service attacks or other coordinated attacks that may cause service outages or other interruptions in our business. Any of such occurrences could cause severe disruption to our daily operations. If we cannot successfully execute system maintenance and repair, our business and results of operations could be adversely affected and we could be subject to liability claims.

Failure to continue to improve our technology systems or develop new technologies to adapt to changing user needs could harm our reputation, business and prospects.

To remain competitive, we must continue to enhance and improve the functionality of our technology systems and to develop new features to adapt to changing market trends and user preferences. The on-demand retail and delivery industries are characterized by rapid technological evolution, including frequent introductions of new products and services embodying new technologies, such as potential future commercial implementation of unattended delivery technologies of package-delivering robots. Any technology development in the online retail and delivery industry may pressure both incumbent and new market players to implement cost-effective technologies even more rapidly. Our business operations and growth prospects depend, in part, on our ability to identify, develop, acquire or license advanced technologies and respond to technological innovations and emerging industry practices in a cost-effective and timely way.

In addition, we must regularly improve and upgrade our technology systems to keep pace with increased gross merchandise volume or expanded service offerings on our platforms to ensure more efficient capacity management through an integrated information flow through our entire network. However, while we have continuously enhanced our proprietary technology systems, we may fail to execute technology improvements corresponding to our business expansion or developing new technologies to adapt to changing user needs and industry breakthrough and the failure to do so could harm our reputation and business and may also impede our growth.

We have invested in the development of new technologies and business initiatives and obtained or applied for registered patent rights supporting various aspects of our operations. However, 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 needs or emerging industry standards and any failure to do so may render our services less competitive or attractive, and our reputation, business and prospects may be materially and adversely affected.

Failure to deal effectively with any fictitious transactions or other fraudulent conduct that take place on our online platforms could harm our business.

We face risks with respect to fictitious transactions or other fraudulent conduct that take place on our online platforms. For example, our retailers may engage in fictitious transactions and fabricate store information in order to inflate their ratings and search results rankings on our platforms. This activity may harm other retailers by enabling the perpetrating retailers to be favored over others, and may harm our consumers by deceiving them into believing that a merchant is more reliable or trusted than it actually is. We may experience such fraudulent activities and suffer losses from distributing subsidies relating to fictitious transactions. Although we have

implemented various measures to detect and reduce the occurrence of fraudulent activities on our platforms, there can be no assurance that such measures will be effective in combating fraudulent transactions among third-party retailers and other users and prevent resulting losses. In the event that we resort to litigation to enforce the return of any subsidies and benefits we distributed to such retailers, the litigation could result in a diversion of our managerial and financial resources.

Moreover, illegal, fraudulent or collusive activities by our employees could also subject us to liability or negative publicity and harm our business. Although we have internal controls and policies with regard to the review and approval of transactional activities and other relevant matters, we cannot assure you that such controls and policies will prevent fraud or illegal activity by our employees effectively. Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platforms or by our employees would severely diminish consumer confidence in us, reduce our ability to attract new or retain current retailers and consumers, damage our reputation and diminish the value of our brand, and materially and adversely affect our business, financial condition and results of operations.

Our settlement mechanism with participants on JDDJ and Dada Now platforms may not be in full compliance with current PRC regulations.

We follow the industry practice to first receive payments from participants for all products sold on our JDDJ platform and the services provided on our Dada Now platform, and then settle with retailers on our JDDJ platform and riders on our Dada Now platform. This practice is under increasingly strict scrutiny from regulators, particularly the People's Bank of China, or the PBOC. For example, in June 2010, the PBOC promulgated the *Administrative Measures on Payment Services Provided by Non-Financial Institutions* which provides that a non-financial institution offering payment services shall obtain the Payment Business License and qualify as a paying institution. Furthermore, in November 2017, the PBOC published a notice, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security. Subsequent to this regulation, we have discussed and are in the process to establish a payment safeguard and settlement mechanism together with commercial banks, through which the banks will help open restricted settlement accounts to receive payments from our consumers or users first, and then distribute the total payment to retailers, riders and us, and we submit relevant transaction materials to the banks for their review. We expect to substantially complete the establishment of such restricted settlement accounts in the first half of 2020. However, uncertainties still exist as to whether this system is considered fully compliant with the PRC laws and regulation, in particular the PBOC Notice. We cannot assure you that the PBOC or other governmental authorities will find our current or planned new settlement mechanisms to be in compliance with the PBOC Notice. If the PBOC or other relevant governmental authorities consider our current or planned new settlement mechanisms not fully compliant with the PRC regulations, we may need to adjust our business and cooperation model with the commercial banks and third-party payment service providers, and be subject to penalties and orders to rectify which may result in higher payment processing cost, and any of these events may materially and adversely affect our growth potential, business and results of operations.

We are regularly subject to claims, lawsuits and other proceedings that may adversely affect our reputation, business and results of operations.

We are regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings in the ordinary course of business, including those involving personal injury, property damage, labor and employment, commercial disputes, user complaints, intellectual property disputes, compliance with regulatory requirements and other matters. We may become subject to additional types of claims, lawsuits, government investigations and legal or regulatory proceedings as our business grows and as we deploy new business offerings. We are also regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings seeking to hold us liable for the actions of

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retailers, merchants and riders on our platforms. The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our reputation and brand, business, financial condition and results of operations. In addition, a determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that involves our industry, could also harm our business, financial condition and results of operations.

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

We maintain employer liability insurance and provide social security insurance to our employees, including pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, and medical insurance. We also provide supplemental commercial medical insurance for our employees. We may be required to pay higher premiums for the coverage we obtain. For these insured risks, there can be no assurance that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we face claims in excess of our applicable aggregate coverage limits for insured risks, we would bear any excess and the compensated amount could be significantly less than our actual loss.

We do not maintain any operation-related insurance. As the insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited operation-related insurance products. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Risks associated with our business and operations primarily include business liability, business interruption, and damages to our technology infrastructure.

We do not maintain product liability insurance for products transacted on our platforms, and our rights of indemnity from the retailers may not adequately cover us for any liability we may incur. We also do not maintain key-man life insurance. In addition, we may not be able to, or may choose not to, acquire insurance for future risks related to our new and evolving business offerings.

For these uninsured risks, any of them may result in substantial costs and a diversion of resources, and our business, financial condition and results of operations could be materially and adversely affected.

We depend on the interoperability of our platform across third-party applications and services that we do not control.

We depend on several third-party applications and services to ensure the smooth performance of certain key functions of our business. For example, we host our services on servers and network infrastructure rented from third-party cloud computing vendors. In addition, we collaborate with online map providers, social media access portal provider for embedding our mini-program, and payment processing providers.

Any interruption or delay, most of which are beyond our control, in the functionality of these third-party applications and services may lead to our system interruptions, website or mobile app slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill orders. In addition, if any third-party application and service providers withdraw their authorization to us, or their services become limited, restricted, curtailed or less effective in any way or become unavailable to us for any reason, our business may be materially and adversely affected. We may not be able to promptly find alternative ways to provide services in a timely, reliable and cost-effective manner, or at all, which may materially and adversely affect our business, financial condition and results of operations.

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

We accept a wide variety of payment methods, including bank transfers and online payments through various third-party online payment platforms such as Wechat Pay, JD Pay and UnionPay, in order to ensure smooth user experience. For certain payment methods, we pay varying service fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud, money laundering and other illegal activities in connection with the various payment methods we accept.

We are also subject to various regulations, rules and requirements, regulatory or otherwise, governing online payment processing and fund transfers, 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 fund transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

User growth and activity on mobile devices depends upon effective use of our mobile applications and third-party mobile operating systems that we do not control.

Purchases using mobile devices by consumers generally, and by our consumers purchasing fresh products, our merchants and individual senders delivering items and our riders picking and delivering on our platforms specifically, have increased significantly, and we expect this trend to continue. In particular, our riders primarily rely on our mobile applications to plan, track and adjust the delivery route while on transportation. To optimize the mobile shopping and real-time item tracking and locating experience, we are somewhat dependent on our customers' downloading and effective use of our mobile applications for their particular devices. We are further dependent on the interoperability of our mobile applications with third-party 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 mobile applications could adversely affect the usage of our sites on mobile devices.

As new mobile devices and operating platforms are released, we may experience delay or difficulties in updating and integrating our mobile applications for these alternative devices and platforms and we may need to devote significant resources to the development, support and maintenance of such applications. Problems may also arise with our relationships with providers of mobile operating systems or mobile application download stores, such as our applications may receive unfavorable treatment compared to competing applications on the download stores. In the event that it becomes difficult for our customers to access and use our applications on their mobile devices, our customer growth could be harmed and our business and results of operations may be adversely affected.

Our riders are not our employees, over which we may not be able to exert adequate management, supervision and control.

We rely on our riders to provide local on-demand delivery to fulfill orders placed by merchants and individual senders online. Most of the riders work part-time. These riders are the actual carriers and have a significant amount of direct interactions with our merchants, individual senders and consumers, and their performance are directly associated with our brand.

However, since these riders are not our employees, our management, supervision and control over them is relatively limited as compared to our own employees. Although we have implemented mandatory trainings to all of our riders, established service standards across our network and provided incentives along with periodic evaluations, we may not be able to exert adequate management, supervision and control over their service quality. If any riders fail to perform in accordance with instructions, policies and business guidelines as requested by us, our merchants, individual senders, and consumers for item pick-up and delivery, our reputation, business and results of operations could be materially and adversely affected.

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If the riders violate any relevant requirements under the applicable laws and regulations or their agreements with merchants or individual senders, such merchants or individual senders may file claims against us, as the riders provide delivery services on our platforms. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources, and therefore harm our business.

In addition, we constantly have a vast number of active riders in transportation, performing local on-demand delivery services on both of our JDDJ platform and Dada Now platform. Therefore, we are subject to isolated complaints and negative publicity regarding the services and behaviors of these riders due to their mass even if we could exert adequate management, supervision and control over them, as such risks are inherently associated with companies operating in labor intensive industries.

We engage outsourced delivery agencies to provide riders for our operations and have limited control over these riders and may be liable for violations of applicable PRC labor laws and regulations by the outsourced delivery agencies.

We engage outsourced delivery agencies who send their employees to work as riders providing delivery services on our platforms. We enter into agreements with the outsourced delivery agencies and do not have any employment relationship with these riders. Since these riders are not directly employed by us, our control over them is relatively limited. If any riders fail to perform in accordance with instructions, policies and business guidelines for item pick-up or delivery set forth by us, the outsourced delivery agencies, our merchants and consumers, and individual senders, our reputation, business and results of operations could be materially and adversely affected.

Our agreements with the outsourced delivery agencies provide that we are not liable to the riders if the outsourced delivery agencies fail to fulfill their contractual duties to these riders. However, if the outsourced delivery agencies violate any relevant PRC laws and regulations, including labor, employee benefits, housing provident funds and social security insurance, or their employment agreements with the riders, these riders may file claims against us as they provide their services on our platforms. As a result, we may incur legal liability, and our reputation, business, financial condition and results of operations could be materially and adversely affected.

Real or perceived quality or health issues with the products sold on our JDDJ platform could harm our reputation and business.

Retailers on our JDDJ platform, including supermarkets, fresh produce marketplaces, pharmacies, flowers shops, bakeries and fashion stores, are the providers of products listed. Consumers on our JDDJ platform expect to be provided with fresh, high-quality products. Although we implement mandatory checks on licenses and permits when retailers apply for operating on our JDDJ platform, we do not have much control over the products sold by these third-party retailers on JDDJ, and our brand and reputation may be harmed by actions taken by these retailers.

If any retailer does not control the quality of the products that it sells on our JDDJ platform, delivers products that are materially different from its description of them, sells counterfeit or unlicensed products on our JDDJ platform, or sells certain products without licenses or permits as required by the relevant laws and regulations, the reputation of our JDDJ platform and our brand may be materially and adversely affected and we could be held liable for any losses.

In addition, negative publicity about concerns and accidents regarding the quality and health issues of products offered on our JDDJ platform, whether real or perceived, and whether or not involving products sold at our platform, could discourage consumers from purchasing certain products listed on JDDJ, even if the basis for the concern is outside of our control. Any loss in consumer and user confidence would be difficult and costly to reestablish, which could significantly reduce our brand value.

If our expansion into new geographical areas is not successful, our business and prospects may be materially and adversely affected.

We have a track record of successfully expanding into new geographical areas, where we commenced our operation from covering first-tier cities in China and have continued to expand our geographical reach to smaller and less developed prefecture-level cities. Our expansion into new geographical areas involves new risks and challenges associated with such new markets, such as our business model may not be acceptable to residents in lower-tier cities and towns in China, there may be a lack of demand for local on-demand retail and delivery, the order density in those smaller, less developed areas may not be sufficient to allow us to operate in a cost-efficient manner, and we may need to adjust our pricing methodologies to adapt to local economic condition. We cannot assure that we will be able to execute on our business strategy or that our service offerings will be successful in such markets.

In addition, our lack of relevant customer personas or familiarity with retailers, merchants and market dynamic of these areas may make it more difficult for us to keep pace with local demands and preferences. Further, there may be one or more existing market leaders in any geographical area that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their deeper data insight and greater brand recognition locally. Any failure in our expansion into new geographical areas could materially and adversely affect our business and prospects.

Further, as of the date of this prospectus, certain of our local branches with premises for business operations established along with our geographic expansion have not been registered with local administrations. In the PRC, if a company operates business outside its registered address, the company may be required to register those premises for business operation as branch offices with the relevant local market administrative regulation authorities at the place where the premises are located and obtain business licenses for them as branch offices. We may not be able to register the main premises for business operations as branch offices in a timely manner or at all due to complex procedural requirements and relocation of branch offices from time to time. While we have not received any government order or penalty resulting from such failure, we cannot assure you that we will not be subject to penalties, orders to rectify or other administrative proceedings. If we become subject to these penalties, our reputation, business, and results of operations could be materially and adversely affected.

Our business is subject to quarterly seasonality.

We experience seasonality in our business, mainly correlating to the seasonality patterns associated with online retail and delivery industries in China. We typically experience a seasonal surge in GMV for products sold on our local on-demand retail platform, as well as in items delivered through our local on-demand delivery platform during the second and fourth quarters of each year when major online retail and e-commerce platforms hold special promotional campaigns, for example, on June 18 and November 11 each year. We may experience capacity and resource shortages in fulfilling orders during the period of such seasonal surge in our business. On the contrary, activity levels across our business lines are typically lower around Chinese national holidays, including Chinese New Year in the first quarter of each year, primarily due to weaker consumer spending and user activity levels and the decreased availability of riders during these holiday seasons.

Seasonality also makes it challenging to accurately and timely estimate customer demands and manage our capacity accordingly. We make planning and spending decisions, including capacity management and other resource requirements based on our estimates of customer demand. Failure to meet demand associated with the seasonality in a timely manner may adversely affect our financial condition and results of operations. Our financial condition and results of operations for future periods may continue to fluctuate. As a result, our results of operations and the trading price of our ADSs may fluctuate from time to time due to seasonality.

Our business depends on the continuing efforts of our management. If we lose their services, our business may be severely disrupted.

Our success heavily depends upon the continued efforts of our management. In particular, we rely on the expertise and experience of Mr. Philip Jiaqi Kuai, our chairman and chief executive officer, and other executive officers. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. Further, if any of our senior management joins a competitor or forms a competing business, we may lose retailers, merchants, consumers, individual senders, know-how and key professionals and staff members. Although our senior management has entered into employment agreements and confidentiality and non-competition agreements with us, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements 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. As a result, our business may be severely disrupted due to the loss of services of one or more members of our management, and our financial condition and results of operations may be materially and adversely affected.

If we are unable to attract, train and retain qualified personnel, as well as the riders, or if we experience any large-scale labor unrest, our business may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly technical and operational personnel with expertise in the local on-demand retail and delivery industries or other areas we expand into. 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. However, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

We also intend to expand our rider base. However, if we are unable to manage delivery capacity effectively, optimize order recommendation and dispatching process, provide incentives to or increase delivery charges for less favorable delivery tasks, or fully utilize the riders' delivery capacity in a timely manner, we may not be able to attract and retain riders, resulting in insufficient delivery resources, increased costs, and lower delivery service quality in certain regions of our network.

We and the outsourced delivery agencies we engage have been subject to labor disputes initiated by our or the outsourced delivery agencies' employees from time to time, although none of them, individually or in the aggregate, had a material adverse impact on us. We expect to continue to be subject to various legal or administrative proceedings related to labor dispute in the ordinary course of our business, due to the magnitude of labor force involved in our network. Any large-scale labor unrest directed against us or the outsourced delivery agencies could directly or indirectly prevent or hinder our normal operating activities, and if not resolved in a timely manner, lead to delays in our fulfillment performance. We and the outsourced delivery agencies are not able to predict or control any large-scale labor unrest, especially those involving labor not directly employed by us. Further, large-scale labor unrest may affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, financial condition and results of operations.

We have granted and may continue to grant options, restricted share units and other types of awards under our equity incentive plan, which may result in increased share-based compensation expenses.

We adopted our 2015 Equity Incentive Plan, as amended and restated, which we refer to as the 2015 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to secure

and retain the services of eligible award recipients and to provide incentives for such persons to exert maximum efforts for our success. We recognize expenses in our consolidated financial statements in accordance with U.S. GAAP. Under the 2015 Plan, we are authorized to grant options, share appreciation rights, restricted share awards, restricted share unit awards and other types of share awards. As of the date of this prospectus, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2015 Plan is 68,698,662 ordinary shares, and we have outstanding options with respect to 39,143,483 ordinary shares and 3,438,187 outstanding restricted share units granted to our employees, directors and consultants. We expect to incur substantial share-based compensation expenses 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. Further, we may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our equity incentive plan from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following this offering. For further information on our equity incentive plan and information on our recognition of related expenses, please see “Management—Equity Incentive Plan.”

Any deficiencies in China’s telecommunication and internet infrastructure could impair the functioning of our technology system and the operation of our business.

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China. Substantially all of our computer hardware and cloud computing services are currently located in China. Access to internet in China is maintained through state-owned telecommunications carriers under administrative control and regulatory supervision, and we obtain access to end-user networks operated by such telecommunications carriers to give user access to our platforms. We may not have access to alternative networks in the event of disruptions, failures or other problems with the telecommunication and internet infrastructure in China. The failure of telecommunication and internet network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our platforms. Any of such occurrences could delay or prevent our platform users from accessing our online platforms and mobile applications, and frequent interruptions could frustrate customers and discourage them from using our services, which could cause us to lose customers and harm our results of operations. In addition, we have limited control over the service fees charged by telecommunication and internet operators. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected.

We are subject to laws and regulations, many of which are evolving, and failure to comply with such laws and regulations or manage the increased costs associated with such laws and regulations could adversely affect our business and results of operations.

Our business is subject to governmental supervision and regulation by relevant PRC governmental authorities, including but not limited to the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the State Administration for Market Regulation, the National Medical Products Administration, the Ministry of Commerce and the State Administration of Foreign Exchange. Together, these governmental authorities promulgate and enforce regulations that cover many aspects of our day-to-day operations, including but not limited to online and mobile commerce and payments, online content, digital media, cybersecurity and privacy laws, labor and employment, intellectual property, consumer protection, taxation, competition, mobile application accessibility, money transmittal, product liability and personal injury, and we may fail to fully comply with these regulations. We are also subject to a number of retail and delivery industries regulations including, but not limited to, pricing, consumer protection, product quality, food safety, drug and medical device safety and public safety. Local regulatory authorities conduct periodic inspections, examinations and inquiries in respect of our compliance with relevant regulatory requirements. In addition, regulatory bodies may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business or will be able to maintain our existing licenses or obtain new ones. If we fail to comply with these

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laws and regulations, we may be exposed to penalties, fines, the suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation.

In addition, new laws and regulations may be enforced from time to time and substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to our businesses. For example, our crowdsourced local on-demand delivery business currently has no clear regulatory authority or governing laws and regulations as such industry are relatively nascent and is at its early stage of development, and we expect to experience strengthened regulatory environment along with rapid industrial evolution. If the regulatory or administrative authorities impose new requirements relating to, among other things, new and additional licenses, permits and approvals or governance or ownership structures on us for operating crowdsourced delivery in the future, we will be subject to fines and penalties due to any past non-compliances, increased future compliance costs, heightened challenges and uncertainties, and restrictions upon our current or future operations. In addition, our success, or perceived success, and increased visibility may also drive some businesses that perceive our business model negatively to raise their concerns to local policymakers and regulators. These businesses and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes, or seek to have, a market presence in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede our business and the ability of riders to utilize our platforms. If we are unable to manage these risks, our business and results of operations could be materially and adversely affected.

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

We cannot assure you 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 owned by others. 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. For example, our Dada trademark under category 39 of the *China Trademark Law* and relevant regulations has been sued and challenged for trademark infringement and we as a result purchased the relevant trademark from the plaintiff through settlement process. In addition, there may be third-party intellectual property that is infringed by products offered by the retailers on our platforms. There could also be existing intellectual property rights of which we are not aware that we may inadvertently infringe. Owners of intellectual property rights purportedly relating to some aspect of our business, if any such owners exist, would seek to enforce lawsuits and proceedings against us in China, the United States or any other jurisdictions.

As of the date of this prospectus, we are in the process of applying for the trademark registration of Dada Now under certain categories, including but not limited to categories of computer and computer software. Therefore, we face potential liability and expense for trademark infringement claims brought by owners of other trademarks similar to Dada Now.

Further, the application and interpretation of China's intellectual property laws are still evolving and are uncertain. If we are found to have violated the intellectual property rights of others, we may be subject to liability and penalty 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 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 reputation, business and operations by restricting or prohibiting our use of the intellectual property at issue.

Our platforms contain software modules licensed to us by third-party authors under open source licenses. Companies that combine their proprietary software with open source software, from time to time, face claims challenging the ownership of open source software and compliance with open source license terms. Although we monitor our use of open source software to avoid subjecting our platform to conditions we do not intend, we may

face suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face intellectual property infringement or other liability, or be required to seek costly licenses from third parties to continue providing our services on terms that are not economically feasible, to re-engineer our platforms, to discontinue or delay the provision of our services if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

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 proprietary technologies, trademarks, copyrights, patents, domain names, know-how and similar intellectual property as critical to our success. 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. However, the functionality of our platforms might be reproduced and our source code might be copied. We have been and may continue to be an attractive target to attacks in the future because of our brand recognition in China. We have policies and measures in place to prevent unauthorized use of our intellectual property. However, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are also 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 management 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 fail to successfully make necessary or desirable strategic alliance, acquisition or investment, and we may not be able to achieve the benefits we expect from the alliances, acquisition or investments we make.

We may pursue selected strategic alliances and potential strategic acquisitions that are supplemental to our business and operations, including opportunities that can help us further expand our service offerings and improve our technology system. However, strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. In addition, we may have limited ability to control or monitor the actions of our strategic partners. To the extent a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party.

The costs of identifying and consummating strategic acquisitions may be significant and subsequent integrations of newly acquired companies, businesses, assets and technologies would require significant managerial and financial resources and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our growth and business operations. We may also incur significant expenses in obtaining necessary approvals from relevant government authorities in China and elsewhere in the

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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 acquired businesses or assets may not generate the financial results we expect and may incur losses. 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.

If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audits of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified a material weakness and a significant deficiency in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis, and a “significant deficiency” is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of financial reporting.

The material weakness that has been identified relates to our lack of sufficient skilled staff with U.S. GAAP knowledge for the purpose of financial reporting, and lack of formal accounting policies and procedures manual to ensure proper financial reporting to comply with U.S. GAAP and SEC requirements. The significant deficiency that has been identified relates to our insufficient formal risk assessments and comprehensive control policies and procedures established based on an internal control framework. Either of the material weakness or the significant deficiency, if not remediated timely, may lead to material misstatements in our consolidated financial statements. We have historically restated our consolidated financial statements for the two years ended December 31, 2017 due to material accounting errors. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weakness and other deficiencies, we have taken measures and plan to continue to take measures to remediate these control deficiencies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting.” However, the implementation of these measures may not fully address the material weakness and other deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remediated. Our failure to correct the material weakness and other deficiencies or our failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

We will be subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and the rules and regulations of the [New York Stock Exchange, or the NYSE/Nasdaq Global Select Market] after the completion of this offering. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Commencing with our fiscal year ending

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December 31, 2021, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Form 20-F filing for that year, as required by Section 404 of the Sarbanes-Oxley Act. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. However, our independent registered public accounting firm will not issue an audit report on our internal controls over financial reporting until we cease to be an emerging growth company. This will require that we incur substantial additional professional fees and internal costs to expand our accounting and finance functions and that we contribute significant management efforts. Prior to this offering, we were never required to test our internal controls within a specified period, and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to produce timely and accurate financial statements and may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If that were to happen, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which could lead to a decline in the market price of our ADSs and we could be subject to sanctions or investigations by the [New York Stock Exchange/Nasdaq Global Select Market], SEC or other regulatory authorities. We may also be required to restate our financial statements for prior periods.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to 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 in entities that provision of value-added telecommunication services, with a few exceptions, is subject to restrictions under current PRC laws and regulations. Specifically, foreign ownership of an internet information service provider may not exceed 50%, and the major foreign investor is required to have a record of good performance and operating experience in managing value-added telecommunications business.

We are an exempted company incorporated in the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, none of these PRC subsidiaries is eligible to provide internet information services under PRC laws. To comply with PRC laws and regulations, each of Shanghai Qusheng, our consolidated variable interest entity, or our VIE, and its subsidiary, JDDJ Youheng, holds a VATS License covering online data processing and transaction processing business (operating e-commerce) and internet information services, and JDDJ Youheng holds a VATS License for call centers. Dada Glory, one of our WFOEs, is our wholly owned PRC subsidiary and a foreign-invested enterprise under PRC laws. Dada Glory has entered into a series of contractual arrangements with our VIE and its shareholders, which enable us to:

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

As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIE and hence consolidate financial results of our VIE and its subsidiaries into our consolidated financial

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statements under U.S. GAAP. For a detailed discussion of these contractual arrangements, see “Corporate History and Structure.”

In the opinion of our PRC counsel, Commerce & Finance Law Offices, (i) the ownership structures of Dada Glory and our VIE, currently do not and immediately after giving effect to this offering will not result in violation of PRC laws and regulations currently in effect; and (ii) the agreements under the contractual arrangements between Dada Glory, our VIE and its shareholders governed by PRC law are valid, binding and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect, and do not result in violation of PRC laws or regulations currently in effect. However, we have been further advised by our PRC counsel that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Thus, the PRC regulatory authorities may take a view contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structure will be adopted or if adopted, what they would provide. If we or our VIE 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 to operate our business, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenues;
- shutting down our servers or blocking our app/websites;
- requiring us to restructure our ownership structure or operations;
- restricting or prohibiting our use of the proceeds from this offering or other of our financing activities to finance the business and operations of our VIE and its subsidiaries; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our VIE in China that most significantly impact its economic performance, and/or our failure to receive the economic benefits and residual returns from our consolidated variable interest entity, and we are not able to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our VIE in our consolidated financial statements in accordance with U.S. GAAP.

The contractual arrangements with our VIE and its shareholders may not be as effective as direct ownership in providing operational control.

We have to rely on the contractual arrangements with our VIE and its shareholders to operate the business in areas where foreign ownership is restricted, including provision of certain value-added telecommunication services. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our VIE. For example, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our VIE in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIE in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIE, which in turn could implement changes, subject to any

applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIE and its shareholders of their obligations under the contracts to exercise control over our VIE. The shareholders of our VIE may not act in the best interests of our company or may not perform their obligations under these contracts. 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 arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.”

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

If our VIE or its 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 contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our VIE were to refuse to transfer their equity interests in our VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then 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. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. 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 consolidated variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, 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. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected.

The shareholders of our VIE may have actual or potential conflicts of interest with us.

The shareholders of our VIE may have actual or potential conflicts of interest with us. These shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIE, which would have a material and adverse effect on our ability to effectively control our VIE and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with our VIE 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, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in the VIE to a PRC

entity or individual designated by us, to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers 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. The shareholders of our VIE have executed powers of attorney to appoint Dada Glory or a person designated by Dada Glory to vote on their behalf and exercise voting rights as shareholders of our VIE. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIE, 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.

The shareholders of our VIE may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIE and the validity or enforceability of our contractual arrangements with our VIE and its shareholders. For example, in the event that any of the shareholders of our VIE divorces his or her spouse, the spouse may claim that the equity interest of the VIE held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over the VIE by us. Similarly, if any of the equity interests of our VIE is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, (i) each of the spouses of Mr. Philip Jiaqi Kuai and Mr. Jun Yang has respectively executed a spousal consent letter, under which each spouse agrees that she will not raise any claims against the equity interest, and will take every action to ensure the performance of the contractual arrangements, and (ii) the VIE and its shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of Dada Glory, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

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

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our VIE were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of our VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIE for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIE's tax liabilities increase or if it is required to pay late payment fees and other penalties.

Our current corporate structure and business operations may be substantially affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People’s Congress promulgated the *Foreign Investment Law*, which took effect on January 1, 2020. Since it is relatively new, substantial uncertainties exist in relation to its interpretation and implementation. The *Foreign Investment Law* does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The *Foreign Investment Law* grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the *Special Administrative Measures (Negative List) for Foreign Investment Access* jointly promulgated by MOFCOM and the NDRC and took effect in July 2019. The *Foreign Investment Law* provides that foreign-invested entities operating in “restricted” or “prohibited” industries will require market entry clearance and other approvals from relevant PRC government authorities. If our control over our VIE through contractual arrangements are deemed as foreign investment in the future, and any business of our VIE is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the *Foreign Investment Law*, the contractual arrangements that allow us to have control over our VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies 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. 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 and business operations.

We may lose the ability to use and enjoy assets held by our VIE that are critical to the operation of our business if our VIE declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our VIE holds certain assets that may be critical to the operation of our business. If the shareholders of our VIE breach the contractual arrangements and voluntarily liquidate the VIE or its subsidiaries, or if our VIE or its subsidiaries declare bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if our VIE or its subsidiaries undergo an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of their assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

If we exercise the option to acquire equity interest of the VIE, this equity interest transfer may subject us to certain limitations and substantial costs.

Pursuant to the *Regulations for the Administration of Foreign-Invested Telecommunications Enterprises*, or the FITE Regulations, promulgated by the State Council in December 2001, as amended, foreign investors are not allowed to hold more than 50% of the equity interest of any company providing certain value-added telecommunications services. In addition, the main foreign investor who invests in a value-added

telecommunications business in the PRC must have prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas, or the Qualification Requirements. Currently no applicable PRC laws or regulations provides clear guidance or interpretation on these requirements. We still face the risk of not satisfying the requirement promptly. If PRC laws change to allow foreign investors to invest in value-added telecommunications enterprises in the PRC, we may be unable to unwind our contractual arrangements with the VIE and its shareholders before we are able to comply with the Qualification Requirements and other requirements.

Pursuant to the contractual arrangements, Dada Glory has the irrevocable and exclusive right to purchase all or any part of the relevant equity interest in our VIE from our VIE's shareholders at any time and from time to time in their absolute discretion to the extent permitted by PRC laws. The consideration Dada Glory pays for such purchases will be the lowest price as permitted under applicable PRC laws. This equity transfer may be subject to approvals from, filings with, or reporting to competent PRC authorities, such as the Ministry of Commerce, the Ministry of Industry and Information Technology, the State Administration of Market Regulation, and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price to be received by our VIE under the contractual arrangements may also be subject to enterprise income tax, and these amounts could be substantial.

Risks Related to Doing Business in China

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

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions in China generally. The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, level of government involvement and control of foreign exchange and allocation of resources. The PRC government 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. In addition, the PRC government continues to play a significant role in regulating industry development by imposing relevant industrial policies.

While the PRC 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 since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

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

The PRC legal system is a civil law system based on written statutes, where prior court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

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From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since the PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of a judicial or administrative proceeding 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 (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

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

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies operating 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.

We only have contractual control over our VIE and its subsidiaries. Such corporate structure may subject us to sanctions, compromise enforceability of related contractual arrangements, which may result in significant disruption to our business.

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 the State Internet Information Office (with the involvement of the State Council Information Office, MIIT, and the Ministry of Public Security). The primary role of the State Internet Information Office 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.

Our VIE, Shanghai Qusheng, and its subsidiary, JDDJ Youheng, each currently holds a license for internet information services, or the ICP License, which is a kind of VATS License. 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 telecommunications 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. 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. According to the recent practice in China, if any commercial internet content-related service or online data processing and transaction processing service is to be carried out via mobile apps, such mobile apps are required to be registered on the VATS License of the operator of such mobile apps.

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.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the prospectus based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands, however, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and all of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management named in the prospectus inside mainland China. It may also be difficult for you to enforce in U.S. courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors as none of them currently resides in the United States or has substantial assets located in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

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 China 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 SAT, issued the *Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the De Facto Standards of Organizational Management*, or SAT 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 SAT’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 SAT 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 China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. 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 Dada Nexus Limited is a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and 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 PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of Dada Nexus Limited would be able to claim the benefits of any tax treaties

between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

We face uncertainties with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-resident investors. In February 2015, the State Administration of Taxation, or SAT, issued the *Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises*, or Bulletin 7. Pursuant to Bulletin 7, an “indirect transfer” of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On October 17, 2017, the SAT issued the *Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source*, or Bulletin 37, which came into effect on December 1, 2017. The Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under SAT Public Notice 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

If our preferential tax treatments and government subsidies are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions.

The Chinese government has provided tax incentives to our PRC subsidiaries in China, including reduced enterprise income tax rates. For example, under the *Enterprise Income Tax Law* and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. In addition, some of our PRC subsidiaries enjoy local government subsidies. Any increase in the enterprise income tax rate applicable to our PRC subsidiaries in China, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by our PRC subsidiaries in China, could adversely affect our business, financial condition and results of operations.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

The M&A Rules and certain other PRC regulations may make it more difficult for us to pursue growth through acquisitions.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for some acquisitions of Chinese companies by foreign investors, including requirements in some instances that the Ministry of Commerce of the PRC, or MOFCOM, be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the *Anti-Monopoly Law* promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by MOFCOM before they can be completed. In addition, the security review rules issued by MOFCOM 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 MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

In the future, we may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

The approval of the China Securities Regulatory Commission may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval.

The M&A Rules requires an overseas special purpose vehicles that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic interests using shares of such special purpose vehicles or held by its shareholders as considerations to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. However, the application of the M&A Rules remains unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval.

Our PRC counsel has advised us based on their understanding of the current PRC laws, regulations and rules that the aforesaid CSRC’s approval may not be required for the listing and trading of our ADSs on the [New York Stock Exchange/Nasdaq Global Select Market] in the context of this offering, given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours in this prospectus are subject to this regulation, (ii) each of our PRC subsidiaries was incorporated as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules, and (iii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

However, our PRC counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, regulations and rules or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to obtain or delay in obtaining CSRC approval for this offering. These sanctions may include fines and penalties on our operations in

China, limitations on our operating privileges in China, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject our 2015 Plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company*, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of this offering. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC 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, executive officers and employees under PRC law. See "Regulation—Regulations Relating to Stock Incentive Plans."

In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. See "Regulation—Regulations Relating to Stock Incentive Plans."

Failure to comply with PRC laws and regulations on leased property may expose us to potential fines and negatively affect our ability to use the properties we lease.

Certain 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. Failure to complete the lease registration will not affect the legal effectiveness of the lease agreements according to PRC law, but the real estate administrative authorities may require the parties to the lease agreements to complete lease registration within a prescribed period of time, and the failure to do so may subject the parties to fines from RMB1,000 to RMB10,000 for each of such lease agreements.

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In addition, certain use of our leased properties has exceeded the lease term as stipulated in relevant lease agreements without extension or renewal, where the use of such properties may become unavailable to us.

Our lessors are required to comply with various laws and regulations to enable them to lease effective titles of their properties for our use. For instance, properties used for business operations and the underlying land should be approved for commercial use purposes by competent government authorities. Failure to do so may subject the lessors to monetary fines or other penalties and may lead to the invalidation or termination of our leases by competent government authorities, and therefore may adversely affect our ability to use the leased properties. In addition, certain lessors of our leased properties have not provided us with valid property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties or they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated.

As of the date of this prospectus, we are not aware of any actions, claims or investigations threatened against us or our lessors with respect to the defects in our leasehold interests. However, if any of our leases is terminated as a result of challenges by third parties or governmental authorities for lack of title certificates or proof of authorization to lease, we do not expect to be subject to any fines or penalties, but we may be forced to relocate the affected offices and incur additional expenses relating to such relocation.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws.

In July 2014, 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. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing its profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In February 2015, SAFE promulgated a *Circular on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment*, or SAFE Circular 13, effective in June 2015. Under SAFE Circular 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

Mr. Philip Jiaqi Kuai and Mr. Jun Yang have completed the initial registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all shareholders or beneficial owners of ours who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations.

The failure or inability of such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

We may be materially adversely affected if our shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations.

On December 26, 2017, the NDRC promulgated the Administrative Measures on Overseas Investments, or NDRC Order No.11, which took effect as of March 1, 2018. According to NDRC Order No. 11, non-sensitive overseas investment projects are subject to record-filing requirements with the local branch of the NDRC. On September 6, 2014, MOFCOM promulgated the *Administrative Measures on Overseas Investments*, which took effect as of October 6, 2014. According to this regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local MOFCOM branch. According to the *Circular of the State Administration of Foreign Exchange on Issuing the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions*, which was promulgated by SAFE on July 13, 2009 and took effect on August 1, 2009, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the relevant authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may adversely affect our business, financial condition and results of operations.

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 Cayman Islands holding company and we may rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services of any debt we may incur. If our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries, which are foreign-owned enterprises, may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

Our PRC subsidiaries generate essentially all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments 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.

In addition, the *Enterprise Income Tax Law* and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

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 using the proceeds of this offering to make loans to our PRC subsidiaries and our VIE 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, our VIE and its subsidiaries. We may make loans to our PRC subsidiaries, our VIE and its subsidiaries, or we may make additional capital contributions to our PRC subsidiaries, or we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, or we may acquire offshore entities with business operations in China in an offshore transaction.

Most of these ways are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. If we decide to finance our wholly owned PRC subsidiaries by means of capital contributions, these capital contributions are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System and registration with other governmental authorities in China. Due to the restrictions imposed on loans in foreign currencies extended to PRC domestic companies, we are not likely to make such loans to our VIE, which is a PRC domestic company. Further, we are not likely to finance the activities of our VIE by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in internet information and certain other businesses.

SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises*, or SAFE Circular 19, effective June 2015, in replacement of 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*, the *Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses*, and the *Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses*. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third-party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account*, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in

China. On October 23, 2019, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment*, or the SAFE Circular 28, which, among other things, allows all foreign-invested companies 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. However, since the SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

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 obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or VIE or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or VIE when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this 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.

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

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and China's foreign exchange policies. In 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

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

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi.

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Under our current corporate structure, our Cayman Islands holding company 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, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi 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. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and consolidated variable interest entity to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi.

In light of the flood of capital outflows of China in 2016 due to the weakening Renminbi, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement including overseas direct investment. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. If any of our shareholders regulated by such policies fails to satisfy the applicable overseas direct investment filing or approval requirement timely or at all, it may be subject to penalties from the relevant PRC authorities. The PRC government may at its discretion further 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 the ADSs.

The audit report included in this prospectus is prepared by an auditor who is not inspected by the U.S. Public Company Accounting Oversight Board, and as such, our investors are deprived of the benefits of such inspection.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or 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 auditors are located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC, and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in an issue that has vexed U.S. regulators in recent years. However, it remains unclear what further actions the SEC and PCAOB will take to address the problem.

This lack of the PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our

ordinary shares 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 stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which if passed, would require the SEC to maintain a list of issuers for which PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges (EQUITABLE) Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges such as the [New York Stock Exchange/Nasdaq Global Select Market] of issuers included on the SEC's list for three consecutive years. Enactment of this legislation or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected. It is unclear if this proposed legislation would be enacted. Furthermore, there has been recent media reports on deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets. If any such deliberations were to materialize, the resulting legislation may have material and adverse impact on the stock performance of China-based issuers listed in the United States.

Proceedings instituted by the SEC against Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

Starting in 2011 the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law, they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or, in extreme cases, the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

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

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

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 recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including recently-imposed tariffs affecting certain products manufactured in China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. Although cross-border business may not be an area of our focus, if we plan to expand our business internationally in the future or imported products begin to be or continue to be listed on our platforms, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the consumer demand for certain products listed on our platforms, prevent us from being able to list certain products on our platforms or provide services 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 the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

Risks Related to Our ADSs and This Offering

There has been no public market for our shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our shares or ADSs. The ADSs have been approved for listing on the [New York Stock Exchange/Nasdaq Global Select Market]. Our shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for our ADSs which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have

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listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, cash flow;
- fluctuations in operating metrics;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new solutions and services and expansions by us or our competitors;
- termination or non-renewal of contracts or any other material adverse change in our relationship with our key customers or strategic investors;
- changes in financial estimates by securities analysts;
- detrimental negative publicity about us, our competitors or our industry;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industry; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade. Furthermore, the stock market in general experiences price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies like us. These broad market and industry fluctuations may adversely affect the market price of our ADSs. Volatility or a lack of positive performance in our ADS price may also adversely affect our ability to retain key employees, most of whom have been granted equity incentives.

In the past, shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their 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 and require us to incur significant expenses to defend the suit, which could harm our results of operations. 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 adverse effect on our financial condition and results of operations.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

We currently do not expect to pay dividends in the foreseeable future after this offering and you must rely on price appreciation of our ADSs for return on your investment.

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

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

Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution, representing the difference between the initial public offering price of per ADS, and our adjusted net tangible book value per ADS as of September 30, 2019, after giving effect to our sale of the ADSs offered in this offering. In addition, you may experience further dilution to the extent that our ordinary shares are issued upon the exercise of share options. See “Dilution” for a more complete description of how the value of your investment in the ADSs will be diluted upon completion of this offering.

We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase the ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

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

Sales of our ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares issued and outstanding after this offering will be available for sale, upon the expiration of the lock-up period in connection with this offering, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of this offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of our ADSs could decline.

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After completion of this offering, certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares, subject to the lock-up period in connection with this offering. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

Our post-offering memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

We will adopt a post-offering memorandum and articles of association that will become effective immediately prior to the completion of this offering. Our post-offering memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, including ordinary shares represented by ADSs. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares represented by your ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights attached to the ordinary shares underlying your ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Where any matter is to be put to a vote at a general meeting, then upon receipt of your voting instructions, the depository will try, as far as is practicable, to vote the underlying ordinary shares represented by your ADSs in accordance with your instructions. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares unless you cancel and withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the ordinary shares represented by your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our post-offering memorandum and articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying ordinary shares represented by your ADSs and from becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction the depository will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote the underlying ordinary shares represented by your ADSs.

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In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the underlying ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying ordinary shares represented by your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Further, under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote the 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 you cannot prevent our ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may adversely affect your interests and 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.

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is 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.

You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors owed to us under Cayman

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Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors owed to us under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our memorandum and articles of association that will become effective immediately prior to completion of this offering to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital—Our Post-Offering Memorandum and Articles of Association—Differences in Corporate Law.”

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

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations are conducted in China. In addition, all of our current directors and officers are nationals and residents of countries other than the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.”

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts

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will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. Therefore, we may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, if we elect not to comply with such reporting and other requirements, in particular the auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We do not plan to “opt out” of such exemptions afforded to an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the [NYSE /Nasdaq] listing standards.

As a Cayman Islands exempted company listed on the [New York Stock Exchange/Nasdaq Global Select Market], we are subject to the [NYSE /Nasdaq] listing standards, which requires listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, [NYSE /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 [NYSE /Nasdaq] listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the [NYSE /Nasdaq] listing standards.

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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 will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the [New York Stock Exchange/Nasdaq Global Select Market]. 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.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of the ADSs or our ordinary shares.

A non-U.S. corporation, such as our company, will be considered a passive foreign investment company, or “PFIC,” for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. Although the law in this regard is not entirely clear, we treat our consolidated VIE (including its subsidiaries) as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it. As a result, we consolidate its results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our consolidated VIE for U.S. federal income tax purposes, we would likely be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of our consolidated VIE for U.S. federal income tax purposes, and based upon our current and projected income and assets, including the proceeds from this offering, and projections as to the value of our assets, we do not expect to be a PFIC for the current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Fluctuations in the market price of the ADSs may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the ADSs from time to time (which may be volatile). If our market capitalization subsequently declines, we may be or become classified as a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

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If we were treated as a PFIC for any taxable year during which a U.S. investor held an ADS or an ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. See “Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an “emerging growth company.”

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the Securities and Exchange Commission, or the SEC, the [New York Stock Exchange/Nasdaq Global Select Market], impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly.

As a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the number of additional costs we may incur or the timing of such costs.

In addition, as an emerging growth company, we will still incur expenses in relation to management assessment according to requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002. After we are no longer an “emerging growth company,” we expect to incur additional significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” Known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the on-demand delivery and on-demand retail industries in China;
- our expectations regarding demand for and market acceptance of our services and solutions;
- our expectations regarding our relationships with the retailers, merchants, individual senders and riders on our on-demand delivery platform, the consumers, retailers and brand owners on our on-demand retail platform;
- termination or non-renewal of contracts or any other material adverse change in our relationship with our key customers or strategic investors;
- competition in our industry;
- our proposed use of proceeds; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Prospectus Summary—Our Challenges,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Regulation” and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The on-demand delivery industry and/or on-demand retail industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

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The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US\$, or approximately US\$ if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US\$ per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds to us from this offering by US\$, assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives and obtain additional capital. We plan to use the net proceeds of this offering to expand our business operations as follows:

- approximately % to invest in technology and research and development;
- approximately % to implement our marketing initiatives and grow our user base; and
- the balance for general corporate purposes, which may include funding working capital needs and potential strategic investments and acquisitions, although we have not identified any specific investments or acquisition opportunities.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See “Risk Factors—Risks Related to Our ADSs and This Offering—We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.”

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries only through loans or capital contributions and to our VIE only through loans, subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, or at all. See “Risk Factors—Risks Related to Doing Business in China—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 using the proceeds of this offering to make loans to our PRC subsidiaries and our VIE in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

[We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]

DIVIDEND POLICY

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of 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. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend 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. Even if we decide 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 do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in 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 “Regulation—Regulations Relating to Dividend Distributions.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the 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. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2019:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares upon the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares upon the completion of this offering, and (ii) the sale of ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US\$ per ADS, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise the (ii) option to purchase additional ADSs.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Actual		As of September 30, 2019		Pro Forma As Adjusted	
	RMB	US\$	Pro Forma		RMB	US\$
			RMB	US\$		
			(in thousands)			
Mezzanine equity:						
Series A Convertible Redeemable Preferred Shares	16,248	2,273	—	—		
Series B Convertible Redeemable Preferred Shares	199,430	27,901	—	—		
Series C Convertible Redeemable Preferred Shares	832,106	116,416	—	—		
Series D Convertible Redeemable Preferred Shares	2,348,683	328,593	—	—		
Series E Convertible Redeemable Preferred Shares	3,251,445	454,894	—	—		
Series F Convertible Redeemable Preferred Shares	3,727,925	521,556	—	—		
Total mezzanine equity	10,375,837	1,451,633	—	—		
Shareholders’ deficit/equity:						
Ordinary shares	232	32	545	76		
Additional paid-in capital	512,841	71,749	10,888,365	1,523,338		
Subscription receivable	(35)	(5)	(35)	(5)		
Accumulated deficit	(7,098,143)	(993,067)	(7,098,143)	(993,067)		
Accumulated other comprehensive income	157,256	22,001	157,256	22,001		
Total shareholders’ deficit/equity	(6,427,849)	(899,290)	3,947,988	552,343		
Total capitalization(1)	3,947,988	552,343	3,947,988	552,343		

Notes:

- (1) Total capitalization is the sum of total mezzanine equity and shareholders’ deficit/equity.
- (2) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per common share, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, would increase (decrease) each of additional paid-in capital, total shareholders’ equity and total capitalization by US\$ million.

DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of September 30, 2019 was approximately negative US\$1,141.9 million, representing negative US\$3.15 per ordinary share as of that date and US\$ per ADS, or US\$ per ordinary share and US\$ per ADS on a pro forma basis. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities and mezzanine equity. Pro forma net tangible book value per ordinary share is calculated after giving effect to the automatic conversion of all of our issued and outstanding convertible preference shares. Dilution is determined by subtracting pro forma net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US\$ per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in pro forma net tangible book value after September 30, 2019, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US\$ per ADS, which is the midpoint of the estimated initial public offering price range, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2019 would have been US\$, or US\$ per ordinary share and US\$ per ADS. This represents an immediate increase in net tangible book value of US\$ per ordinary share and US\$ per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$ per ordinary share and US\$ per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US\$	US\$
Net tangible book value as of September 30, 2019	US\$	US\$
Pro forma net tangible book value after giving effect to the conversion of our preferred shares	US\$	US\$
Pro forma as adjusted net tangible book value after giving effect to the conversion of our preferred shares and this offering	US\$	US\$
Amount of dilution in net tangible book value to new investors in this offering	US\$	US\$

A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering by US\$, the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$ per ordinary share and US\$ per ADS and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US\$ per ordinary share and US\$ per ADS, assuming no change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of September 30, 2019, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable

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by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price per Ordinary Share	Average Price per ADS
	Number	Percent	Amount	Percent		
Existing shareholders			US\$	%	US\$	US\$
New investors			US\$	%	US\$	US\$
Total			US\$	100.0%		

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

The discussion and tables above assume no exercise of any share options or restricted share units outstanding as of the date of this prospectus. As of the date of this prospectus, there are 39,143,483 ordinary shares issuable upon the exercise of outstanding share options with exercise prices ranging from nominal price per share to US\$0.80 per share, and there are 3,438,187 outstanding restricted share units. To the extent that any of these options and restricted share units are exercised/vested, as applicable, there will be further dilution to new investors.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed _____, located at _____, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands, at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (i) is given by a foreign court of competent jurisdiction; (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (iii) is final; (iv) is not in respect of taxes, a fine or a penalty; and (v) 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

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Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Commerce & Finance Law Offices, our counsel as to PRC law, has advised us that there is uncertainty as to whether the courts of China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Commerce & Finance Law Offices has further advised us that 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, public policy considerations and conditions set forth in applicable PRC laws, including 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 form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the *PRC Civil Procedures Law*, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law 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 or in the Cayman Islands. Under the *PRC Civil Procedures Law*, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the *PRC Civil Procedures Law*.

CORPORATE HISTORY AND STRUCTURE

We commenced operations through Shanghai Qusheng Internet Technology Co., Ltd., or Shanghai Qusheng, and launched our Dada Now app in July 2014.

In July 2014, Dada Nexus Limited was incorporated in the Cayman Islands as an offshore holding company to facilitate our offshore financing activities. Shortly following its incorporation, Dada Nexus Limited established a wholly owned subsidiary in Hong Kong, Dada Wisdom (HK) Limited, or Dada Wisdom. In November 2014, Dada Wisdom established its wholly owned subsidiary in China, Dada Glory Network Technology (Shanghai) Co., Ltd., or Dada Glory.

In April 2016, we established our cooperative relationship with JD Group, which became one of our strategic investors. We entered into a business cooperation agreement with JD Group, obtained the entire business of JDDJ by acquiring all equity interests in Shanghai JDDJ Yuanxin Information Technology Co., Ltd., or Shanghai JDDJ, and received US\$200 million in cash. In exchange, we issued ordinary shares, preferred shares and a warrant to purchase preferred shares to JD Group. In December 2017, JD Group exercised its warrant to acquire additional preferred shares of ours. In August 2018, JD Group further invested a total of US\$180 million in our preferred shares.

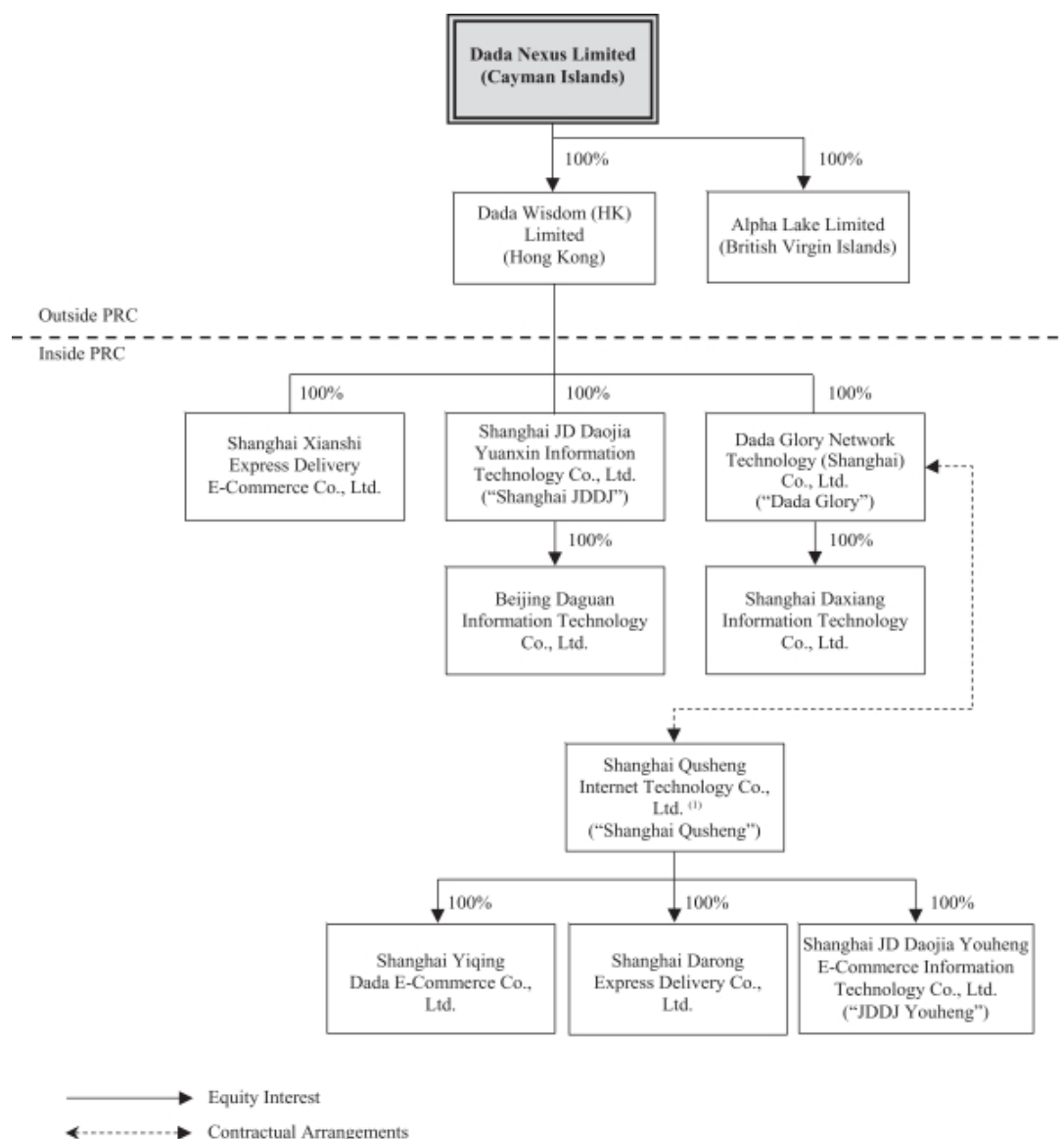
In June 2016, we entered into a business cooperation agreement with Walmart Group, which was amended and restated in August 2018. In October 2016, Walmart Group became one of our strategic investors and invested US\$50 million in our preferred shares. In August 2018, Walmart Group further invested a total of US\$320 million in our preferred shares.

For details of JD Group's and Walmart Group's beneficial ownership in our equity securities, please see "Principal [and Selling] Shareholders."

In November 2014, we gained control over Shanghai Qusheng, through Dada Glory, by entering into a series of contractual arrangements with Shanghai Qusheng and its shareholders.

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The following diagram illustrates our corporate structure, including our principal subsidiaries, our VIE and our VIE’s principal subsidiaries, as of the date of this prospectus:



Note:
 (1) Mr. Philip Jiaqi Kuai and Mr. Jun Yang each holds 85.5% and 2.7% of the equity interests in Shanghai Qusheng, respectively. Mr. Philip Jiaqi Kuai is a beneficial owner of our company and serves as the chairman of our board of directors and the chief executive officer of our company. Mr. Jun Yang is a beneficial owner of our company and serves as the chief technology officer of our company. In addition, Jiangsu Jingdong Bangneng Investment Management Co., Ltd., Lhasa Heye Investment Management Co., Ltd., and Shanghai Jinglinxiyu Investment Center L.P. each holds 10.0%, 0.9% and 0.9% of the equity interests in Shanghai Qusheng, respectively. All of these three entities are affiliates of shareholders of our company. See also “—Contractual Arrangements with Our Consolidated Affiliated Entity and Its Shareholders.”

Contractual Arrangements with Our Consolidated Affiliated Entity and Its Shareholders

PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in certain value-added telecommunication services and certain other businesses. We are an exempted company incorporated in the Cayman Islands. Dada Glory is our PRC subsidiary and a foreign-invested enterprise under PRC laws.

To comply with PRC laws and regulations, we conduct certain of our business in China through Shanghai Qusheng, our consolidated affiliated entity in the PRC, and its subsidiaries, based on a series of contractual arrangements by and among Dada Glory, our VIE and its shareholders. We refer to Shanghai Qusheng as our VIE in this prospectus.

Our contractual arrangements with our VIE and its respective shareholders allow us to (i) exercise effective control over our VIE, (ii) receive substantially all of the economic benefits of our VIE, and (iii) have an exclusive option to purchase all or part of the equity interests in our VIE when and to the extent permitted by PRC law.

As a result of our direct ownership in Dada Glory and the contractual arrangements with our VIE, we are regarded as the primary beneficiary of our VIE, and we treat its and its subsidiaries as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of our VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

Agreements that provide us with effective control over our VIE

Powers of Attorney. Pursuant to the powers of attorney, dated February 20, 2017, each of the shareholders of our VIE has executed a power of attorney to irrevocably authorize Dada Glory, or any person designated by Dada Glory, to act as its attorney-in-fact to exercise all of its rights as a shareholder of our VIE, including, but not limited to, the right to (i) propose, convene and attend shareholders' meetings, (ii) vote on any resolution on behalf of the shareholders that require the shareholders to vote under PRC law and our VIE's articles of association, such as the sale, transfer, pledge and disposal of all or part of a shareholder's equity interest in our VIE, and (iii) designate and appoint our VIE's legal representative, director, supervisor, chief executive officer and other senior management members on behalf of the shareholders. The powers of attorney will remain effective until such shareholder ceases to be a shareholder of our VIE or otherwise instructed by Dada Glory.

Share Pledge Agreements. Pursuant to the share pledge agreements, dated February 20, 2017, each of the shareholders of our VIE has pledged the security interest in their respective equity interests in our VIE, representing 100% equity interests in our VIE in aggregate, to Dada Glory, to guarantee performance by the shareholders of their obligations under the powers of attorney, the exclusive business cooperation agreement and the exclusive option agreement, as well as the performance by our VIE of its obligations under the exclusive business cooperation agreement and the exclusive option agreement. In the event of a breach by our VIE or any of its shareholders of contractual obligations under these contractual arrangements, Dada Glory, as pledgee, will have the right to take possession of and dispose of the pledged equity interests in our VIE and will have priority in receiving the proceeds from such disposal. The shareholders of our VIE also covenant that, without the prior written consent of Dada Glory, they shall not transfer or agree to other's transfer of the pledged equity interests, create or allow any new pledge or any other encumbrance on the pledged equity interests. The equity interest pledge agreement will remain effective until the contractual obligations are fully fulfilled and terminated.

We have completed the registration of the equity interest pledge under the share pledge agreements in relation to our VIE with the relevant office of the State Administration of Market Regulation in accordance with the *PRC Property Rights Law*.

Agreements that allow us to receive economic benefits from our VIE

Exclusive Business Cooperation Agreement. Pursuant to the exclusive business cooperation agreement, dated November 14, 2014, between Dada Glory and our VIE, Dada Glory has the exclusive right to provide our VIE with complete business support and technical and consulting services, including but not limited to technical services, network support, business consultations, intellectual property licenses, equipment or leasing, marketing consultancy, system integration, product research and development, and system maintenance. Without Dada Glory's prior written consent, our VIE may not accept any consultations and/or services regarding the matters contemplated by this Agreement provided by any third party during the term of the agreement. Our VIE agrees to pay Dada Glory service fees at an amount equals to 100% of the net income generated by our VIE, which should be paid on a monthly basis. Dada Glory has the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement. To guarantee our VIE's performance of its obligations thereunder, the shareholders of our VIE have pledged all of their equity interests in our VIE to Dada Glory pursuant to the share pledge agreement. The exclusive business cooperation agreement has an initial term of 10 years and shall be extended if confirmed in writing by Dada Glory prior to the expiration. The extended term shall be determined by Dada Glory, and our VIE shall accept such extended term unconditionally.

Agreements that provide us with the option to purchase the equity interests in our VIE

Exclusive Option Agreements. Pursuant to the exclusive option agreements, dated February 20, 2017, each of the shareholders of our VIE has irrevocably granted Dada Glory, or any person designated by Dada Glory, an exclusive option to purchase all or part of its equity interests in our VIE. Dada Glory may exercise such options at a price equal to the lowest price as permitted by applicable PRC laws at the time of transfer of equity. Our VIE and the shareholders of our VIE covenant that, without Dada Glory's prior written consent, they will not, among other things, (i) supplement, change or amend our VIE's articles of association and bylaws, (ii) increase or decrease our VIE's registered capital or change its structure of registered capital, (iii) create any pledge or encumbrance on their equity interests in our VIE, other than those created under the equity interest pledge agreement, (iv) sell, transfer, mortgage, or dispose of their legal or beneficial interests in and any assets of our VIE and any legal or beneficial interests, (v) enter into any material contract by our VIE, except in the ordinary course of business, or (vi) merge or consolidate our VIE with any other entity. The exclusive option agreement has an initial term of ten years, and at the end of the initial term shall be renewed for a further term as specified by Dada Glory or terminated by Dada Glory in its sole discretion.

Spousal Consent Letters. The spouses of the individual shareholders of our VIE have each signed a spousal consent letter agreeing that the equity interests in our VIE held by and registered under the name of the respective individual shareholders will be disposed pursuant to the contractual agreements with Dada Glory, without seeking further authorization or consent of such spouses. Each spouse agreed not to assert any rights over the equity interests in our VIE held by the respective individual shareholders.

In the opinion of Commerce & Finance Law Offices, our PRC legal counsel:

- the ownership structures of our VIE and Dada Glory, currently do not, and immediately after giving effect to this offering, will not result in violation of applicable PRC laws and regulations currently in effect; and
- the agreements under the contractual arrangements between Dada Glory, our VIE and its shareholders governed by PRC law are valid, binding and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect, and do not result in any violation of applicable PRC laws and regulations currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC

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regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. 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 our VIE 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. See “Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to 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 “Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for the years ended December 31, 2017 and 2018 and as of December 31, 2017 and 2018 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The following selected consolidated financial data for the nine months ended September 30, 2018 and 2019 and as of September 30, 2019 are derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read this Selected Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table presents our selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019.

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018	US\$	2018	2019	US\$
	RMB	RMB		RMB	RMB	US\$
	(in thousands, except for share and per share data)					
Net revenues⁽¹⁾	1,217,965	1,922,015	268,900	1,313,077	1,913,260	267,675
Operating expenses						
Fulfillment expenses	(1,592,664)	(2,044,139)	(285,986)	(1,448,729)	(1,762,599)	(246,597)
Selling and marketing expenses	(723,463)	(1,223,345)	(171,152)	(842,136)	(929,369)	(130,024)
General and administrative expenses	(249,172)	(282,539)	(39,529)	(198,433)	(210,647)	(29,471)
Research and development expenses	(191,977)	(270,163)	(37,797)	(194,090)	(238,562)	(33,376)
Other operating expenses	(48,860)	(97,179)	(13,595)	(64,612)	(33,264)	(4,653)
Other operating income	1,408	18,875	2,641	18,422	70,185	9,819
Loss from operations	(1,586,763)	(1,976,475)	(276,518)	(1,416,501)	(1,190,996)	(166,627)
Total other income	123,560	70,603	9,878	40,279	56,224	7,866
Loss before income tax benefits	(1,463,203)	(1,905,872)	(266,640)	(1,376,222)	(1,134,772)	(158,761)
Income tax benefits	14,113	27,497	3,847	11,086	6,774	948
Net loss and net loss attributable to the Company	(1,449,090)	(1,878,375)	(262,793)	(1,365,136)	(1,127,998)	(157,813)
Accretion of convertible redeemable preferred shares	(374,246)	(511,646)	(71,582)	(335,758)	(577,826)	(80,841)
Net loss available to ordinary shareholders	(1,823,336)	(2,390,021)	(334,375)	(1,700,894)	(1,705,824)	(238,654)
Net loss per ordinary share:						
Basic	(5.13)	(6.64)	(0.93)	(4.73)	(4.71)	(0.66)
Diluted	(6.21)	(6.64)	(0.93)	(4.73)	(4.71)	(0.66)
Weighted average shares used in calculating net loss per ordinary share:						
Basic	355,105,296	360,002,151	360,002,151	359,262,170	362,197,963	362,197,963
Diluted	293,803,781	360,002,151	360,002,151	359,262,170	362,197,963	362,197,963

Notes:

(1) Includes related party revenues of RMB691,002, RMB1,032,455, RMB666,270 and RMB1,148,605 for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019, respectively.

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The following table presents our selected consolidated balance sheet data as of December 31, 2017 and 2018 and September 30, 2019.

	As of December 31,			As of September 30,	
	2017	2018		2019	
	RMB	RMB	US\$	RMB	US\$
	(in thousands)				
Selected Consolidated Balance Sheet Data:					
Cash and cash equivalents	1,559,537	2,744,006	383,901	2,361,554	330,394
Short-term investments	324,746	721,380	100,925	121,858	17,049
Accounts receivable(1)	6,946	30,344	4,245	40,807	5,709
Amount due from related parties	48,760	159,363	22,296	219,351	30,688
Prepayments and other current assets	54,704	96,978	13,568	98,871	13,833
Intangible assets, net	1,069,702	900,632	126,003	776,166	108,590
Total assets	4,412,064	5,646,857	790,025	4,615,691	645,761
Short-term loan	354,499	—	—	—	—
Payable to riders	265,015	280,097	39,187	280,297	39,215
Amount due to related parties	38,290	54,302	7,597	39,750	5,561
Accrued expenses and other current liabilities	258,115	229,940	32,170	294,129	41,153
Deferred tax liabilities	80,272	52,733	7,378	45,959	6,430
Total liabilities	1,003,336	625,734	87,544	667,703	93,418
Total mezzanine equity	5,883,754	9,798,011	1,370,792	10,375,837	1,451,633
Total shareholders' deficit	(2,475,026)	(4,776,888)	(668,311)	(6,427,849)	(899,290)

Note:

(1) Net of allowance for doubtful accounts of nil, RMB316 and nil as of December 31, 2017 and 2018 and September 30, 2019, respectively.

The following table presents our selected consolidated cash flow data for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2018		2019
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)					
Selected Consolidated Cash Flow Data:						
Net cash (used in) operating activities	(1,211,624)	(1,819,355)	(254,536)	(1,295,822)	(941,694)	(131,749)
Net cash (used in)/provided by investing activities	(110,608)	(415,382)	(58,114)	52,699	571,484	79,954
Net cash provided by financing activities	1,338,319	3,048,112	426,446	3,048,112	—	—
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(74,393)	11,363	1,588	12,788	(12,242)	(1,712)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(58,306)	824,738	115,384	1,817,777	(382,452)	(53,507)
Cash and cash equivalents and restricted cash at the beginning of the year/period	1,977,574	1,919,268	268,517	1,919,268	2,744,006	383,901
Cash and cash equivalents and restricted cash at the end of the year/period	1,919,268	2,744,006	383,901	3,737,045	2,361,554	330,394

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Non-GAAP Financial Measure

We use adjusted net loss, a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss excluding share-based compensation expenses, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets.

We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. Adjusted net loss enables our management to assess our operating results without considering the impact of share-based compensation, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets, which are non-cash charges. We believe that adjusted net loss helps identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that are included in net loss. We also believe that the use of the non-GAAP measure facilitates investors' assessment of our operating performance. We believe that adjusted net loss provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision making.

Adjusted net loss should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review our historical adjusted net loss to the most directly comparable GAAP measures. Adjusted net loss presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of our net loss to adjusted net loss for the periods indicated:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)					
Net loss	(1,449,090)	(1,878,375)	(262,793)	(1,365,136)	(1,127,998)	(157,813)
Add:						
Share-based compensation expenses	60,841	51,185	7,161	40,426	37,713	5,276
Amortization of intangible assets resulting from business acquisitions	204,163	201,833	28,237	149,523	154,916	21,674
Less:						
Tax effect of amortization of intangible assets resulting from business acquisitions	(14,837)	(27,539)	(3,853)	(11,128)	(6,774)	(948)
Adjusted net loss	<u>(1,198,923)</u>	<u>(1,652,896)</u>	<u>(231,248)</u>	<u>(1,186,315)</u>	<u>(942,143)</u>	<u>(131,811)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

Overview

We are a leading platform of local on-demand retail and delivery in China. We operate JDDJ, one of China's largest local on-demand retail platforms by GMV, and Dada Now, a leading local on-demand delivery platform in China by number of orders, according to the iResearch Report.

We generate our net revenues mainly from providing last-mile and intra-city delivery services on both Dada Now and JDDJ platforms and marketplace services by connecting retailers and consumers on JDDJ.

Our net revenues were RMB1,922.0 million (US\$268.9 million) in 2018, representing an increase of 57.8% from RMB1,218.0 million in 2017. Our net revenues were RMB1,913.3 million (US\$267.7 million) for the nine months ended September 30, 2019, as compared to RMB1,313.1 million for the same period of 2018, representing an increase of 45.7%. We had a net loss of RMB1,878.4 million (US\$262.8 million) in 2018 as compared to RMB1,449.1 million in 2017. We recorded a net loss of RMB1,128.0 million (US\$157.8 million) for the nine months ended September 30, 2019, as compared to a net loss of RMB1,365.1 million for the same period of 2018. Our adjusted net loss, a non-GAAP measure defined as net loss excluding share-based compensation expenses, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets, was RMB1,652.9 million (US\$231.2 million) in 2018 as compared to RMB1,198.9 million in 2017. Our adjusted net loss was RMB942.1 million (US\$131.8 million) for the nine months ended September 30, 2019, as compared to RMB1,186.3 million for the same period of 2018.

Key Factors Affecting Our Results of Operations

Key factors affecting our results of operations include the following:

Our ability to enhance customer experience and increase delivery orders

Revenues derived from our local on-demand delivery platform directly relates to the number of orders that customers place on Dada Now platform, the increase of which is in turn driven by great customer experience. Our efforts to that end include expanding the capacity of our delivery network and always endeavoring to deliver reliable and flexible services. In 2019, more than 525,000 annual active riders collectively delivered over 753 million orders, fulfilling the delivery demand for the participants on our platforms. In 2018 and 2019, our network delivered an average of 1.4 million and 2.1 million orders per day, respectively. As of December 31, 2019, our intra-city delivery service covered more than 700 cities and counties in China, and our last-mile delivery service covered more than 2,400 cities and counties in China.

Building our rider force is the key to expanding the capacity of our delivery network. Leveraging our expanding delivery network and improving delivery service, we are able to increase our delivery order volume. With the growing order volume on our platform, we are able to provide riders with increased order density and more income, which in turn attracts and retains riders.

We have been constantly improving our delivery services to enhance customer experience. In December 2019, we achieved an average delivery time of approximately 30 minutes for all intra-city delivery orders. In

certain scenarios where orders are more time-sensitive or require instant responsiveness, we designate a number of riders to a particular store of a merchant, and our system automatically assigns each order from this store to one of these stationed riders by algorithm. If needed, our crowdsourced riders can also supplement the delivery capacity of the stationed riders. Leveraging our scalable and flexible delivery network, we act as an important delivery force for our customers in peak seasons, such as JD.com's anniversary sales promotional event on June 18 and Singles' Day promotion period. Our delivery network demonstrates great scalability in operation. The intra-city delivery orders we delivered in the peak hour on the peak day in 2019 exceeded the average hourly order volume in the same period by more than ten times, and the total orders we delivered on the peak day in 2019 were more than four times of the average daily order volume in 2019.

Our ability to engage consumers and increase GMV on JDDJ

GMV growth is a key driver of our revenue growth from JDDJ. Our GMV amounted to RMB7,334 million and RMB12,205 million for 2018 and 2019, respectively, representing a year-on-year growth rate of 66.4%. Our GMV growth is driven by growth of order volume and average order size. Our average order size increased by 40.4% in 2019 as compared to 2018. Our order volume in turn depends on the increase of our number of active consumers and their level of engagement. Our active consumers increased from 14.7 million in 2018 to 24.4 million in 2019. For the active consumers who first placed order on JDDJ in 2017, the average GMV per active consumer increased from RMB340 in 2017 to RMB1,168 in 2019.

The increase in the number of active consumers and average order size, and improvement of consumer engagement are mainly driven by our ability to attract, engage and retain consumers on our JDDJ platform. We attract consumers through our marketing and brand promotion activities and reach consumers offline leveraging our partnered retailers' extensive store network. We engage consumers by offering a wide range of products from trusted retailers and brand owners, and establishing integrated online and offline membership programs. We retain consumers by continuously improving consumer experience. For instance, we provide consumers with personalized content and interface that match their purchasing habits and geographic proximity to retailers.

Our ability to empower retailers and brand owners with evolving services

In addition to last-mile and intra-city delivery services and marketplace services, we also endeavor to empower retailers and brand owners with evolving services and additional value-added services, which we expect to solidify our relationship with existing retailers and brand owners, allow us to also attract new customers to our platform, and generate additional income.

We share operational insights with retailers based on our analysis of consumer feedback and behavior across JDDJ platform. We also help retailers establish online membership programs or link their existing offline membership program with online customers to create omni-channel membership programs. Together with our CRM tools, we empower retailers to target and communicate with their members and potential consumers for effective marketing. We help retailers improve sales per square foot and labor efficiency with on-demand delivery infrastructure and digitalized storefront management tools. For instance, we provide self-check-out equipment to offline retail stores and Scan-n-go solutions to improve store operation efficiency and consumer experience.

We also help brand owners broaden their consumer reach, penetrate the market in lower-tiered cities and deepen their consumer insights. Many brand owners have successfully built brand awareness and run brand promotions on our platform.

Our ability to continue to enhance delivery efficiency through technology innovation

Rider cost is one of the most important factors affecting our results of operation. We have been constantly endeavoring to improve delivery efficiency through technology and innovation capabilities. We have developed a

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proprietary smart order recommendation and dispatching system that automatically matches orders with riders on a real-time basis and calculates the optimal delivery route as a recommendation to the rider. Moreover, using deep learning technologies, our automated pricing system sets the delivery fee of each delivery order algorithmically based on an array of factors. We have made, and will continue to make, significant investments to improve our technology infrastructure and optimize the efficiency of our delivery network.

In addition, as our delivery infrastructure evolves and our delivery network keeps expanding, the order volumes and density will increase, which in turn attracts more riders to our platform and drives up our delivery efficiency.

Our ability to control operating expenses and enhance operational efficiency

Our ability to achieve profitability is dependent on our ability to further control our operating expenses and improve our operational efficiency. Selling and marketing expenses have historically represented a large portion of our total operating expenses. Incentives to JDDJ consumers in turn are a major component of our selling and marketing expenses, and advertising and marketing expenses, consisting primarily of online and offline advertisements, are another important component.

We have been always mindful of the balance between rapid business expansion and operating expenses, particularly selling and marketing expenses. We have been endeavoring to improve selling and marketing efficiency. For example, we leverage our existing network of retailer stores for cost-efficient marketing activities. In addition, we have adopted different promotional activities and marketing strategies for consumers with different purchasing power in different cities. We will continue to make efforts to manage our consumer acquisition cost and improve our consumer retention rate. We define retention rate for any specific period as the percentage of consumers who continued to be active and placed at least one order on JDDJ during that period among all consumers who first placed order on JDDJ in 2016 or before and were active consumers in 2017. Our retention rate was 86.8% and 73.7% in 2018 and 2019, respectively. We expect we will continue to maintain a healthy retention rate. In addition, as our business grows, we expect to achieve greater operating leverage and increase the productivity of our personnel, allowing us to acquire consumers and senders more cost-effectively and achieve higher operational efficiency.

Strategic alliances and partnerships

We have established, and intend to continue to establish strategic alliances and partnerships to grow our business. Since our acquisition of JDDJ in 2016, we have successfully integrated Dada Now and JDDJ and established a leading platform of local on-demand retail and delivery in China. Moreover, we have achieved significant synergies through collaboration with JD Group. We act as a local delivery partner for JD Logistics, and our Dada Now platform has recorded strong growth in order volume arising from cooperation with JD Logistics. Moreover, we also managed to achieve rapid GMV growth after gaining traffic portals on the JD mobile app, JD.com and JD's Weixin mini-program.

We have also formed strong strategic alliances with China's leading supermarket chains, such as Walmart, Yonghui and CR Vanguard. We expect to continue to form strategic alliances and partnerships to diversify product offerings and enlarge our user base, further enhance delivery efficiency, improve consumer experience, expand and deepen services to retailers and brand owners to improve their operational efficiency and further improve our technology capabilities.

In 2017, 2018 and the nine months ended September 30, 2019, 56.7%, 49.1% and 47.0% of our net revenues were derived from services provided to JD Group, respectively. Walmart Group became a related party of ours in August 2018, and in 2018 and the nine months ended September 30, 2019, 4.6% and 13.0% of our net revenues were derived from services provided to Walmart Group after it became our related party, respectively.

Key Components of Results of Operations

Net revenues

We generate revenues by providing various services on our Dada Now and JDDJ platforms—including last-mile and intra-city delivery services, marketplace services that connect consumers and retailers, and advertising and marketing services to brand owners—and to a lesser extent from sales of delivery equipment to our riders. The sales of goods revenues historically also included sales of merchandise through unmanned retail shelves which was terminated in 2019. The following table sets forth the breakdown of our net revenues, in amounts and as percentages of net revenues for the periods presented:

	For the Year Ended December 31,				For the Nine Months Ended September 30,					
	2017		2018		2018		2019		2019	
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
Net revenues:										
Services	1,176,041	96.6	1,840,116	257,442	95.7	1,256,355	95.7	1,882,423	263,361	98.4
Sales of goods	41,924	3.4	81,899	11,458	4.3	56,722	4.3	30,837	4,314	1.6
Total	1,217,965	100.0	1,922,015	268,900	100.0	1,313,077	100.0	1,913,260	267,675	100.0

Our net revenues from related parties amounted to RMB691.0 million, RMB1,032.5 million (US\$144.4 million), RMB666.3 million, and RMB1,148.6 million (US\$160.7 million) for 2017, 2018, and the first nine months of 2018 and 2019, respectively. The net revenues from related parties demonstrated significant year-on-year increases as we further strengthened our strategic partnership with JD Group and Walmart Group.

We offer various customer incentive programs on our Dada Now platform to merchants and individual senders in the form of coupons or volume-based discounts in the provision of delivery services that are recorded as reduction of revenue. The customer incentives amounted to RMB82.5 million, RMB90.5 million (US\$12.7 million), RMB70.8 million, and RMB65.4 million (US\$9.2 million) for 2017, 2018, and the first nine months of 2018 and 2019, respectively. The customer incentives as a percentage of our net revenues were 6.8%, 4.7%, 5.4% and 3.4% for 2017, 2018, and the first nine months of 2018 and 2019, respectively. We expect we will continue to use customer incentives to grow our business. As the amounts of customer incentives largely depend on our business decisions and market conditions, our past practices may not be indicative of near-term trend.

As we operate our business mainly through our two platforms, namely, Dada Now and JDDJ, we believe a breakdown of net revenues by these two business lines is also meaningful for understanding our results of operation. Revenues from Dada Now mainly include revenues from (i) last-mile and intra-city delivery services to logistics companies, various chain merchants, SME merchants and individuals through Dada Now, and (ii) sale of delivery equipment to riders.

Revenues from JDDJ mainly include revenues from (i) intra-city delivery services to JDDJ retailer customers, (ii) commission fees charged to retailers for using JDDJ platform, (iii) online marketing services to brand owners, and (iv) packaging service to retailers on JDDJ.

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The following table sets forth the breakdown of our net revenues by the two business lines both in amounts and as percentages of total net revenues for each of the periods presented.

	For the Year Ended December 31,					For the Nine Months Ended September 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
Net revenues:										
Dada Now										
Services	830,534	68.2	1,062,552	148,656	55.3	722,215	55.0	1,132,012	158,374	59.2
Sales of goods	38,746	3.2	48,887	6,840	2.5	37,077	2.8	30,837	4,314	1.6
Subtotal	869,280	71.4	1,111,439	155,496	57.8	759,292	57.8	1,162,849	162,688	60.8
JDDJ										
Services	317,558	26.1	754,162	105,511	39.2	510,738	38.9	750,411	104,987	39.2
Others⁽¹⁾										
Services	27,949	2.3	23,402	3,275	1.2	23,402	1.8	—	—	—
Sales of goods	3,178	0.2	33,012	4,618	1.8	19,645	1.5	—	—	—
Subtotal	31,127	2.5	56,414	7,893	3.0	43,047	3.3	—	—	—
Total	1,217,965	100.0	1,922,015	268,900	100.0	1,313,077	100.0	1,913,260	267,675	100.0

Note:

(1) Includes net revenues from unmanned retail shelves and front-end warehouses business.

We expect our net revenues will continue to increase in the foreseeable future as we continue to rapidly expand our business. We expect service revenue from Dada Now platform will continue to increase as we attract more chain merchants for our intra-city delivery services and deepen our cooperation with JD Logistics. We expect the overall increase in sales volume on JDDJ and reasonable increase in the commission rate will continuously contribute to increase in service revenue from JDDJ platform.

Operating expenses

Our operating expenses consist of fulfillment expenses, selling and marketing expenses, general and administrative expenses, research and development expenses and other operating expenses. The following table sets forth the breakdown of our total operating expenses, in amounts and as percentages of total net revenues for each of the periods presented:

	For the Year Ended December 31,					For the Nine Months Ended September 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
Operating expenses:										
Fulfillment expenses	1,592,664	130.8	2,044,139	285,986	106.4	1,448,729	110.3	1,762,599	246,597	92.1
Selling and marketing expenses	723,463	59.4	1,223,345	171,152	63.6	842,136	64.1	929,369	130,024	48.6
General and administrative expenses	249,172	20.5	282,539	39,529	14.7	198,433	15.1	210,647	29,471	11.0
Research and development expenses	191,977	15.8	270,163	37,797	14.1	194,090	14.8	238,562	33,376	12.5
Other operating expenses	48,860	3.9	97,179	13,595	5.0	64,612	5.0	33,264	4,653	1.7
Total	2,806,136	230.4	3,917,365	548,059	203.8	2,748,000	209.3	3,174,441	444,121	165.9

Fulfillment expenses. Our fulfillment expenses primarily consist of (i) remuneration and incentives paid to riders for delivering orders, (ii) expenses charged by outsourced delivery agencies, (iii) transaction fees charged

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by payment channels, (iv) expenses incurred in providing customer and rider care services or the service fee charged by external customer service providers, and (v) packaging cost as well as other fulfillment expenses directly attributed to our principal operations.

Remuneration and incentives paid to riders is the largest component within the fulfillment expenses. It amounted to RMB1,526.7 million in 2017, RMB1,918.3 million (US\$268.4 million) in 2018, RMB1,366.4 million in the first nine months of 2018, and RMB1,645.9 million (US\$230.3 million) in the first nine months of 2019. We expect the rider cost and fulfillment expenses will increase as we continue expanding our business. We offer various incentive programs to riders, such as volume-based incentives, to attract and retain riders. For 2017, 2018, and the first nine months of 2018 and 2019, incentives to riders recorded as fulfillment expenses were RMB127.4 million, RMB223.7 million, RMB164.2 million and RMB118.6 million, respectively. The rider incentives as a percentage of our fulfillment expenses were 8.0%, 10.9%, 11.3% and 6.7% for 2017, 2018, and the first nine months of 2018 and 2019, respectively. We expect to continue using rider incentives to attract and retain riders. As the amounts of rider incentives largely depend on our business decisions and market conditions, our past practices may not be indicative of near-term trend.

Selling and marketing expenses. Our selling and marketing expenses primarily consist of incentive payments to consumers on JDDJ platform, advertising and marketing expenses, payroll and related expenses for employees involved in selling and marketing functions, as well as the associated expenses of facilities and equipment, such as depreciation expenses, rental and others.

We offer incentives such as promotion coupons to consumers on JDDJ, and such incentive expenses are recorded as selling and marketing expenses because they serve to promote our JDDJ platform. Such incentive expenses amounted to RMB362.1 million, RMB782.5 million (US\$109.5 million), RMB517.0 million, and RMB599.0 million (US\$83.8 million) for 2017, 2018, and the first nine months of 2018 and 2019, respectively. As the amounts of consumer incentives largely depend on our business decisions and market conditions, our past practices may not be indicative of near-term trend.

Advertising and marketing expenses, primarily representing media advertising expenses, are another important component of our selling and marketing expenses. It amounted to RMB156.3 million, RMB118.8 million (US\$16.6 million), RMB88.5 million, and RMB82.9 (US\$11.6 million) for 2017, 2018, and the first nine months of 2018 and 2019, respectively.

General and administrative expenses. Our general and administrative expenses mainly consist of amortization of intangible assets purchased in the acquisition of JDDJ, payroll and related costs for employees engaging in general corporate functions, share-based compensation, professional fees and other general corporate expenses, as well as expenses associated with the use by these functions of facilities and equipment. The amortization of intangible assets primarily represents amortization of the business cooperation agreement (“BCA”), non-compete commitment (“NCC”) arising from our acquisition of JDDJ in 2016. It amounted to RMB144.8 million, RMB142.5 million (US\$19.9 million) and RMB110.4 (US\$15.4 million) for 2017, 2018 and the first nine months of 2019, respectively. We expect that our general and administrative expenses will increase in absolute amounts in the foreseeable future, as we hire additional personnel and incur additional expenses related to the anticipated growth of our business and our operation as a public company after the completion of this offering.

Research and development expenses. Our research and development expenses mainly consist of payroll and related costs for employees involved in researching and developing new products and technologies, expenses associated with the use by these functions of our own or leased facilities and equipment, such as depreciation and rental expenses. We expect our research and development expenses will continue to increase as we plan to invest more resources to improve our technological capabilities.

Other operating expenses. Our other operating expenses mainly consist of purchase price of merchandise sold on Dada Now or historically through unmanned retail shelves.

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 or estate duty. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Our operations in Hong Kong have incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the years ended December 31, 2017 and 2018 and nine months ended September 30, 2019. Under the current Hong Kong Inland Revenue Ordinance, our subsidiary domiciled in Hong Kong has introduced a two-tiered profits tax rate regime which is applicable to any year of assessment commencing on or after April 1, 2018. The profits tax rate for the first HK dollar 2,000,000 of profits of corporations will be lowered to 8.25%, while profits above that amount will continue to be subject to the tax rate of 16.5%.

PRC

On March 16, 2007, the National People's Congress of the PRC introduced a new *Enterprise Income Tax Law*, or new EIT Law, under which Foreign Investment Enterprises, or FIEs, and domestic companies would be subject to corporate income tax at a uniform rate of 25%. Certain enterprises will benefit from a preferential tax rate of 15% under the new EIT Law if they qualify as high and new technology enterprises, or HNTE. Under such regulation, Dada Glory and Shanghai JDDJ are qualified for HNTE status and are eligible for a reduced income tax rate of 15% for the years ended 2018, 2019 and 2020.

The new 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 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 new 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, we do not believe that it is likely that our operations outside of the PRC should be considered a resident enterprise for PRC tax purposes. 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 new EIT Law, we would be subject to enterprise income tax on our worldwide income at a rate of 25%. See “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.”

The new EIT law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have such a tax treaty with China. According to the arrangement between Mainland China and Hong Kong on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). We did not record any dividend withholding tax, as it has no retained earnings for the years ended December 31, 2017 and 2018 and nine months ended September 30, 2019. See “Risk Factors—Risks Related to Our Corporate Structure—

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

Results of Operations

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

	For the Year Ended December 31,					For the Nine Months Ended September 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
Net revenues(1)	1,217,965	100.0	1,922,015	268,900	100.0	1,313,077	100.0	1,913,260	267,675	100.0
Operating expenses										
Fulfillment expenses	(1,592,664)	(130.8)	(2,044,139)	(285,986)	(106.4)	(1,448,729)	(110.3)	(1,762,599)	(246,597)	(92.1)
Selling and marketing expenses	(723,463)	(59.4)	(1,223,345)	(171,152)	(63.6)	(842,136)	(64.1)	(929,369)	(130,024)	(48.6)
General and administrative expenses	(249,172)	(20.5)	(282,539)	(39,529)	(14.7)	(198,433)	(15.1)	(210,647)	(29,471)	(11.0)
Research and development expenses	(191,977)	(15.8)	(270,163)	(37,797)	(14.1)	(194,090)	(14.8)	(238,562)	(33,376)	(12.5)
Other operating expenses	(48,860)	(3.9)	(97,179)	(13,595)	(5.0)	(64,612)	(5.0)	(33,264)	(4,653)	(1.7)
Other operating income	1,408	0.1	18,875	2,641	1.0	18,422	1.4	70,185	9,819	3.7
Loss from operations	(1,586,763)	(130.3)	(1,976,475)	(276,518)	(102.8)	(1,416,501)	(107.9)	(1,190,996)	(166,627)	(62.2)
Other income/(expenses)										
Interest expenses	(8,908)	(0.7)	(3,122)	(437)	(0.2)	(3,122)	(0.2)	—	—	—
Interest income	31,408	2.6	53,111	7,431	2.8	32,700	2.5	69,594	9,737	3.6
Foreign exchange gain/(loss)	(4,253)	(0.3)	7,151	1,000	0.4	(2,762)	(0.2)	(13,370)	(1,871)	(0.7)
Fair value change in foreign currency forward contract	22,846	1.8	13,463	1,884	0.7	13,463	1.0	—	—	—
Fair value change in warrant liabilities	82,467	6.7	—	—	—	—	—	—	—	—
Total other income	123,560	10.1	70,603	9,878	3.7	40,279	3.1	56,224	7,866	2.9
Loss before income tax benefits	(1,463,203)	(120.2)	(1,905,872)	(266,640)	(99.1)	(1,376,222)	(104.8)	(1,134,772)	(158,761)	(59.3)
Income tax benefits	14,113	1.2	27,497	3,847	1.4	11,086	0.8	6,774	948	0.3
Net loss	(1,449,090)	(119.0)	(1,878,375)	(262,793)	(97.7)	(1,365,136)	(104.0)	(1,127,998)	(157,813)	(59.0)

Note:

- (1) Includes related party revenues of RMB691,002, RMB1,032,455, RMB666,270 and RMB1,148,605 for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2018 and 2019, respectively.

Nine months ended September 30, 2019 compared to nine months ended September 30, 2018

Net revenues

Our net revenues increased by 45.7% from RMB1,313.1 million for the nine months ended September 30, 2018 to RMB1,913.3 million (US\$267.7 million) for the same period of 2019, primarily due to the substantial

increase in net revenues for last-mile and intra-city delivery services on Dada Now platform and marketplace services on JDDJ platform.

The net revenues generated from Dada Now increased by 53.1% from RMB759.3 million for the nine months ended September 30, 2018 to RMB1,162.8 million (US\$162.7 million) for the same period of 2019, mainly due to the increases in order volume of last-mile and intra-city delivery services by 36.8% in the nine months ended September 30, 2019 as compared to the same period of 2018. The increase in order volume was primarily due to (i) the increase in order volume of last-mile delivery service to JD Logistics as we strengthened our cooperation with JD Group; and (ii) the increase in order volume of intra-city delivery services to chain merchants as we developed more chain merchants to use our services and broadened our partnerships with more chain merchants.

The net revenues generated from JDDJ increased by 46.9% from RMB510.7 million for the nine months ended September 30, 2018 to RMB750.4 million (US\$105.0 million) for the same period of 2019, mainly due to the increase in GMV by 65.1% from RMB4,889 million in the nine months ended September 30, 2018 to RMB8,072 million in the same period of 2019 and the increase in order volume by 17.9% in the nine months ended September 30, 2019 as compared to the same period of 2018. The increase in GMV was primarily due to the increase in active consumers from 10.4 million in the nine months ended September 30, 2018 to 17.2 million in the same period of 2019. Furthermore, the increase in the number of active consumers was primarily due to our efforts to attract, engage and retain consumers leveraging our marketing and promotion activities, wide selection of products on our platform and improved consumer experience.

Fulfillment expenses

Our fulfillment expenses increased by 21.7% from RMB1,448.7 million for the nine months ended September 30, 2018 to RMB1,762.6 million (US\$246.6 million) for the same period of 2019, mainly due to increases in rider cost from RMB1,366.4 million for the nine months ended September 30, 2018 to RMB1,645.9 million (US\$230.3 million) for the same period of 2019 as a result of increasing volume of orders for our last-mile and intra-city delivery services provided to logistics companies, various chain merchants on Dada Now platform and retailers on JDDJ platform. And the increase in delivery order volume was primarily because we strengthened cooperation with JD Group and developed more chain merchants.

Selling and marketing expenses

Our selling and marketing expenses increased by 10.4% from RMB842.1 million for the nine months ended September 30, 2018 to RMB929.4 million (US\$130.0 million) for the same period of 2019, mainly due to increases in incentives to JDDJ consumers and personnel cost, partially offset by the decrease in advertising and marketing expenses. The incentives to JDDJ consumers increased by RMB82.0 million (US\$11.5 million) for the nine months ended September 30, 2019, as our promotion coupon activities continued. However, the rate of incentives to JDDJ consumers as a percentage of GMV experienced a significant decline. We expect the rate of the incentives to JDDJ consumers as a percentage of GMV will continue to decline. The advertising and marketing expenses decreased for the nine months ended September 30, 2019, primarily attributable to the decline in media advertising and the use of our existing network of retailer stores for cost-efficient marketing activities.

General and administrative expenses

Our general and administrative expenses increased by 6.2% from RMB198.4 million for the nine months ended September 30, 2018 to RMB210.6 million (US\$29.5 million) for the same period of 2019, mainly due to increase in personnel cost as a result of our growing business.

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Research and development expenses

Our research and development expenses increased by 22.9% from RMB194.1 million for the nine months ended September 30, 2018 to RMB238.6 million (US\$33.4 million) for the same period of 2019. The increase was mainly attributable to the increase in research and development personnel cost and cloud server expenses. The increase in research and development personnel cost was mainly due to the growth of our research and development team as we continue to strengthen our technological capabilities. The increase in cloud server expenses was mainly due to our rising demand for cloud services in line with our growing business.

Interest income

Our interest income increased by 112.8% from RMB32.7 million for the nine months ended September 30, 2018 to RMB69.6 million (US\$9.7 million) for the same period of 2019. The increase was mainly attributable to the increase in average cash balance for the nine months ended September 30, 2019.

Foreign exchange loss

Our foreign exchange loss increased from RMB2.8 million for the nine months ended September 30, 2018 to RMB13.4 million (US\$1.9 million) for the same period of 2019, primarily due to the change in the exchange rate of U.S. dollar against Renminbi.

Fair value change in foreign currency forward contract

Our fair value change in foreign currency forward contract decreased from a gain of RMB13.5 million for the nine months ended September 30, 2018 to nil for the same period of 2019. The change was mainly because of the settlement of the then existing foreign currency forward contract in March 2018 and we had not entered into any new foreign currency forward contract since then.

Income tax benefits

Our income tax benefits decreased by 38.9% from RMB11.1 million for the nine months ended September 30, 2018 to RMB6.8 million (US\$0.9 million) for the same period of 2019, primarily due to the change in deferred tax liability as Shanghai JDDJ was awarded with HNTE status in 2018 and was eligible for a reduced income tax rate of 15%. The adjustment in connection with the reduced income tax rate commenced from the fourth quarter of 2018.

Net loss

As a result of the foregoing, our net loss decreased by 17.4% from RMB1,365.1 million for the nine months ended September 30, 2018 to RMB1,128.0 million (US\$157.8 million) for the same period of 2019. Our adjusted net loss, a non-GAAP measure defined as net loss excluding share-based compensation expenses, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets, was RMB942.1 million (US\$131.8 million) for the nine months ended September 30, 2019 as compared to RMB1,186.3 million for the same period of 2018.

Year ended December 31, 2018 compared to year ended December 31, 2017

Net revenues

Our net revenues increased by 57.8% from RMB1,218.0 million in 2017 to RMB1,922.0 million (US\$268.9 million) in 2018, primarily due to the substantial increase in net revenues for last-mile and intra-city services on Dada Now platform and marketplace services fees on JDDJ platform.

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The net revenues generated from Dada Now increased by 27.9% from RMB869.3 million in 2017 to RMB1,111.4 million (US\$155.5 million) in 2018, mainly due to the increases in order volume of last-mile delivery services by 38.7%. The increase in order volume of last-mile delivery service was primarily due to the increase in order volume of last-mile delivery service to JD Logistics as we strengthened our cooperation with JD Group.

The net revenues generated from JDDJ increased by 137.5% from RMB317.6 million in 2017 to RMB754.2 million (US\$105.5 million) in 2018, mainly due to the increase in GMV by 123.1% from RMB3,287 million in 2017 to RMB7,334 million in 2018 and the increase in order volume by 102.7% year-on-year. The increase in GMV was primarily due to the increase in active consumers from 7.3 million in 2017 to 14.7 million in 2018 and the increase in GMV per active consumer from RMB453.0 in 2017 to RMB499.7 in 2018. Furthermore, the increase in the number of active consumers was primarily due to our efforts to attract, engage and retain consumers leveraging our marketing and promotion activities, wide selection of products on our platform and improved consumer experience.

Fulfillment expenses

Our fulfillment expenses increased by 28.3% from RMB1,592.7 million in 2017 to RMB2,044.1 million (US\$286.0 million) in 2018, mainly due to increases in rider cost from RMB1,526.7 million in 2017 to RMB1,918.3 million (US\$268.4 million) in 2018 as a result of increasing volume of orders for our intra-city delivery services from retailers on JDDJ platform and our last-mile delivery services. And the increase in delivery order volume was primarily due to our strengthened cooperation with JD Group.

Selling and marketing expenses

Our selling and marketing expenses increased by 69.1% from RMB723.5 million in 2017 to RMB1,223.3 million (US\$171.2 million) in 2018, mainly due to increases in incentives to JDDJ consumers and personnel cost, partially offset by the decrease in advertising and marketing expenses. The incentives to JDDJ consumers increased by RMB420.3 million (US\$58.8 million) in 2018, in line with the increase in the GMV of JDDJ. However, the rate of incentives to JDDJ consumers as a percentage of GMV experienced a mild decline. We expect the rate of the incentives to JDDJ consumers as a percentage of GMV will continue to decline. The advertising and marketing expenses decreased in 2018, primarily attributable to the decline in media advertising and the use of our existing network of retailer stores for cost-efficient marketing activities.

General and administrative expenses

Our general and administrative expenses increased by 13.4% from RMB249.2 million in 2017 to RMB282.5 million (US\$39.5 million) in 2018, mainly due to increase in impairment expenses and rental expenses. The increase in impairment expenses mainly relates to the termination of our unmanned retail shelves business, for which we recorded provision for impairment of assets amounting to RMB8.5 million. The rental expenses increased in 2018, primarily due to the expansion of our work space as a result of our growing business.

Research and development expenses

Our research and development expenses increased by 40.7% from RMB192.0 million in 2017 to RMB270.2 million (US\$37.8 million) in 2018. The increase was mainly attributable to the increase in research and development personnel cost in 2018, which was due to the growth of our research and development team as we continue to strengthen our technological capabilities.

Interest income

Our interest income increased by 69.1% from RMB31.4 million in 2017 to RMB53.1 million (US\$7.4 million) in 2018. The increase was mainly attributable to the increase in average cash balance in 2018.

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Foreign exchange gain/(loss)

Our foreign exchange gain/(loss) turned from a loss of RMB4.3 million in 2017 to a gain of RMB7.2 million (US\$1.0 million) in 2018, primarily due to the change in the exchange rate of U.S. dollar against Renminbi.

Fair value change in foreign currency forward contract

Our fair value change in foreign currency forward contract decreased by 41.1% from RMB22.8 million in 2017 to RMB13.5 million (US\$1.9 million) in 2018. The decrease in fair value gain was mainly attributable to the change of the forward exchange rate and the settlement of foreign currency forward contract in March 2018.

Income tax benefits

Our income tax benefits increased by 94.8% from RMB14.1 million in 2017 to RMB27.5 million (US\$3.8 million) in 2018, primarily due to the change in deferred tax liability as Shanghai JDDJ was awarded with HNTE status in 2018 and was eligible for a reduced income tax rate of 15%.

Net loss

As a result of the foregoing, our net loss increased by 29.6% from RMB1,449.1 million in 2017 to RMB1,878.4 million (US\$262.8 million) in 2018. Our adjusted net loss, a non-GAAP measure defined as net loss excluding share-based compensation expenses, amortization of intangible assets resulting from business acquisitions and tax benefit from amortization of such intangible assets, was RMB1,652.9 million (US\$231.2 million) in 2018 as compared to RMB1,198.9 million in 2017. See “Summary Consolidated Financial and Operating Data—Non-GAAP financial measure.”

Selected quarterly results of operations

The following table presents certain of our operating data for the periods presented:

	For the twelve months ended							
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Dada Now								
Number of orders delivered ⁽¹⁾ (in millions)	539.3	554.5	534.5	515.3	538.5	561.6	635.5	753.8
JDDJ								
GMV (in millions of RMB)	4,059	5,033	6,116	7,334	8,191	9,231	10,521	12,205
Number of active consumers (in millions)	8.1	9.7	11.7	14.7	16.7	18.8	21.1	24.4

Note:

(1) Includes orders from merchants and individual senders. Orders from merchants account for both the orders placed by merchants with Dada Now directly and the fulfillment of orders for merchants listed on JDDJ.

Our number of orders delivered has generally been increasing. The increase was primarily driven by our great customer experience based on our strong delivery network and reliable and flexible delivery services, as well as our strengthened cooperation with JD Group. Our number of active consumers has also been increasing. The increase was primarily due to our efforts to attract, engage and retain consumers leveraging our marketing and promotion activities, wide selection of products on our platform and improved consumer experience. With the growth of active consumers, our GMV has also experienced significant growth. We expect the number of orders delivered, active consumers and GMV will continue to increase as our business grows.

Liquidity and Capital Resources

Cash flows and working capital

We had net cash used in operating activities of RMB941.7 million (US\$131.7 million) in the nine months ended September 30, 2019, RMB1,819.4 million (US\$254.5 million) in 2018 and RMB1,211.6 million in 2017. Our primary sources of liquidity have been proceeds from preferred share issuance and short-term bank borrowings. As of September 30, 2019, we had RMB2,361.6 million (US\$330.4 million) in cash, of which approximately 67.6% were held in Renminbi and the remainder was primarily held in U.S. dollars.

We believe our cash will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash we have on hand, we may seek to issue equity or equity linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Our accounts receivable represents primarily the amount receivable from chain merchants for our intra-city delivery services, insurance companies for facilitation of enrolling riders in insurance plans and advertising customers for our online marketing services. We receive payment before or concurrently with our provision of services in most cases, except for insurance facilitation services and a limited number of customers for intra-city delivery services where we generally allow one month for them to settle after issuance of invoices. As of December 31, 2017 and 2018 and September 30, 2019, our accounts receivable, net of allowance for doubtful accounts, were RMB6.9 million, RMB30.3 million (US\$4.2 million) and RMB40.8 million (US\$5.7 million), respectively.

Riders are entitled to withdraw their delivery remuneration one day after completion of services. Payable to riders represents the amount that riders have not withdrawn from their accounts. As of December 31, 2017 and 2018 and September 30, 2019, our payable to riders, were RMB265.0 million, RMB280.1 million (US\$39.2 million) and RMB280.3 million (US\$39.2 million), respectively.

Our accounts payable represent primarily the amount payable to our suppliers of delivery equipment and historically for merchandise sold through our unmanned retail shelves. As of December 31, 2017 and 2018 and September 30, 2019, our accounts payable were RMB7.1 million, RMB8.7 million (US\$1.2 million) and RMB7.6 million (US\$1.1 million), respectively.

Our amount due from related parties represents primarily the amount due from JD Group and Walmart Group arising from our services to them. As of December 31, 2017 and 2018 and September 30, 2019, our amount due from related parties were RMB48.8 million, RMB159.4 million (US\$22.3 million) and RMB219.4 million (US\$30.7 million), respectively. The increase from 2017 to 2018 was primarily due to the significant increase in volumes of orders from JD Group and inclusion of Walmart Group as a related party as it became a shareholder with significant influence in 2018. The increase from 2018 to 2019 was primarily due to increase in volumes of orders from JD Group and Walmart Group. See also “Related Party Transactions.”

In March 2017, we entered into a credit agreement with a domestic commercial bank, for which the total facility was amounted to RMB950.0 million with a term of one year. In 2017, we drew five borrowings from the facility for an aggregated principal amount of RMB354.5 million which was collateralized by the bank deposit of US\$52.4 million (RMB342.3 million) classified as restricted cash. The loan was repaid and the restriction on the bank deposit was released in 2018. The annual interest rate of the borrowings was approximately 3.92%, resulting in interest expenses of RMB8.9 million and RMB3.1 million (US\$0.4 million) for the years ended

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December 31, 2017 and 2018, respectively. As of September 30, 2019, the total outstanding balance of these loans was nil.

Although we consolidate the results of our VIE, we only have access to the assets or earnings of our VIE through our contractual arrangements with our VIE and its shareholders. See “Corporate History and Structure.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

All of our net revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiaries are 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 their registered capital. These reserves are not distributable as cash dividends. Historically, our PRC subsidiaries have not paid dividends to us, and they will not be able to pay dividends until they generate accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks.

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to the approval of government authorities and limits on the amount of capital contributions and loans. This may delay us from using the proceeds from this offering to make loans or capital contributions to our PRC subsidiaries. We expect to invest substantially all of the proceeds from this offering into our PRC operations within the business scopes of our PRC subsidiaries and our VIE. See “Risk Factors—Risks Relating to Doing Business in China—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 using the proceeds of this offering to make loans to our PRC subsidiaries and our VIE in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

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The following table sets forth the movements of our cash flows for the periods presented:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		
	2017	2018		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
	(In thousands)					
Net cash (used in) operating activities	(1,211,624)	(1,819,355)	(254,536)	(1,295,822)	(941,694)	(131,749)
Net cash (used in)/provided by investing activities	(110,608)	(415,382)	(58,114)	52,699	571,484	79,954
Net cash provided by financing activities	1,338,319	3,048,112	426,446	3,048,112	—	—
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(74,393)	11,363	1,588	12,788	(12,242)	(1,712)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(58,306)	824,738	115,384	1,817,777	(382,452)	(53,507)
Cash and cash equivalents and restricted cash at the beginning of the year/period	1,977,574	1,919,268	268,517	1,919,268	2,744,006	383,901
Cash and cash equivalents and restricted cash at the end of the year/period	1,919,268	2,744,006	383,901	3,737,045	2,361,554	330,394

Operating activities

Net cash used in operating activities for the nine months ended September 30, 2019 was RMB941.7 million (US\$131.7 million). The difference between the net loss of RMB1,128 million (US\$157.8 million) and operating cash outflow RMB941.7 million (US\$131.7 million) was primarily the result of adding back non-cash expenses items such as depreciation and amortization of RMB160.9 million (US\$22.5 million) and share-based compensation of RMB37.7 million (US\$5.3 million), partially offset by additional cash of RMB26.4 million (US\$3.7 million) used due to changes in working capital accounts. Depreciation and amortization mainly relates to the amortization of the BCA and NCC arising from our acquisition of JDDJ in 2016. The changes in working capital accounts mainly include (i) RMB60.0 million (US\$8.4 million) increase in amount due from related parties, (ii) RMB14.6 million (US\$2.0 million) decrease in amount due to related parties, and (iii) RMB10.1 million (US\$1.4 million) increase in accounts receivable, partially offset by RMB64.2 million (US\$9.0 million) increase in accrued expenses and other current liabilities.

Specifically, the increase in amount due from related parties was primarily due to the increase in volumes of orders from JD Group and Walmart Group. The decrease in amount due to related parties was primarily due to the decrease in amount due to JD Group, as a result of the advance payment to JD Group at the end of the third quarter in 2019 in connection with our cash on delivery service to JD Group. The increase in accounts receivable was primarily due to the increase of chain merchants for our intra-city delivery services, for whom we mainly adopt a monthly settlement method, partially offset by decrease in accounts receivable from our advertising customers. The increase in accrued expenses and other current liabilities was primarily due to increase in salaries and welfare payables to our employees and advance from online marketing service to brand owners.

Net cash used in operating activities in 2018 was RMB1,819.4 million (US\$254.5 million). The difference between the net loss of RMB1,878.4 million (US\$262.8 million) and operating cash outflow RMB1,819.4 million (US\$254.5 million) was primarily the result of adding back non-cash expenses items such as depreciation and amortization of RMB212.2 million (US\$29.7 million) and share-based compensation of RMB51.2 million (US\$7.2 million), partially offset by additional cash of RMB203.3 million (US\$28.4 million) used due to changes in working capital accounts. Depreciation and amortization mainly relates to the amortization of the BCA and NCC arising from our acquisition of JDDJ in 2016. The changes in working capital

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accounts mainly include (i) RMB110.6 million (US\$15.5 million) increase in amount due from related parties, (ii) RMB42.3 million (US\$5.9 million) increase in prepayments and other current assets, (iii) RMB28.2 million (US\$3.9 million) decrease in accrued expenses and other current liabilities, (iv) RMB27.5 million (US\$3.9 million) decrease in deferred tax liabilities, and (v) RMB23.7 million (US\$3.3 million) increase in accounts receivable, partially offset by (i) RMB16.0 million (US\$2.2 million) increase in amount due to related parties, and (ii) RMB15.1 million (US\$2.1 million) increase in payable to riders.

Specifically, the increase in amount due from related parties was primarily due to the significant increase in volumes of orders from JD Group and inclusion of Walmart Group as a related party as it became our shareholder with significant influence in 2018. The increase in prepayments and other current assets was primarily due to increases in funds receivable from payment channels and VAT receivable. The decrease in accrued expenses and other current liabilities was primarily due to decreases of RMB69.6 million in tax payables as a result of our payment of accrued VAT. The decrease in deferred tax liabilities was primarily due to change in deferred tax liability as Shanghai JDDJ was awarded with HNT status in 2018 and was eligible for a reduced income tax rate of 15%. The increase in accounts receivable was primarily due to adoption of credit payment term for chain merchants as we were developing business with these merchants. The increase in payable to riders was primarily due to increase of order volumes for the months ended December 31, 2018 as compared to that for the months ended December 31, 2017. The increase in amount due to related parties was primarily due to inclusion of Walmart Group as a related party as it became our shareholder with significant influence in 2018.

Net cash used in operating activities in 2017 was RMB1,211.6 million. The difference between the net loss of RMB1,449.1 million and negative operating cash flow of RMB1,211.6 million was the result of adding back non-cash expenses items such as depreciation and amortization of RMB209.1 million and share-based compensation of RMB60.8 million and the RMB68.6 million released due to changes in working capital accounts. The changes in working capital accounts mainly include RMB107.1 million increase in accrued expenses and other current liabilities and RMB104.5 million increase in payable to riders, partially offset by RMB82.9 million decrease in amount due to related parties and RMB15.9 million increase in amount due from related parties. The decrease in amount due to related parties was primarily due to settlement of payables to JD Group for its operational support service rendered during the transition period of the acquisition of JDDJ. The increase in amount due from related parties was primarily due to expansion of cooperation with JD Group.

Investing activities

Net cash provided by investing activities for the nine months ended September 30, 2019 was RMB571.5 million (US\$80.0 million), consisting primarily of net cash from disposal of wealth management product, partially offset by cash paid for purchase of property, equipment and intangible assets.

Net cash used in investing activities in 2018 was RMB415.4 million (US\$58.1 million), consisting primarily of net cash paid for purchase of wealth management products and cash paid for purchase of property and equipment, partially offset by proceeds from disposal of a foreign currency forward contract.

Net cash used in investing activities in 2017 was RMB110.6 million, consisting primarily of net cash paid for purchase of wealth management products and cash paid for purchase of property and equipment.

Financing activities

Net cash provided by financing activities for the nine months ended September 30, 2019 was nil.

Net cash provided by financing activities in 2018 was RMB3,048.1 million (US\$426.4 million), consisting primarily of proceeds from issuance of convertible redeemable preferred shares, partially offset by repayments for short-term bank borrowings.

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Net cash provided by financing activities in 2017 was RMB1,338.3 million, consisting primarily of proceeds from issuance of convertible redeemable preferred shares and incurrence of short-term bank borrowings.

Capital expenditures

We made capital expenditures of RMB12.1 million, RMB32.9 million (US\$4.6 million) and RMB28.3 million (US\$4.0 million) in 2017, 2018 and the nine months ended September 30, 2019, respectively. Capital expenditures represent cash paid for purchase of property, equipment and intangible assets. We will continue to make such capital expenditures to support the expected growth of our business.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2018:

	Total	For the Year Ended December 31,				
		2019	2020	2021	2022	2023 and after
Operating lease commitments ⁽¹⁾	122,260	32,227	21,181	17,958	18,059	32,835

Note:

(1) Operating lease commitments consist of the commitments under the lease agreements for our office premises and other facilities.

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees as of December 31, 2018.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' 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. Moreover, 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

Our Company, Dada Nexus Limited, is a holding company with no material operations of its own. We conduct our operations primarily through our WFOEs and VIE. As a result, Dada Nexus Limited's ability to pay dividends depends upon dividends paid by our WFOEs.

If our WFOEs or any newly formed PRC subsidiaries 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 WFOEs are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our WFOEs and our VIE is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, our WFOEs may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our VIE may allocate a portion of their 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 September 30, 2019, as our WFOEs, all other PRC subsidiaries, our VIE and the subsidiaries of our VIE are all in an accumulated loss position, no statutory reserve was appropriated. Our WFOEs have not paid dividends and will not be able to pay dividends until it generates accumulated profits and meets the requirements for statutory reserve funds.

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 2017 and 2018 were increases of 1.8% and 1.9%, 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.

Quantitative and Qualitative Disclosures about Market Risk

Foreign exchange risk

All of our net revenues and substantially all of our expenses are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and September 2010, this appreciation subsided and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since September 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. While appreciating approximately by 7% against the U.S. dollar in 2017, the Renminbi in 2018 depreciated by approximately 5% against the U.S. dollar. Since October 1, 2016, the Renminbi has joined the International Monetary Fund's basket of currencies that make up the Special Drawing Right, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or the ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of September 30, 2019, we had a RMB1,596.5 million of RMB-denominated cash balance. A 10% depreciation of Renminbi against the U.S. dollar based on the foreign exchange rate on September 30, 2019 would result in a decrease of US\$20.3 million in cash and cash equivalents. A 10% appreciation of Renminbi against the U.S. dollar based on the foreign exchange rate on September 30, 2019 would result in an increase of US\$24.8 million in cash and cash equivalents.

Interest rate risk

Our exposure to interest rate risk primarily relates to the interest expenses on our short-term bank borrowings. Our short-term bank borrowing bears interest at fixed rates. 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 expenses may exceed expectations due to changes in market interest rates.

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which we address our internal control over financial reporting. In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2017 and 2018, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to our lack of accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements, and our lack of accounting policies and procedures over financial reporting in accordance with U.S. GAAP. To remedy identified material weaknesses, we have implemented, and plan to continue to implement, several measures, including:

- hiring additional competent and qualified accounting and reporting personnel with appropriate knowledge and experience of U.S. GAAP and SEC financial reporting requirements;
- establishing an ongoing program to provide sufficient and additional appropriate training to our accounting staff, especially trainings related to U.S. GAAP and SEC financial reporting requirements; and
- formulating internal accounting and internal control guidance on U.S. GAAP and SEC financial reporting requirements.

However, we cannot assure you that we will remediate our material weaknesses in a timely manner. See “Risk Factors—Risks Related to Our Business and Industry—If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.”

As a company with less than US\$1.07 billion in revenues for fiscal year of 2018, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

Change in Independent Auditor

We engaged PricewaterhouseCoopers Zhong Tian LLP, or PwC, in September 2017 to audit our consolidated financial statements for each of the two years ended December 31, 2017. In February 2019, we notified PwC to dismiss it as our independent auditor.

In May 2019, in connection with the preparation of this offering, we engaged Deloitte Touche Tohmatsu CPA Ltd., or Deloitte, as our independent auditor to audit our consolidated financial statements for each of the three years ended December 31, 2018. The change of independent auditor was approved by our board of directors.

PwC’s report on the financial statements for each of the two years ended December 31, 2017 does not contain an adverse opinion or a disclaimer of opinion, and is not qualified or modified as to uncertainty, audit scope, or accounting principles. During PwC’s engagement and up to the interim period before PwC’s dismissal, there had been no disagreements between PwC and us on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, and there had been no “reportable events” as defined under Item 16F(a)(1)(v) of Form 20-F that would require disclosure.

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We provided a copy of this disclosure to PwC, and requested it to furnish us with a letter addressed to the SEC stating whether it agrees with the above statements, and if not, stating the respects in which it does not agree. On _____, we received the requested letter from PwC, a copy of which is included as Exhibit 16.1 to the registration statement of which this prospectus forms a part.

During our two most recent fiscal years, and any subsequent interim period prior to the engagement of Deloitte on May 29, 2019, neither we nor any person on our behalf consulted with Deloitte regarding either (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements and no written or oral advice was provided by Deloitte was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was the subject of a disagreement or reportable event as defined in the Form 20-F.

Critical Accounting Policies

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

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

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

Principles of consolidation

Our consolidated financial statements include the financial statements of our company, our subsidiaries, our VIE and its subsidiaries. All inter-company transactions and balances between our company, our subsidiaries, our VIE and its subsidiaries have been eliminated upon consolidation.

Consolidation of VIE

We evaluate the need to consolidate a VIE by determining if we are its primary beneficiary. In determining whether we are the primary beneficiary, we consider if we (1) have power to direct the activities that most significantly affect the economic performance of the VIE, and (2) receive the economic benefits of the VIE that could be significant to the VIE. If deemed the primary beneficiary, we consolidate the VIE.

Applicable PRC laws and regulations currently limit foreign ownership of companies involved in provision of internet content and other restricted businesses. Therefore, our websites and relevant licenses are registered and owned by Shanghai Qusheng and its wholly-owned subsidiary, JDDJ Youheng, and the equity interests of Shanghai Qusheng are held by certain beneficial owners and affiliates of shareholders of our Company.

To provide the effective control over Shanghai Qusheng and receive substantially all of the economic benefits of Shanghai Qusheng, Dada Glory, our wholly-owned subsidiary, or WFOE entered into a series of contractual arrangements with Shanghai Qusheng and its shareholders. The irrevocable powers of attorney have

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conveyed all shareholder rights held by Shanghai Qusheng's shareholders to WFOE, including the right to appoint board members who nominate the general managers of Shanghai Qusheng to conduct day-to-day management of Shanghai Qusheng's businesses, and to approve significant transactions of Shanghai Qusheng. The exclusive option agreements provide WFOE with a substantive kick-out right of Shanghai Qusheng's shareholders through an exclusive option to purchase all or any part of the shareholders' equity interest in Shanghai Qusheng at the lowest price permitted under the PRC laws then in effect. In addition, through the exclusive business cooperation agreement, WFOE established the right to receive benefits from Shanghai Qusheng that could potentially be significant to the VIE, and through the share pledge agreement, WFOE has, in substance, an obligation to absorb losses of Shanghai Qusheng that could potentially be significant to the VIE. As these contractual arrangements allow us to effectively control the VIE and to derive substantially all of the economic benefits from it, we have consolidated the VIE.

Revenue recognition

We derive our revenues principally from merchants, individual senders and retailers for their use of our core platforms in connection with on-demand retail platform services and on-demand delivery services. Revenue is stated net of value added tax ("VAT"), discounts and return allowances.

On January 1, 2018, using the modified retrospective method, we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," including related amendments and implementation guidance within ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 (collectively, including ASU 2014-09, "ASC 606"), issued by the Financial Accounting Standards Board ("FASB").

The impact of adopting the new revenue standard was not material to the consolidated financial statements and there was no adjustment to the beginning accumulated deficit on January 1, 2018. Results for reporting period beginning on January 1, 2018 are presented under ASC 606, while prior period amounts have not been adjusted and continue to be reported in accordance with ASC 605.

Services

We arrange for on-demand delivery services to be provided through our Dada Now platform where we assist the customer, a registered merchant or individual sender, in finding a rider to complete a delivery requested by the customer. Judgment is required in determining whether we are the principal or agent in service provision. We evaluate the presentation of revenue on a gross or net basis based on whether we control the services provided by the riders and are the principal, or we arrange for the riders to provide the service and are an agent. We conclude that we act as an agent in these transactions as we are not responsible for fulfilling the promise to provide the delivery services, nor do we have the ability to control the related services. We do not have the ability to control the services provided by riders due to the following: (i) we do not pre-purchase or otherwise obtain control of the riders' services prior to their transfer to the customers; (ii) we do not guarantee an order could be taken by a rider; (iii) we cannot direct the riders to accept, decline or disregard a transaction request and (iv) our platform services do not include the delivery services provided to the customers by the riders. The service fee earned by us is the difference between the amount paid by the customer based on an upfront quoted fare and the amount earned by the rider based on expected delivery time, distance and other factors, which are both fixed at the time a transaction is entered into with a customer. We may record a loss from a transaction when an upfront quoted fare offered to the customer is less than the amount we are committed to being paid to the rider. The revenue is recognized on a net basis at the point of delivery of merchandise. The loss on this type of transactions is recorded in fulfillment expenses in the consolidated statements of operations and comprehensive loss as it is not related to any other current, previous or future transactions with customers and in substance, is an expense paid to riders.

We also provide on-demand retail platform services on our JDDJ platform. The service revenues primarily consist of commission fees charged to retailers for participating in our online marketplace, where we act as an agent and our performance obligation is to facilitate the retailers' online sales of their goods and services through JDDJ. We are not primarily obligated to the consumers, do not take inventory risk, and do not have latitude over pricing of the merchandise. Upon successful sales, we charge the retailer 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 merchandise.

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In addition, we fulfill the delivery needs of retailers on JDDJ and other business customers on Dada Now by utilizing our network of registered riders on Dada Now. Under this type of services, we enter into agreements with retailers and other business customers, which enforce our acceptance of all the related delivery requests at the prices stipulated in the contracts. We have determined that we act as a principal in these transactions as we are primarily responsible for the delivery of merchandise and has the ability to control the related services. We have the ability to control the services provided by riders as we are responsible for and guarantee identifying and directing riders that meet the quality criteria stipulated in the agreements to complete the deliveries requested by retailers or other business customers. Additionally, the Group has ultimate control over the amounts paid by the customers. Although in this type of services, the riders still have the ability to accept, decline or disregard a delivery assignment, it is our responsibility to find a replacement and complete the delivery timely. Revenues resulting from these services are recognized on a gross basis at a fixed rate or a pre-determined amount for each completed delivery, with the amounts paid to the riders recorded in fulfillment expenses.

Other services comprise packaging services to retailers and online marketing services to brand owners on JDDJ, and other miscellaneous services. Revenue is recognized when service is rendered.

Goods sales

We operate our own e-commerce business and sells delivery equipment and other merchandise on Dada Now. We also sell merchandise through unmanned retail shelves. Revenue is recognized on a gross basis as we are acting as a principal in these transactions, are responsible for fulfilling the promise to provide the specified merchandise and also have pricing discretion. We recognize revenues net of discounts and return allowances when the goods are delivered to the customers.

Incentive programs

Customer incentives

We offer various incentive programs to merchants, individual senders and business customers in the form of coupons or volume-based discounts that are recorded as reduction of revenue as we do not receive a distinct good or service in consideration.

Rider incentives

We offer various incentive programs to riders, primarily in the form of volume-based incentives. The riders are not our customers as they do not pay for their use of our platform in any form. Therefore, for transactions where we act as an agent and recognize revenue on a net basis, the related rider incentives are recorded as a reduction of revenue. For transactions where we act as a principal and recognize revenue on a gross basis, the related rider incentives are included in fulfillment expenses.

Consumer incentives

The consumer incentives are offered to promote our local on-demand retail platform in the form of promotion coupon on JDDJ, which are valid only during a limited period of time. These incentives are provided at our discretion and are not contractually required by the merchants. These incentives also do not reduce the overall pricing of the services provided by us. As we have no performance obligation to consumers who are not our customers, incentives to consumers are recognized as selling and marketing expenses.

All the incentives granted can be categorized into (1) incentives granted concurrent with a purchase transaction and (2) incentives granted not concurrent with a purchase transaction. When the incentive is granted concurrent with a purchase transaction, expenses or reduction of revenue are accrued, in the most likely amount to be earned, as the related transactions are recorded. Since such incentives are generally earned over a very short

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period of time, there is limited uncertainty when estimating the expenses to be accrued or variable consideration to be recorded as a reduction of revenue. When the incentive (i.e., a coupon) is not granted concurrent with a purchase transaction, expenses or reduction of revenue are recognized upon the redemption of such incentive.

Intangible assets, net

Intangible assets purchased are recognized and measured at cost upon acquisition. Intangible assets arising from our acquisition of JDDJ business from JD Group, including BCA, NCC, technology, trademark and domain name are recognized and measured at fair value based on a valuation upon acquisition. We made estimates and judgments in determining the fair value of JDDJ business, NCC and BCA with assistance from an independent valuation firm.

The fair value of the BCA was determined using the operation cost saving method to assess the operation cost we can save with our cooperation with JD Group under the BCA including savings in online traffic acquisition cost and advertising cost with the key assumptions of page view click of JDDJ, average cost per page view in the industry, number of entrance provided to JDDJ and average publication fees per advertising entrance. The fair value of NCC was determined as the difference between the values of the business with and without the agreement in place. The analytical method based on this concept and used to value the NCC is a variation of the income approach with the key assumption of discounted cash flow under conditions with and without the NCC and the probability of JD Group's entrance to the same industry with us. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the acquisitions of JDDJ business from JD Group that occurred in 2016 and there is no change to the carrying amount of the goodwill for the years ended December 31, 2017 and 2018 and for the nine months ended September 30, 2019. Goodwill is not amortized but is reviewed at least annually for impairment or earlier, if any indication of impairment exists.

We adopted FASB revised guidance on "Testing of Goodwill for Impairment." Under this guidance, we have the option to choose whether to apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. If we choose to apply a qualitative assessment first, we start the goodwill impairment test by assessing 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 we determine that it is more likely 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 goodwill with its carrying value. If we choose to apply a quantitative assessment, we perform the goodwill impairment test by quantitatively comparing the fair values of a reporting unit to its carrying amount.

Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. We performed the annual goodwill impairment assessment as of December 31, 2017 and 2018. Considering our continuing operating losses, we also performed goodwill impairment as of September 30, 2019. The fair value of the reporting unit has substantially exceeded its carrying value, and thus no goodwill impairment has been identified.

Income taxes

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards

and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statements of operations and comprehensive loss in the period of the enactment of the change.

Measurement of share-based compensation

We grant options and restricted share units to our employees, directors, and consultants. In accordance with ASC 718 “Stock Compensation,” we determine whether a share-based compensation should be classified and accounted for as a liability award or an equity award.

Options and restricted share units granted to the employees, including the directors, vest upon satisfaction of a service condition, which is generally satisfied over four years and are measured at fair value as of the grant date. Options granted to non-employees with a service condition are accounted for based on the fair value of the equity instrument issued, as this has been determined to be more reliably measurable. Prior to January 1, 2019, we accounted for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC subtopic 505-50, “Equity: Equity based Payments to Non-Employees.” The fair value of each option granted to non-employees was estimated on the date of grant using the same option valuation model used for options granted to employees, and then re-measured at each period end. The final measurement date of the fair value of the equity instrument issued was the date on which the non-employee’s performance was completed. Additionally, our incentive plan provides an exercisability clause where employees or non-employees can only exercise vested options upon the occurrence of the event that the ordinary shares are publicly traded. Options for which the service condition has been satisfied are forfeited should employment terminate prior to the occurrence of an exercisable event, which substantially creates a performance condition. The satisfaction of the performance condition becomes probable only upon the completion of our initial public offering and therefore, we have not recorded any compensation expenses and will record the cumulative share-based compensation expenses for these options when we complete our initial public offering.

According to ASC 718, a change in any of the terms or conditions of equity-based awards shall be accounted for as a modification of the award. Therefore, we calculate incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified. For vested options, we would recognize incremental compensation cost on the date of modification and for unvested options, we would recognize, prospectively and over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award.

On January 1, 2019, we adopted ASU 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployees Share-Based Payment Accounting and account for share-based payments to non-employees at grant-date fair value of the equity instrument issued. Upon adoption, only liability-classified awards that have not been settled and equity-classified awards for which a measurement date has not been established should be remeasured through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The adoption of this standard did not have a material impact on our condensed consolidated financial statement and no cumulative-effect adjustment to retained earnings as of January 1, 2019 was made.

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Fair value of the options and restricted share units granted to employees and non-employee

In determining the fair value of the stock options, the binomial option pricing model was applied. The assumptions we adopted to estimate the fair value of share options granted were as follows:

	For the Years Ended December 31,		For the
	2017	2018	Nine Months Ended September 30, 2019
Expected volatility	36%~40%	36%~38%	37%~40%
Risk-free interest rate (per annum)	3%~3.2%	3.5%~3.7%	2.5%~3.6%
Exercise multiples	2.2 and 2.8	2.2	2.2
Expected dividend yield	0.00%	0.00%	0.00%
Fair value of underlying ordinary shares (US\$)	1.36~1.67	2.01~2.26	2.26~3.23
Fair value of share option (US\$)	0.80~1.03	1.35~1.59	1.59~2.51

We estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. We estimated the risk free interest rate based on the yield to maturity of U.S. government bonds at grant date with a maturity period close to the contract term of options, adjusted by country risk differential between U.S. and China. As we have had no option exercise history, we estimated exercise multiples based on empirical research on typical employee stock option exercising behavior. The dividend yield was estimated as zero based on our plan to retain profit for corporate expansion and no dividend will be distributed in the near future.

In order to determine the fair value of our ordinary shares underlying each share option or restricted share unit grant before we become a public company, we first determined our equity value and then allocated the equity value to each element of our capital structure (preferred shares and ordinary shares) using a hybrid method comprising the probability-weighted expected return method and the option pricing method. In our case, three scenarios were assumed, namely: (i) the liquidation and redemption scenarios, in which the option pricing method was adopted to allocate the value between redeemable convertible preferred shares and ordinary shares, and (ii) the mandatory conversion scenario, in which equity value was allocated to preferred shares and ordinary shares on an as-if converted basis.

In determining our equity value before we become a public company, we used income approach/discounted cash flow method, or DCF to determine the fair value of the business enterprise value and used backsolve method as secondary approach to counter check reasonableness of the result. We considered the methods we applied are the most appropriate in accordance with the guidelines outlined in the American Institute of Certified Public Accountants' Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, with the assistance of an independent third-party appraiser.

The assumptions we used in the valuation model are based on future expectations combined with management judgment, with inputs of numerous objective and subjective factors, to determine the fair value of ordinary shares, including the following factors:

- our operating and financial performance;
- current business conditions and projections;
- our stage of development;
- the prices, rights, preferences and privileges of our preferred shares relative to our ordinary shares;
- the likelihood of achieving a liquidity event for the ordinary shares underlying the share-based awards, such as an initial public offering;
- any adjustment necessary to recognize a lack of marketability for our ordinary shares; and
- the market performance of industry peers.

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The analysis of DCF is based on the projected cash flows using management's best estimates as of the valuation dates. The determination of fair value requires complex and subjective judgments to be made regarding projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation. The major assumptions used in the DCF include:

- *Weighted average cost of capital, or WACC:* The discount rates applied in the DCF were based on the WACCs determined after considering factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors.
- *Comparable companies:* In deriving the WACCs, which are used as the discount rates under the income approach, seven similar publicly traded companies were selected for reference as our guideline companies.
- *Discount for lack of marketability, or DLOM:* option-pricing method was used to estimate the discount for lack of marketability. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. This option-pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors like timing of liquidity event and estimated volatility of our shares. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. The growth rates of our revenues contributed to the fair value of the shares. However, fair value is inherently uncertain and highly subjective. The assumptions used in deriving the fair value are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain. The risks associated with achieving forecasts were assessed in selecting the appropriate discount rates.

The backsolve method is a market approach which is used to solve our implied aggregate equity value by considering the rights and preference of each class of equity and solving for the total equity value that is consistent with a recent transaction in the securities.

As of September 30, 2019, share-based compensation related to options of RMB69.1 million (US\$9.8 million) would be recognized immediately if the IPO Condition had been met. As of September 30, 2019, there was RMB167.9 million (US\$23.7 million) of total unrecognized compensation expenses.

As of September 30, 2019, there were RMB44.7 million (US\$6.3 million) of unrecognized compensation expenses related to unvested restricted share units issued by us which is expected to be recognized over a weighted-average period of 2.37 years.

The assumptions used in share-based compensation expenses recognition represent our best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2.30 "Recent accounting pronouncements" to our consolidated financial statements included elsewhere in this prospectus.

INDUSTRY

Unless otherwise stated, the information presented in this section has been derived from an industry report commissioned by us and prepared by iResearch Consulting Group, an independent research firm, regarding our industry and our market position in China.

Massive Local Retail Market in China with Continuing Growth

Local retail is an integral part of China's offline retail market and provides products closely related to the daily lives of consumers, including fast-moving consumer goods, fresh produce, and beauty products. Key sales channel in the China local retail market include supermarkets, specialty stores, convenience stores and department stores. According to the iResearch Report, the local retail market in China amounted to approximately RMB12.3 trillion in 2018 with continuing growth going forward, whilst the online-to-offline penetration of China's local retail market is expected to increase from 0.4% in 2018 to 3.3% in 2023.

The Supermarket Segment—A Fast-Evolving and Important Part of China's Local Retail Market

The supermarket segment is the single largest segment of the China local retail market and contributed to approximately 24% of local retail sales in 2018. This segment is relatively fragmented and consists of (i) large, nationwide supermarket chains, such as Walmart, Yonghui, and CR Vanguard, (ii) regional players with smaller scale, and (iii) small local players serving only their respective localities. In addition, this segment is characterized by product categories with high consumption frequency and perishability such as fast-moving consumer goods and fresh produce. China's supermarket segment is expected to remain primarily offline with close geographical proximity to end-consumers.

The supermarket segment is expected to expand at a CAGR of 2.6% from RMB2.9 trillion in 2018 to RMB3.3 trillion in 2023, driven by factors including:

- *Adoption of modern channels.* Traditional fresh grocery retail channels like wet markets are being gradually replaced by modern channels like supermarkets. Supermarket retailers are the preferred choice by consumers due to strong consumer trust, broad range of product assortment, convenience, and superior quality and prices
- *Product category expansion.* Supermarkets are capitalizing on the significant traffic by also offering categories such as pharmacy, health and beauty, and other consumer products

Despite the acyclical nature of the supermarket segment, the growth of many offline retailers has been impeded by traditional and less efficient approaches to crucial activities such as product picking, inventory management, and sales and marketing. As a result, these players have not been able to enjoy improvements in operational efficiency and consumer insights brought upon by the advent of online-to-offline retailing and digitalization solutions. This has created significant partnership opportunities for open platforms with extensive consumer reach and technological know-how.

Emergence of Local On-Demand Retail Platforms in China

The local on-demand retail market in China has witnessed the emergence of several sizeable and efficient platforms, which leverage technology to improve the retail experiences of consumers. In particular, independent on-demand retail platforms in the supermarket segment have transformed the traditional grocery shopping experience by allowing consumers to browse, compare, purchase, and arrange delivery for goods from their local supermarkets through online channels. These platforms serve as open online marketplaces for supermarket operators, offering a reliable and fast-growing alternative to traditional offline channel.

According to the iResearch Report, local on-demand retail GMV in the China supermarket segment is expected to demonstrate significant growth with an expected CAGR of 69.3% between 2018 and 2023. The chart below presents the local on-demand retail GMV in the China supermarket segment:



A key driver of local on-demand retail GMV growth in the China supermarket segment is the increasing online-to-offline penetration rate. According to the iResearch Report, online-to-offline penetration in China’s supermarket segment is expected to increase from 0.8% in 2018 to 10.0% in 2023, which is attributable to favorable demand and supply dynamics, including:

- *Improvements in online infrastructure.* Rising mobile internet and mobile payment penetration in China supports frequent patronage of local on-demand retail platforms.
- *Demand for convenience and variety.* Increasing willingness by consumers to pay for a better experience, including convenience, broad production selection, and timely order fulfillment.
- *Consumer base and insights.* From the perspective of retailers, local on-demand retail platforms offer instant access to online consumer base and unique consumer insights.
- *Store digitalization and inventory optimization.* Geared with real-time transaction data, local on-demand retail platforms facilitate optimization of store inventory levels and SKU selections. Enhanced inventory planning can significantly accelerate inventory turnover and reduce losses on perishables for retailers.
- *Enhanced picking and fulfillment capability.* Some local on-demand retail platforms also possess proprietary technological capabilities to help optimize store layout and product display. This in turn improves floor space utilization and item picking, hence reducing the time and cost of fulfillment.
- *Close integration with retailers’ IT infrastructure and efficient consumer targeting.* Local on-demand retail platforms are increasingly integrated with retailers’ information technology and supply chain systems, and have been able to provide CRM tools to improve consumer access and targeting, hence facilitating consumer base expansion and increasing penetration into lower-tiered cities

According to the iResearch Report, JDDJ is the largest local on-demand retail platform in the China supermarket segment with an approximately 20% market share, in terms of GMV in the nine months ended September 30, 2019. The market share for the second to the fifth largest players in the segment range from 10% to 16%.

On-demand retail platforms in the China supermarket segment typically require superior on-demand delivery networks which offer timely and reliable fulfillment services, due to the frequent consumption and

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perishability of key product categories, such as fast-moving consumer goods and fresh produce. These delivery networks are typically characterized by:

- *Scale and flexibility.* The extensive and flexible delivery network and logistics infrastructure of on-demand delivery platforms enable delivery across different geographical areas and during both peak and off-peak hours.
- *Operational efficiency.* The technology and logistics know-how of on-demand delivery platforms optimize route planning and order bundling, thereby shortening delivery time and increasing load per delivery.

On-demand delivery networks with these capabilities are well-positioned to address significant opportunities in the broader local delivery market.

The Burgeoning Local Delivery Market in China Offers Significant Opportunities for Local On-Demand Delivery Platforms

The local delivery market addresses delivery orders in the following on-demand delivery and courier segments:

- *Open on-demand delivery segment.* This segment represents fulfillment services offered to external parties including local retailers, restaurants, individual customers and logistics players through a platform model, irrespective of the affiliation of the senders and where the corresponding online transactions had taken place. Orders are typically delivered directly from source to recipients on demand.
- *Captive on-demand delivery segment.* Delivery orders in this segment represent fulfillment needs generated through an operator's own online transaction platform and fulfilled by its own delivery network. Such delivery orders are not open to external parties.
- *Courier services.* These couriers provide same-day or next-day fulfillment solutions which are relatively less time-sensitive in nature compared to on-demand delivery. Parcels are typically consolidated and sorted at sorting centers prior to dispatch to recipients.

Driven by strong growth of e-commerce and change of consumer shopping behavior, as well as the continuing development of logistics infrastructure, the average daily orders of local delivery market are expected to increase at a CAGR of 19.3% between 2018 and 2023. The chart below presents the average daily orders for China local delivery market:

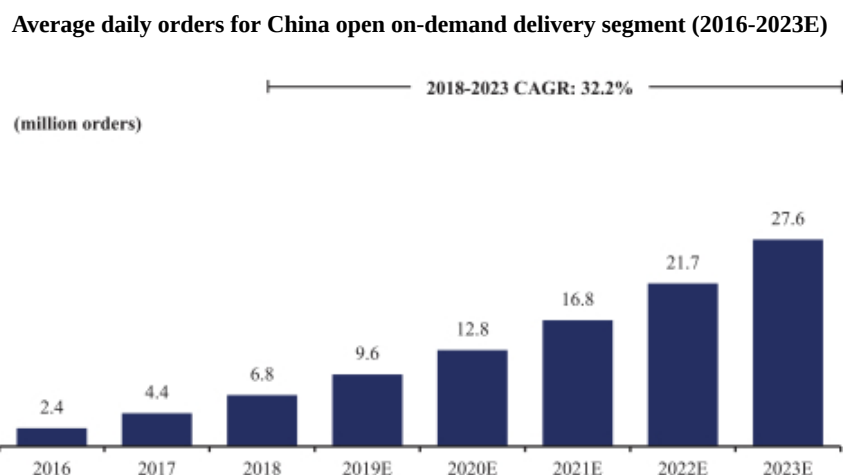


The Open On-Demand Delivery Segment Has Been Demonstrating Outsized Growth

The emergence of open on-demand delivery platforms in China has provided several benefits to merchants, including:

- Readily accessible and cost-efficient fulfillment solutions to merchants who may find it sub-optimal to operate their own delivery networks;
- Agnostic and reliable fulfillment capabilities across different areas and time; and
- Ability to address delivery needs for a broad range of product categories.

China's open on-demand delivery market is expected to grow at a CAGR of 32.2% between 2018 and 2023, outpacing the growth of China's overall local delivery market. The chart below presents the average daily orders for China open on-demand delivery segment:



The growth potential for open on-demand delivery platforms is immense, as these platforms are able to address demand from the following sources:

- *Intra-city delivery.* Open on-demand delivery platforms can address delivery needs from individual senders and businesses that currently operate their own delivery network at sub-optimal efficiency and cost. Examples of these businesses include large chain merchants, such as supermarket chains, fast food chains, and other small merchants, such as pharmacies and florists. Delivery for these individual senders and businesses can either be on-demand or pre-scheduled.
- *Last-mile delivery.* Open on-demand delivery platforms can also fulfill delivery needs of logistics players who would increasingly outsource last-mile delivery to local delivery service providers. Additionally, these platforms can satisfy last-mile courier needs for merchants with no offline storefronts.

According to the iResearch Report, Dada Now is the largest open on-demand delivery platform in China with an over 16% market share, in terms of average daily orders in the nine months ended September 30, 2019. The market share for the second to the fifth largest players in the segment range from 3% to 11%.

Multiple Operating Models Offer Flexibility to Operators in China

Local on-demand delivery platform operators in China are able to adopt a combination of different rider sourcing models based on their operational requirements. The commonly adopted models include:

- *Crowdsourced model.* A flexible approach which allows operators to call upon riders to address their delivery needs throughout the day, without any binding contractual commitments. This model

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eliminates costs associated with intermediaries and decreases upfront outlay associated with supervising and managing a network of riders. To succeed under this model, operators are required to be equipped with advanced technology and operational know-how to (i) optimize route planning and order matching, (ii) process massive order volumes and achieve balance between delivery demand and rider supply, and (iii) effectively monitor and control rider delivery quality.

- *Agency model.* Riders are employed directly by platforms, or through dedicated agents. As a result, platforms have greater control over the quality of riders, but require a sizeable and steady order volume to ensure economies of scale.

More often than not, these operators utilize both crowdsourced and agency models in their delivery networks for achieving a balance between control over the quality of riders and capability to process massive order volumes.

BUSINESS

Who We Are

Our mission is to bring people everything on demand.

We are a leading platform of local on-demand retail and delivery in China. We operate JD-Daojia (“JDDJ”), one of China’s largest local on-demand retail platforms by GMV in the first nine months of 2019, and Dada Now, a leading local on-demand delivery platform in China by number of orders in the first nine months of 2019, according to the iResearch Report.

Our Industry Background

We believe China’s retail industry has entered into a new era—the era of local on-demand retail, and we are a pioneer and leader ushering this evolution. With rising penetration of smartphones and mobile payments, consumer demands have evolved, calling for delivery of online purchases, ranging from daily necessities to unique finds, to their doorsteps within hours after orders are placed. At the same time, there is a surging need from retailers for access to online traffic and efficient on-demand fulfillment solutions. According to the iResearch Report, local retail industry remains a significant contributor to China’s total retail sales, yet online-to-offline penetration of China’s local retail market was merely 0.4% in 2018. All of these set the stage for the rising of local on-demand retail in China.

Our Corporate Development

Dada Now

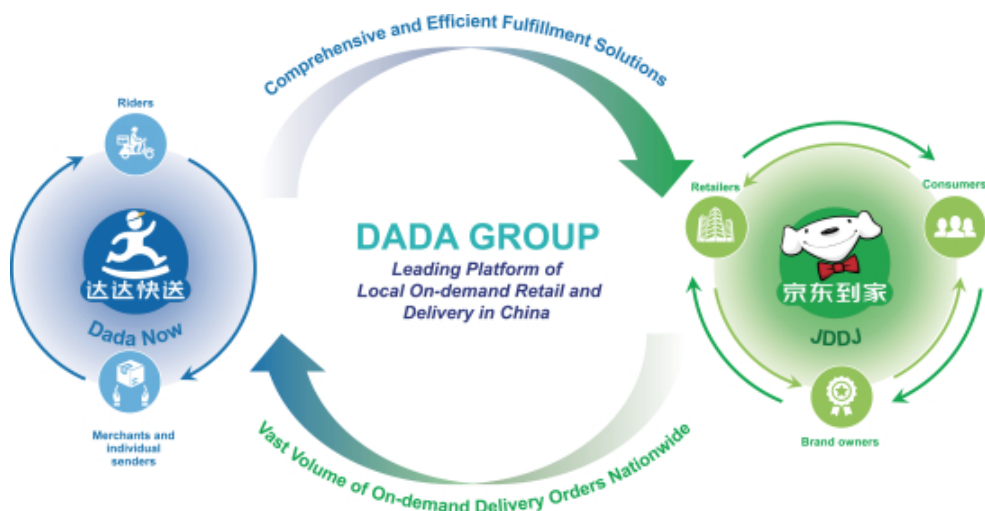
Powerful on-demand delivery infrastructure is indispensable to local retail in the new era. To seize the growing market opportunities, we founded Dada Now, our open local on-demand delivery platform five years ago. Leveraging cutting-edge proprietary technologies and deep insights into the logistics industry, Dada Now has developed into a leading local on-demand delivery platform in China open to merchants and individual senders across various industries and product categories. In 2019, more than 525,000 annual active riders collectively delivered over 753 million orders, fulfilling the delivery demand for the participants on our platforms. As of December 31, 2019, Dada Now’s intra-city delivery service covered more than 700 cities and counties in China, and its last-mile delivery service covered more than 2,400 cities and counties in China. We operated the largest open on-demand delivery platform in China by number of orders in the first nine months of 2019 according to the iResearch Report. The strong on-demand delivery infrastructure further enables us to serve as the backbone to our partners.

JDDJ

In 2016, we extended our core capabilities from local on-demand delivery to local on-demand retail by acquiring JDDJ, the former local retail platform and a strategic asset of JD Group. JDDJ has since quickly built its reputation by delivering top-notch services to retailers and brand owners and offering high-quality on-demand retail experience for consumers. For instance, we partner with almost all the leading supermarket chains in China, including Walmart, Yonghui and CR Vanguard. Moreover, as one of the world’s most reputable retail chain giants, Walmart Group extended its trust and support to us through its several investments in us and the comprehensive strategic cooperation between our two companies. In the first nine months of 2019, JDDJ was the largest local on-demand retail platform in the supermarket segment by GMV, according to the iResearch Report. Since the acquisition, JDDJ has achieved remarkable growth, with GMV in 2019 increasing by 66.4% year-on-year to RMB12,205 million generated from 119.2 million orders by 24.4 million active consumers during the period.

Our Platforms

We have successfully managed the integration of Dada Now and JDDJ to develop into a leading platform of local on-demand retail and delivery in China. The diagram below illustrates our two inter-connected platforms: the local on-demand delivery platform—Dada Now, and the local on-demand retail platform—JDDJ.



We operate our local on-demand delivery platform leveraging the crowdsourcing model to address the challenge of frequent fluctuations brought forward by the nature of on-demand orders, and to match surging demand of delivery capacity with efficient supply. Our delivery network demonstrates great scalability in operation. The intra-city delivery orders we delivered in the peak hour on the peak day in 2019 exceeded the average hourly order volume in the same period by more than ten times. The total orders we delivered on the peak day in 2019 were more than four times of the average daily order volume in 2019. Moreover, Dada Now enjoys a strong network effect across the platform. We are continuing to invest in and enhance our delivery model, optimize operational efficiency and improve delivery experience for every merchant and individual sender on our platform.

Our on-demand retail platform is designed to facilitate digitalized transformation for all retailers and brand owners. Apart from the acclaimed delivery experience, we also offer a wide range of services and solutions to retailers, improving sales per square foot and sales per employee by best utilizing existing resources. For example, we provide customized advice to retailers on the most suitable picking solutions based on their needs and assist with implementing the solutions to improve their fulfillment efficiencies. We also facilitate systematic consumer management and operation by providing retailers with consumer relationship management (CRM) tools. Further, we enable brand owners to conduct product launch and efficient marketing on JDDJ. With these solutions, we have built a platform with a steadily growing and loyal retailer base.

Our Technology Capabilities

Our technologies are our core competence. We have invested strategically to build our proprietary technology, with the goal to improve operational efficiency and user experience in both our local on-demand delivery and retail platform, as well as to empower our retail partners.

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Dada Now. We apply data mining and AI technologies on enormous historical delivery data to achieve higher operational efficiency, lower delivery cost, and better consumer experience. In December 2019, we achieved an average delivery time of approximately 30 minutes for all intra-city delivery orders.

- Smart order recommendation and dispatching system. Our proprietary system recommends and dispatches orders to riders, bundles orders in advance, and suggests the best routes to riders, all based on recommendations from a sophisticated proprietary AI model.
- Automated order pricing mechanism. Using deep learning technologies, we have an automated pricing system based on algorithms, guaranteeing service responsiveness while optimizing profitability.
- Digitalized rider management system. We efficiently track, rate, and manage the behaviors of millions of riders, with the purpose of retaining good riders and improving customer experience.

JDDJ. We provide various technology-based features and solutions for participants on our platform.

- Omni-channel online retail operation system. Through a unified set of tools and interfaces, our omni-channel online retail solution serves as an operation system for a retailer's online business. It allows a retailer to efficiently manage its online SKUs, inventories, and promotions, as well as process online orders across multiple channels.
- Personalized shopping experience. We improve consumer experience and conversion rate with customized content display, SKU recommendations, and search results based on their purchasing habits and geographic proximity to retailers.
- Customized and integrated fulfillment solution. Our end-to-end fulfillment solutions for retailers enhance the online order fulfillment efficiency for retailers with the help of in-store customized picking solutions and Warehouse Management System (WMS), the Picking Assistant app, and various tailor-made delivery strategies.
- Omni-channel CRM. Our CRM tools help retailers establish their own omni-channel membership programs, allowing them to reach out to their customers with more effective marketing. As of December 31, 2019, our CRM tools embedded in "Pan'gu Marketing" system have been adopted by 148 retailers covering more than 20,000 stores.
- Smart assortment recommendation. Based on consumer insights gained on our platform, we help retailers increase product availability by using algorithms that provide product assortment and replenishment recommendations suitable for each retailer aiming at increasing efficiency of inventory control and improving sales.
- Smart offline-store solutions. The Self-Check-out solution and Scan-n-Go solution we provide to retail stores enhance operational efficiency and consumer experience.

Our Financial Performance

We achieved remarkable growth since our inception in 2014. Our net revenues grew by 57.8% from RMB1.2 billion in 2017 to RMB1.9 billion (US\$268.9 million) in 2018, and grew by 45.7% from RMB1.3 billion in the nine months ended September 30, 2018 to RMB1.9 billion (US\$267.7 million) in the same period in 2019. We incurred net loss of RMB1.4 billion and RMB1.9 billion (US\$262.8 million) in 2017 and 2018, respectively. We incurred net loss of RMB1.1 billion (US\$157.8 million) in the nine months ended September 30, 2019, compared to net loss of RMB1.4 billion in the nine months ended September 30, 2018.

Our Strengths

The open on-demand delivery platform with scarcity value

We are the largest open on-demand delivery platform in China by number of orders in the first nine months of 2019, according to the iResearch Report. We are committed to openness and scalability.

By building up a platform that is open to merchants and individual senders across various industries and product categories, we are committed to providing everyone with first-class delivery service in a consistent manner. Moreover, utilizing our deep understanding of the industry gained from covering a broad range of senders and product categories, we are able to continue to expand and refine our services and solutions to better serve the needs of our merchants and individual senders.

Our crowdsourcing delivery network enables us to scale up when required, to apply additional resources during peak times without having to incur fixed costs on idle resources during periods of diminished demand. We also offer tailor-made solutions for selected merchants by combining stationed riders and crowdsourcing capacities. In this way, we are able to ensure a flexible and cost-efficient delivery arrangement in meeting both baseload and additional delivery demand.

We believe our extensive crowdsourcing delivery network, combined with the openness of our platform with massive scale, allows us to build a unique asset with scarcity value and significant entry barrier.

Superior operational efficiency of on-demand delivery platform

The superior and continuously improving delivery efficiency of our on-demand delivery platform is powered by our cutting-edge technological infrastructure and our delivery capacity. In December 2019, we achieved an average delivery time of approximately 30 minutes for all intra-city delivery orders.

On our path to enhanced delivery efficiency, technological innovations and platform effect are of utmost importance. We have pioneered the industry with innovative technological infrastructure and solutions. Leveraging a sophisticated proprietary AI model, our proprietary smart order recommendation and dispatching system matches orders and riders efficiently and accurately, bundles orders when appropriate, and recommends best routes to riders. We deploy an automated pricing mechanism driven by algorithms that detects shifts in demand and rider supply, and generates pricing that optimizes both rider responsiveness and profitability. Increased delivery efficiency improves experience for both senders and recipients, which drives the growth and retention of senders on our platform, and forms virtuous platform effect, further enhancing operational efficiency. Our Delivery Service Efficiency⁽¹⁾ has improved from 86.3% in 2018 to 96.0% in 2019.

Widely trusted local on-demand retail platform exhibiting robust growth

Leveraging our commitment and capability to deliver top-notch services, we have developed a network of strategic partnerships with almost all the leading supermarket chains in China, including Walmart, Yonghui and CR Vanguard. We have nurtured unparalleled trust with retailers by generating significant incremental revenues and introducing the most important operating solutions for them. These comprehensive retail solutions include an omni-channel online retail solution and solutions and tools that facilitate warehouse management, order picking, CRM and assortment recommendation, as well as smart offline-store solutions. Benefitting from the trust and support from retailers, we gain access to retailers with superior supply chain efficiency and a great variety of merchandise, and are also entitled to a distinctive advantage of attracting consumers to our on-demand retail platform at a limited cost.

Moreover, we are the only local on-demand retail platform that has been invested by and built up business relationships with both Walmart Group, the world's largest retailer, and JD Group, a leading e-commerce company in China. With the support and trust from JD Group and Walmart Group, we have established a unique local on-demand retail platform, privileged with distinctive retail DNA and capabilities, strong brand endorsement, and valuable access to a wide retail network.

⁽¹⁾ "Delivery Service Efficiency" is defined as the ratio dividing the total amount for our delivery services billed less the relevant incentives to customers by the remuneration and incentives paid to riders.

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Our JDDJ platform has achieved remarkable growth. From 2018 to 2019, our GMV has increased by 66.4% to RMB12,205 million, with number of orders placed increasing by 18.6% to 119.2 million. Our JDDJ service revenues also increased by 46.9% from RMB 510.7 million in the nine months ended September 30, 2018 to RMB750.4 million in the nine months ended September 30, 2019.

Evolving empowerment capabilities fueling strong growth of retailers and brand owners

Driven by technological and operational innovations, we have cultivated capabilities empowering retailers and brand owners during their digitalized transformation by providing a wide range of services and solutions across the local retail value chain, which we believe have revolutionized the industry.

By providing services and solutions across the local retail value chain, we prosper together with our retailers, and keep refining and strengthening our capabilities. Harnessing our proprietary technology capabilities and infrastructure, we keep sharpening and enriching the services rendered, assuring to nurture our retailer partners with the most advanced solutions. Being one of the few platforms dedicated to enabling retailers' digitized transformation, we have gained a first-mover advantage and entered into strategic partnerships with high-quality retailers, setting up the best practice in the industry.

In addition to enabling retailers, we empower brand owners to strengthen brand values with direct outreach to consumers, penetration into lower-tiered cities, a stage of choice for new product launch, big data analytic capabilities, as well as consumer management tools. Our services and solutions help brand owners address the pain points of fragmented traditional distribution channels and lack of consumer insights. Our big data analytics accumulated from massive transaction data derive deeper consumer insights for brand owners to optimize their product portfolios, catering to consumers' evolving needs. In 2019, we directly cooperated with 77 brand owners. We are proud to be a trusted partner for brand owners and will continue to fuel their growth in the years to come.

Our empowerment capabilities and partnership with high-quality retailers and brand owners constitute a virtuous cycle. Partnering with high-quality retailers has granted us with access to valuable industry insights, and in-depth understanding of our partners and consumers. The insights and knowledge help us continuously refine and develop better solutions to serve retailers, brand owners and consumers in all scenarios, allow us to attract more high-quality retailers and brand owners, and reinforce our industry-leading position.

Powerful multilateral network effects fostering win-win outcomes for all participants

We have two powerful platforms, Dada Now for our local on-demand delivery business and JDDJ for our local on-demand retail business. Each of these two platforms enjoys tremendous network effects which fuel virtuous cycles of growth.

Dada Now

- Participants on Dada Now platform include merchants and individual senders, as well as riders. We connect the demand for high-quality delivery services from merchants and individual senders, with the supply of logistics capabilities from riders on our platform.
- The growing number of merchants and individual senders enlarges the number of orders placed and order density, building up economies of scale and improving overall delivery efficiency, which drives improved unit economics and attracts more riders to join the network. More riders accelerate responsiveness and improve delivery experience, which in turn fuels the growth of order volume and density from merchants and individual senders.

JDDJ

- Participants on JDDJ platform include consumers, retailers and brand owners. We connect the demand from consumers for on-demand delivery of local retail merchandise, with the supply of retailers with a great variety of product offerings.

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- More retailers increase the product choices on the platform, and more consumers place an increasing number of orders, boosting sales for retailers and in turn amplifying marketing effectiveness for brand owners. As the platform attracts more retailers and brand owners, more product offerings with greater variety are available to consumers, forming a virtuous cycle.

Our network effects are reinforced as the two platforms are inter-connected with each other. All participants enjoy improved delivery experience and enhanced value creation when transaction volume and order density increase.

Our network effects foster self-reinforcing win-win outcomes for all participants. Through our platforms, retailers obtain tools for digitalized transformation, online sales traffic, as well as efficient and tailor-made fulfillment solutions; brand owners gain access to a broader consumer base through digitalized sales channels, reducing their reliance on distributors especially in lower-tiered cities; consumers enjoy diversified offerings and improved delivery services; and riders have the opportunity to earn incremental income with flexible working hours. The powerful network effects are mutually beneficial for our platforms as well. We are able to promote the Dada Now and JDDJ brands and our platforms in a cost-effective way as our retailers help promote our platforms in their offline stores, strengthening our brand awareness and value propositions, and enabling us to achieve greater economies of scale.

Proven and visionary management team with commitment to technology innovation

Our management team has a proven track record of capturing emerging business opportunities. Under the leadership of our management team, we have seized the market opportunity to rapidly build up the largest open local on-demand delivery network, expand partnership with high-quality retailers and brand owners, and diversify the revenue avenues.

Our management team is visionary and strategically savvy. Acting on industry insight, they have led our company on the waves of innovations in the local on-demand retail and delivery industry. Their profound technology background and best-in-class experience in the industry lays the solid foundation to achieve our vision. Our management team is committed to establishing a platform with openness and trust, with relentless pursuit of higher efficiency, and enhanced experience and values for all participants.

Our Strategies

We intend to achieve our goals through successful execution of the key elements of our growth strategies, which include:

Enhance on-demand delivery capabilities

We have been constantly improving our delivery efficiency and experience for both senders and recipients, and we plan to continue to do so by leveraging our scalable and flexible delivery network. We plan to enrich our solutions and product offerings to merchants and individual senders. For instance, we are exploring to further refine tailor-made solutions for merchants by combining stationed riders and crowdsourcing capacities to improve flexibility and cost efficiency. We will also continue to improve riders' delivery efficiency by continuously enhancing and refining our technology-driven order recommendation and dispatching and pricing mechanisms. Furthermore, we plan to expand and further optimize the structure of our sender base to more high-quality merchants who are willing to expend resources to enhance delivery experience, hence achieving higher profitability.

Invigorate local on-demand retail platform

We will continue to penetrate into additional lower-tiered cities to further broaden our consumer base. In addition, we will continue to expand product offerings and improve consumer experience to attract and retain

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more consumers on our platform. We will also keep on enriching our services and solutions to retailers. For instance, we are developing digitalized fulfillment systems for retailers.

We aim to solidify our leading position in the supermarket segment. We plan to attract and retain more consumers to purchase through our supermarket channels by carrying out various marketing campaigns. Moreover, we will continue to maintain and strengthen our strong strategic alliances with the leading supermarket chains in China.

Strengthen collaboration with brand owners

We aim to further strengthen our collaboration with brand owners. Our platform connects brand owners with consumers through retailers, and helps brand owners reach consumers directly through targeted-marketing and CRM services. Through more insights acquired from retailers, brand owners can expand their outreach to consumers in lower-tiered cities. We plan to better facilitate such effective outreach to consumers in lower-tiered cities by improving their interaction with retailers. Further, we will continue to help brand owners cultivate their own membership programs and enlarge their member base. We will also improve the application interface for brand owners to access and manage their consumer profiles more easily. We plan to further develop JDDJ as the go-to platform for brand owners' new product launch by introducing more effective promotional campaigns and adopting more popular forms of product presentation.

Continue to invest and innovate in technologies

The advanced proprietary technology capabilities that drive our Dada Now and JDDJ platforms are essential parts of our value proposition, and we will continue to invest significant resources to continue to enhance our technology capabilities. We monitor the latest technological trends, such as autonomous driving, and plan to invest in frontier technologies in on-demand delivery and on-demand retail industries, and further apply AI technologies to improve the efficiency of our platforms. We will continue to optimize our smart order recommendation and dispatching system and automated pricing mechanism, in order to further enhance delivery efficiency, optimize order profitability, and improve the overall delivery experience. We will also continue to pursue technological innovation for our JDDJ platform to provide better personalized shopping experience to consumers, optimized integrated retail solutions to retailers and enhanced value proposition to brand owners.

Further pursue and enhance strategic alliances

We intend to deepen collaboration with our existing partners to strengthen our delivery and empowerment capabilities. We act as a local delivery partner for JD Logistics. Apart from the last-mile delivery service, we plan to collaborate more closely with JD.com to provide on-demand retail services to consumers. We have also formed strong strategic alliances with the leading supermarket chains in China, and intend to continuously improve our commercial and technological support to them and achieve win-win results. Furthermore, we aim to selectively form strategic alliances with additional partners that bring synergies with our business.

Our Business Model

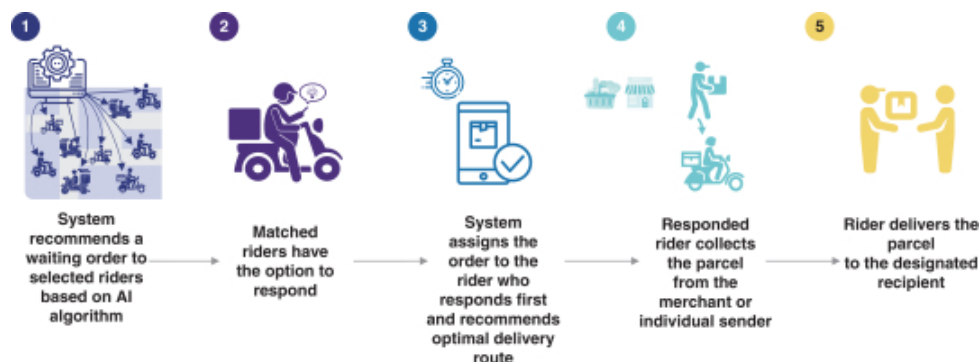
We operate two major complementary business platforms: Dada Now, a leading local on-demand delivery platform, and JDDJ, one of China's largest local on-demand retail platforms.

Dada Now

Dada Now is a leading local on-demand delivery platform, providing both intra-city delivery and last-mile delivery services on an on-demand basis. As of December 31, 2019, our intra-city delivery service covered more than 700 cities and counties in China, and our last-mile delivery service covered more than 2,400 cities and counties in China. Both services covered all the tier 1 and tier 2 cities, and we continue to penetrate into lower-tiered cities. In 2019, our riders collectively delivered over 753 million orders. In 2018 and 2019, we delivered more than 6.3 million and 9.2 million orders on the respective peak day of such period.

Intra-city delivery service

Our intra-city delivery service enables merchants and individual senders to have their parcels delivered quickly on an on-demand basis. We typically complete intra-city delivery orders within a three-kilometer radius less than one hour after order placement. Orders for delivery outside a radius of three kilometers may take longer to complete. The following diagram illustrates the typical process of an intra-city delivery order.



We have developed a proprietary smart order recommendation and dispatching system that automatically matches orders on a real-time basis with riders on our crowdsourcing platform. In most cases, the system recommends a waiting order to a group of riders selected based on factors such as the riders' real-time location relative to locations of the sender and recipient, the riders' usual service coverage and service rating, and the nature of the other orders they are currently delivering. The riders then have the option to respond to the waiting order, and the system assigns the order to the rider who responds first. The first responder collects the parcel from the sender and delivers the parcel to the designated recipient. In certain scenarios where the orders are more time-sensitive or require instant responsiveness, we designate a number of riders to be stationed at a particular store of a merchant, and our system automatically assigns each order from this store to one of these stationed riders. If needed, our crowdsourced riders can also supplement the delivery capacity of the stationed riders. The flexibility of the foregoing two approaches, together with the strong technological foundation of our smart order recommendation and dispatching system, enables us to optimize the performance and efficiency of our delivery network.

Our system tracks the direction and location of each rider on a real-time basis, and calculates and recommends the optimal delivery route based on the respective locations of the rider, the sender and the recipient. The system also automatically batches the orders that can be efficiently delivered as a bundle, and recommends the optimal delivery sequence and routes.

Order sources

We provide intra-city delivery services to a broad range of senders, including chain merchants, small- and medium-sized enterprise (SME) merchants and individual senders. Merchants either use Dada Now to fulfill their orders from JDDJ or place delivery orders directly with Dada Now. Individual senders place intra-city delivery orders directly with Dada Now.

Chain merchants. We provide on-demand delivery service to large chain merchants with national or regional coverage, in particular leading supermarket chains, such as Walmart, Yonghui and CR Vanguard, helping them fulfill orders placed on the JDDJ platform as well as via other channels. Leveraging our inter-connected platforms and technology capabilities, we are able to provide these supermarkets with value-added services and solutions covering picking and delivery processes, which greatly improves their fulfillment efficiency and in turn distinguishes us from other delivery service providers. Other chain merchants mainly include pharmacies, restaurants and fresh produce marketplaces that operate under a chain business model.

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We typically establish communications with chain merchants at headquarter level to obtain a holistic view of their requirements and preferences, and provide services and support to each store in their chains. Our business development team is dedicated to establishing and maintaining long-term relationships with our chain merchants. This team works closely with chain merchants to better understand their overall strategies and needs. As we strengthen our relationships with chain merchants, we are able to provide services catering to their requirements and explore additional services tailored to their changing preferences. Through our cooperation with chain merchants, we also gain valuable industry and market insights, which help us improve our service quality.

SME merchants. Our SME merchants, such as restaurants, flower shops and bakery stores, have limited geographical coverage. We identify SME merchants and maintain cooperative relationships with them at a local level, since familiarity with the local market is key to providing satisfactory service to SME merchants.

Individual senders. Individual senders use our services to satisfy their daily delivery needs that are time sensitive. We offer three types of services to individual senders, namely, “deliver for me”, “fetch for me” and “buy for me.” “Deliver for me” enables individual senders to have their items picked up at specified places and delivered to designated recipients by our riders. As to “fetch for me” service, riders pick up items at specified places designated by recipients and deliver to recipients. “Buy for me” enables individuals to instruct riders to shop their desired merchandise at specified or any local stores and deliver to them.

Pricing

We use two pricing models when charging merchants and individual senders for our intra-city delivery service. For certain chain merchants, a fixed rate is attached to each parcel, as adjusted pursuant to pre-agreed variances under our respective agreements with such chain merchants. In other cases, primarily for SME merchants and individual senders, a variable per-order rate is calculated based on an algorithm taking into account the city/region, distance to deliver, and parcel weight/volume, and a “surge price” is sometimes applied in case of short rider supply caused by bad weather conditions or other reasons.

On the rider side, the delivery fee paid to the rider for each order is dynamically calculated by our proprietary real-time automated pricing system. Using deep learning technologies, the automated pricing system sets the delivery fee of each order algorithmically based on distance, parcel weight/volume and other factors, as well as the real-time rider supply in the area and weather conditions. We believe this system ensures on-time acceptance and delivery of each order while keeping the delivery cost efficient.

Last-mile delivery service

Our last-mile delivery service enables merchants to deliver parcels from the merchant’s delivery station to a final destination on an on-demand basis. Fulfillment of our last-mile delivery services typically takes less than four hours. The following diagram illustrates the process for the completion of a typical on-demand last-mile delivery order.



Our system matches riders with merchants’ delivery stations. Riders collect parcels from delivery stations and deliver them to designated recipients. For each rider, orders are assigned to him or her by the director of the

matched delivery station through our system. As a rider delivers more orders for the matched delivery station, the station's director understands better such rider's delivery area and capacity. The director generally assigns orders that fall within the rider's usual delivery coverage area to leverage his or her experience in navigating the routes and neighborhood to achieve optimal delivery efficiency.

Order sources

We mainly provide last-mile delivery services to logistics service providers, such as JD Logistics. Typically, those logistics service providers have their own network of delivery stations and our riders pick up parcels from these delivery stations. Orders for our last-mile delivery service are usually placed in batches.

We act as a local delivery partner for JD Logistics. Orders from JD Logistics accounted for a substantial majority of our total last-mile delivery orders in 2019. We help JD Logistics deliver orders as a last-mile delivery force, especially in peak seasons, such as the anniversary sales promotional campaign of JD.com around June 18 each year and the Singles' Day promotion period around November 11 each year.

We have also started to diversify our merchant types beyond logistics service providers and broaden our service offerings. Our reliable and efficient last-mile delivery coverage matches with the needs of local merchants that require time-sensitive on-demand order fulfillment. For example, we provide on-demand last-mile delivery service to merchants with no offline storefronts, such as online bakery stores, and pick up orders directly from their distribution outlets for seamless and speedy delivery to their customers. We also help deliver insurance documents, such as insurance policies and invoices, for reputable insurance companies on an on-demand basis.

Pricing

Pricing terms for our last-mile delivery service are specified under our framework agreements with merchants, mostly renewed on an annual basis. We generally charge a fixed fee for our last-mile delivery orders, which may be adjusted from time to time based on supplemental agreements with the merchants.

Riders

Our rider team consists of mostly part-time crowdsourced individuals, as well as some riders from outsourced delivery agencies. In 2019, our network had more than 525,000 active riders. The riders are equipped with fit-for-purpose packaging kits, uniform, helmets and other equipment that bear our logo and brand name. We also set up supply stations for the riders to recharge their electric vehicle batteries and to rest.

We attract new riders primarily through strong word-of-mouth referrals. We also provide incentives to retain riders, such as weekly rewards distributed to certain qualified riders. Moreover, we provide incentives to riders delivering orders in unfavorable weather conditions.

Each rider is required to undergo a personal identification verification and screening process before becoming a rider on our platform. Further, we require the "rider comprehensive insurance," which covers personal accident, third-party personal injury and property damage, to be purchased for each active rider every day before the rider responds to the first waiting order available to him or her. The insurance premium is paid by the riders.

As riders directly interact with consumers and merchants, we believe training programs play an important role in enhancing customer experience and building our brand image. We provide both online and offline training programs to our riders. In particular, we have systematically designed training programs aiming at improving the service quality of our riders, and we mandate additional trainings for underperforming riders. The training programs generally cover the introduction of the delivery process, demonstrative use of the app specifically designed for our riders, communication with consumers and merchants and safety precautions.

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We also have a digitalized rider management system to record, monitor and manage the riders, covering registration, training and delivery performance. We keep track of a list of rider-related indicators by region, city and business module both on a daily and real-time basis. Based on these indicators, we can better analyze our delivery capacity and arrange our delivery force appropriately. In addition, we closely follow newly-registered riders and their training progress, which help us to better allocate riders and formulate rider recruitment plans. Moreover, we have established a rider ranking system by classifying riders into different levels. The level of each rider is largely determined based on his or her service rating which is linked to the riders' level of activity and customer feedbacks. This system allows us to evaluate rider performance and reward and retain good riders accordingly, hence ensuring riders' service quality and enhancing customer experience.

JDDJ

JDDJ is a leading local on-demand retail platform in China, benefiting participants including consumers, retailers and brand owners. GMV generated from JDDJ increased by 66.4% from RMB7,334 million in 2018 to RMB12,205 million in 2019. As of December 31, 2019, JDDJ covered over 720 cities and counties in China. The following diagram outlines the order and fulfillment process of JDDJ.



How JDDJ benefits consumers

Consumers can directly access the JDDJ platform via the JDDJ website and mobile app, Weixin public accounts and mini-programs or through entry points operated by third parties. Through our cooperation with JD, access to JDDJ is embedded into the JD mobile app, JD.com and JD's Weixin mini-program. In 2019, we had 24.4 million active consumers on JDDJ platform.

Values for consumers

Great variety of products and retailers at finger tips. JDDJ hosts a wide range of retailers, offering a variety of products with multiple retailers for each product. Categories of retailers include supermarkets, fresh produce marketplaces, pharmacies, flowers shops, bakeries and fashion stores. In particular, leading supermarket chains that we partner with, such as Walmart, Yonghui, CR Vanguard, are accessible on JDDJ.

Personalized access to retailers and informed choice. Consumer can filter and choose retailers based on a variety of factors, including location, popularity and quality rating. Utilizing our data analytics capacity, we provide consumers with personalized content and interface that match their purchasing habits and geographic proximity to retailers, in the form of different SKU layouts, item recommendations and tailored search results. Consumers can also stay informed about value-for-money deals on our platform or follow a certain retailer to receive promotion messages from the particular retailer. Before ordering, consumers can read ratings of the retailer and products from other consumers, and compare the prices for each product by searching the item across different retailers.

Convenient ordering and speedy fulfillment. JDDJ offers a quick and easy way for consumers to order products. The on-demand retail service ensures speedy fulfillment of orders only by a few clicks, allowing

consumers to get instant gratification with the desired products in their hands. In particular, leveraging the synergy with our Dada Now platform, we can timely deliver the orders. Moreover, consumers can store payment and delivery details, as well as details of previous orders and favorites, for future ease of ordering.

Consumer interaction

Consumer management. We timely follow up with new consumers after they have placed their first orders. We offer incentives, such as coupons, to new consumers to encourage repeated purchases. In addition, we invite new consumers to join a Weixin-based live chatting community primarily maintained by us to enhance their engagement through community-based marketing and encourage repeated purchases. Utilizing consumer profiles based on consumer behavior analysis, we adopt different approaches in interacting with different types of consumers. For example, we adopt different promotional activities and marketing strategies for consumers with different purchasing power in different cities.

Promotional events. We carry out promotional events from time to time by rewarding consumers with discount coupons and vouchers. For instance, each Wednesday, we deliver a limited number of orders that are above a certain order value threshold on JDDJ without charging delivery fees.

Membership programs. We offer membership programs, through which members enjoy some special benefits, such as member-only discount coupons and promotional items. Further, consumers can also join membership programs of retailers and brand owners through our platform, and receive membership benefits provided by the relevant retailers and brand owners.

How JDDJ benefits retailers

We empower retailers to conduct their on-demand retail business in a more efficient way. We help retailers improve sales per square foot and labor efficiency with on-demand delivery infrastructure and technology-based services and solutions. In 2019, JDDJ had more than 81,000 active stores that had orders completed during the period.

On-demand delivery infrastructure

Local on-demand delivery infrastructure is critical to the success of local retail business. Leveraging our Dada Now platform, we are able to fulfill orders placed on JDDJ in a speedy manner.

Commercial support

JDDJ brings a significant amount of online traffic, so that retailers can access a broader range of potential consumers who are not within the reach of offline sales channels. Such consumers include those who are less willing to visit brick-and-mortar stores due to factors such as purchasing habits, convenience and time availability. Additionally, consumers that are attracted by JDDJ's various benefits may purchase at a retailer more frequently through JDDJ compared to through offline channels. JDDJ hence provides an additional channel for attracting consumers and boosting sales. In addition, through our cooperation with brand owners, our platform facilitates retailer's access to brand resources.

Technology-based services and solutions

We provide comprehensive retail solutions, CRM services and smart offline-store solutions to retailers.

Comprehensive retail solutions. We provide an omni-channel online retail operation system that allows a retailer to manage its online SKUs, inventories, and promotions, as well as process online orders across multiple

channels. We provide other comprehensive solutions that facilitate retailers throughout the process of handling online orders, including warehouse management and order picking.

- WMS

Our WMS tracks and manages the inventory of SKUs for online sales that are stored in the pick zone of a retail store or a warehouse. It maintains the aisle and shelf number of each SKU and helps the store staff who picks items quickly locate them through our “Picking Assistant” app. When the inventory of a SKU is running low, WMS sends out instructions to store staff to replenish its inventory to a level calculated based on its sales record. Using WMS to accurately manage and replenish inventory, a retailer can effectively reduce the out-of-stock ratio in consumer orders.

- Picking solutions

Different retail stores have different needs based on their sizes, product offerings and layout of shelves. We provide three picking solutions for retailers with different needs, namely, the full-pick-zone solution, the pick-from-store solution, and the hybrid solution. For the full-pick-zone solution, all items for online sale are stored and picked entirely in a dedicated pick-zone inside a retail store, and the picking of an order can take as fast as three minutes. The pick-from-store solution requires no pick zone, and the items of an online order are picked from the shelves in the marketplace of the store. For the hybrid solution, some items of an online order are picked from the pick zone while others are picked from the marketplace of the store, possibly by different staff. We provide professional advice to retailers to help them choose the picking solution most suitable to their needs, and assist them with implementing the solution, such as building facilities, installation of relevant software and training of picking staff.

- “Picking Assistant” app

We have developed a “Picking Assistant” app to help staff at retailers view orders and pick items accordingly. When a consumer order is placed for a store, the app displays the picture and UPC (Universal Product Code) of each item in the order for the staff to locate the item quickly and accurately. The “Picking Assistant” app is also able to bundle multiple orders into a single picking task by re-grouping items in such orders by product categories. This app greatly improves picking efficiency and accuracy for retailers.

CRM services. We provide CRM services to help retailers on the JDDJ platform interact with their current and potential consumers. Through our “Membership Pass” program, we help a retailer establish an online membership program or link its existing offline membership program with online consumers to create an omni-channel membership program. Based on such program, we enable the retailer to digitize its customer base. Furthermore, we have built in CRM tools in our “Pan’gu Marketing” system, which allow retailers to send promotional push notifications and text messages. Through such CRM tools, we empower retailers to target and communicate with their members and potential consumers for effective marketing. As of December 31, 2019, our CRM tools embedded in “Pan’gu Marketing” system have been adopted by 148 retailers covering more than 20,000 stores.

Smart offline-store solutions. We provide self-check-out equipment to offline retail stores and Scan-n-go solutions to improve store operation efficiency and consumer experience. Consumers can scan product barcodes with the JDDJ app and make mobile payment, which helps offline stores reduce in-store labor needs and waiting time at check-out.

Operational insights

Based on our analysis of consumer feedback and behavior across the JDDJ platform, we share operational insights with retailers. We believe such insights are more comprehensive than those can be obtained by one single retailer, and are valuable in helping retailers improve their inventory and logistics planning, sales plans and merchandise offerings. For example, we can generate sales forecasts for each product item and provide product assortment and replenishment recommendations to help retailers increase sales and improve inventory turnover efficiency.

Retailers can also benefit from the insights offered by consumers via the ratings posted by them on JDDJ.

We gained valuable experience from our cooperation with leading supermarket chains, which in turn can be utilized to help improve the operation capabilities of other cooperative retailers.

How JDDJ benefits brand owners

With the fast growing on-demand retail business, JDDJ acts as an important and efficient promotional channel for brand owners, helping them reach more consumers. Many brand owners have successfully built brand awareness and run brand promotions on our platform. In 2019, we directly cooperated with 77 brand owners.

We help brand owners run special promotions and targeted marketing campaigns utilizing our extensive insights on consumer behavior and consumer feedback. Through traditional offline sales channels, it is usually difficult for brand owners to obtain such insights given the fragmented distribution channels and difficulties in collecting and analyzing sales data on a real-time basis. We enable brand owners to better understand consumers, and to carry out promotions more efficiently towards prospective consumer groups.

More and more brand owners are launching their new products on our platform. Combined with promotions on JDDJ featuring the new product that help boost sales of the new product through retail channels, we help brand owners raise awareness of the new product among consumers on our platform in a cost-effective way. In addition, by utilizing the insights gained from our platform, brand owners can better develop new products catering to evolving consumption behavior.

Our platform enables brand owners to reach retailers directly. Through their better interaction with retailers, brand owners can expand their outreach to consumers in lower-tiered cities and enrich product offerings to those consumers. In particular, consumers in lower-tiered cities can access new products more easily and quickly, which in turn increases sales volume for brands.

Moreover, we also help brand owners optimize their sales channels and product offerings by utilizing insights gained on our platform. Leveraging insights on consumer behavior and consumer feedback, brand owners can have a better understanding of sales through different retail channels and therefore optimize allocation of brand resources to consumer preferred retail channels. With such consumer insights, brand owners can also optimize their product offerings and portfolios through retail channels.

Furthermore, we help brand owners cultivate their own membership programs. For instance, we cooperate with brand owners to acquire new members for them by offering consumers discount vouchers for certain branded items. We also provide interface for brand owners to access and manage their consumer profiles more easily.

Our Strategic Partners

JD Group

JD Group, a leading e-commerce company in China, is our strategic partner and investor. In April 2016, we entered into a business cooperation agreement with JD Group covering cooperation in areas such as logistics, user traffic and supply chain, for a term of seven or ten years, depending on the cooperation area, with early termination rights of JD Group in the event of change of control of our Company, or the issuance of our equity interests to adverse persons, primarily being competitors of JD Group or ours, or the shut down or material alteration of substantially all of the operation of JDDJ platform, or our sale or other disposition of substantially all of the operation of JDDJ platform. Under the business cooperation agreement, JD Group made a non-compete commitment to us with a term of seven years. As part of our strategic partnership, JD Group offers us the access

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points embedded into the JD mobile app, JD.com and JD's Weixin mini-program, which channels us to the consumer traffic available on its platforms. Meanwhile, we act as a local delivery partner for JD Logistics. Orders from JD Logistics accounted for a substantial majority of our total last-mile delivery orders for the nine months ended September 30, 2019. Apart from the last-mile delivery service, we are also seeking to expand our service offerings to JD Group.

Walmart Group

Walmart Group is also our strategic partner and investor. Walmart Group is a leading retailer globally with extensive experience in e-commerce, merchandising, procurement and vendor management, logistics and other related areas. In June 2016, we entered into a business cooperation agreement with Walmart Group, which was amended and restated in August 2018. The amended and restated business cooperation agreement has a term of six years, with early termination right of either party in the event of mutual agreement, or material breach of contract by the other party, or the bankruptcy, insolvency or similar proceeding of the other party. We help Walmart Group deliver orders placed on JDDJ or other sources in a speedy manner. We provide Walmart Group with an additional channel for attracting consumers and boosting sales. Moreover, we also offer technology-based services and solutions to Walmart Group, such as the picking solutions and CRM tools.

In 2017, 2018 and the nine months ended September 30, 2019, 56.7%, 49.1% and 47.0% of our net revenues were derived from services provided to JD Group, respectively. Walmart Group became a related party of ours in August 2018, and in 2018 and the nine months ended September 30, 2019, 4.6% and 13.0% of our net revenues were derived from services provided to Walmart Group after it became our related party, respectively.

Our Technology Capabilities and Empowerment

We consider technologies our core competence. We have invested strategically and steadily to build our technology capabilities in-house, with the goal of improving user experience and operational efficiency for both of our on-demand delivery and on-demand retail platforms, as well as empowering the retailers on our platform.

On-demand delivery

In our on-demand delivery service, we collect a vast amount of data related to our riders and the delivery orders, and apply data mining and AI technologies to achieve higher operational efficiency, lower delivery cost, and enhance merchants' and individual senders' experience. Key components of our on-demand delivery system include a smart order recommendation and dispatching system, an automated order pricing system, and a digitalized rider management system.

Smart order recommendation and dispatching

Our system keeps track of the real-time locations of all riders and the orders they are currently delivering. When a new order is created, we compute a matching score between the order and each of the riders nearby, based on a simulation of the optimal route that rider would take if he or she chooses this order. For example, a rider who can deliver this order together with his or her existing orders via same or similar route is considered more efficient for the task, and therefore assigned a higher score. Such simulation happens at the rate of tens of thousands every second.

The order is then recommended to the riders with high matching scores, or in some cases directly assigned to the rider with the highest score. The system also automatically batches orders that can be efficiently delivered as a bundle, and suggests the best route that the rider should follow to deliver multiple orders. Through this system, we believe we are able to optimize the operational efficiency of the delivery network and lower the delivery cost.

Automated order pricing

The crowdsourced riders on our platform have the option to choose which orders to deliver based on their delivery fee and other factors. Using deep learning technologies, we train a sophisticated AI model from a vast amount of historical data to predict in real-time the probability that an order is chosen by riders nearby at a certain price point, considering factors such as parcel distance and weight, and the current rider supply in the area. Based on the predicted probability, our algorithm sets the delivery fee of the order high enough to guarantee it will be chosen by riders quickly, but not excessively high to maximize operational profit.

Digitalized rider management

We build a digitalized system to record, monitor, and manage the performance of our riders on our platform from their registration and on-boarding to their daily working. For example, we assign a rating to each rider based on his or her service quality such as the ratio of on-time delivery and sender feedbacks, and reward riders based on such ratings, as a way to retain high-quality riders and improve senders' and recipients' experience. We provide tools to set up and deploy customized rider campaigns to, for example, increase rider supply around certain retail stores for a promotional event. This system allows us to effectively manage millions of riders with a small operational team, and empowers the outsourced delivery agencies on our platform to manage their riders as well.

On-demand retail

For our on-demand retail business, we utilize the insights gained from consumer behavior and feedbacks on our platform to enhance their shopping experience. We are able to empower retailers to improve product assortment, marketing efficiency and their customer experience, and enable brand owners to launch new products and conduct targeted marketing more effectively. Key components of our technology for the retail business include omni-channel online retail solution, fulfillment solution, customization of shopping experience and assortment recommendation.

Omni-channel online retail solution

Our omni-channel online retail solution serves as an operation system for a retailer's online business. It allows a retailer to efficiently manage its online SKUs, inventories, and promotions, as well as process online orders across multiple channels, through a unified set of tools and interfaces.

Fulfillment solution

We provide retailers with an end-to-end online order fulfillment solution, including the WMS for managing in-store pick zone, the "Picking Assistant" app for improving picking efficiency and accuracy, and various picking and delivery strategies based on customized requirement of retailers. This solution achieves highly efficient order fulfillment by optimizing all stages of the fulfillment process in an integrated manner.

Customization of shopping experience

We utilize insights on consumers' purchasing and browsing behaviors on our platform to train a machine learning model to predict how likely a consumer will purchase a certain item. The content and experience of our JDDJ consumer app is highly personalized according to this model. For example, it displays items and product categories in different orders, provides different product recommendations, and shows different search results for different consumers, in order to improve consumer experience and purchasing rate.

Assortment recommendation

Based on sales data across all retailers on our platform, we are able to provide product assortment and replenishment recommendations better than those based on each retailer's own data. For example, we compile a

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list of “must-have” items for each store based on the purchasing history of consumers in this area. This optimizes product portfolios, improves the sales of retailers on our platform, and helps with product turnover.

Our Technology Infrastructure and Team

We build a scalable technology infrastructure relying primarily on proprietary software and systems to support our growing business and customer base. We host our services on servers and network infrastructure rented from third-party cloud computing vendors such as UCloud and JD Cloud, which allow us to scale up our services to meet peak demands especially during promotional seasons in a cost-effective way.

We focus on maintaining and enhancing the reliability and scalability of our systems as it is critical to the 24-7 operation of our business. We design our software architecture in a way that it can be easily scaled up or down according to real-time demands, and deployed quickly to new data centers when an existing data center fails. We have a comprehensive monitoring and alerting system in place to help us locate weaknesses of our systems promptly, and an on-call team to act on any emergencies. We set up a technical committee to regularly evaluate the health of our systems and conduct disaster recovery drills to make sure we can prevent and deal with emergencies effectively.

We have a dedicated in-house research and development team. As of December 31, 2019, this team had 588 members consisting of engineers, product managers, designers, and data analysts. They are engaged in building our technology platform and developing new online and mobile solutions and tools.

Intellectual Property

We regard our trademarks, copyrights, patents, domain names, technological know-how, proprietary technologies, and similar intellectual properties as critical to our success. As of December 31, 2019, we mainly owned and used 36 computer software copyrights, two other copyrights and 20 patents in China for various aspects of our operations and mainly maintained 229 trademark registrations in China. As of December 31, 2019, we had mainly registered or acquired 49 domain names, including imdada.cn and jddj.com, among others.

Data Privacy and Security

We have collected a vast amount of data that are related to our on-demand delivery and on-demand retail business, all with consent from owners of such information. We are committed to protecting the privacy and security of such data. We have established and implemented a strict platform-wide policy on data collection, processing and usage.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security policy. We anonymize and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We have also established stringent internal protocols under which we grant classified access to confidential personal data only to limited employees with strictly defined and layered access authority.

We back-up our data on a daily basis in multiple secured data storage systems to minimize the risk of data loss. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We have also established an information security team to protect our systems from unauthorized access and malicious attacks, and safeguard the integrity and security of our user data.

See “Risk Factors—Risks Related to Our Business and Industry—We collect, process and use data, some of which contains personal information. Any privacy or data security breach could damage our reputation and brand and substantially harm our business and results of operations.”

Customer and Rider Care

We believe our superior customer service enhances our customer loyalty and brand image. Our customer service personnel interact with all participants on our platforms, including consumers, merchants and riders, to facilitate and smoothen our delivery and retail service process. As of December 31, 2019, there were approximately 440 customer service personnel on our platform serving consumers, merchants and riders, approximately 70% of whom were outsourced personnel and the remaining were our own employees.

We have set up a user experience management department and a customer service management department. The user experience management department is responsible for continuously (i) tracking and monitoring user experience, (ii) optimizing service processes, customer service systems and interactive tools, and (iii) establishing efficient user satisfaction and feedback monitoring mechanisms. The customer service management department is in charge of providing timely answers and solutions to customers' questions and feedbacks via telephone, Weixin or email, and enhancing customer service quality through systematic training and quality management.

As part of customer service management, we operate a call center located in Shanghai and online live-chat system providing real-time assistance seven days a week. The system is available 24 hours for rider-related inquiries, from 9 a.m. to 2 a.m. for customer complaints, and from 9 a.m. to 9 p.m. for other inquiries. In addition, our "Help Center" module with lists of frequently asked questions and answers helps address inquiries outside of real-time assistance hours.

Branding and Marketing

We are committed to building well-trusted brand representing efficiency, timeliness and convenience. We employ a variety of methods to promote our brands and attract potential consumers, merchants and other platform participants.

The uniforms, packaging kits and accessories of our riders bearing our logo creates a significant visual presence. Our riders that wear uniforms showing Dada Now or JDDJ logos function as our brand ambassadors. They also carry our branded bags or boxes that help raise brand awareness.

In addition to the general promotion of our brands, we attract new consumers by offering vouchers both to them and to existing consumers who have recommended them. In addition, we conduct media advertising to attract new consumers as well.

We utilize our existing retailer network for our marketing efforts, which we believe is a highly cost-efficient marketing strategy. For example, we provide retailers with our posters, stickers, booklets, coupons, or other in-store promotion materials to advertise our platform, and offer incentives to working staff in the retail stores for successful acquisition of new user to our platforms.

As of December 31, 2019, we had a sales and marketing team of 255 members.

Competition

Although we are not aware of any peer companies in the industry that operate under a business model that directly resembles ours, our two platforms face competition in their respective markets. There are multiple existing market players that operates on-demand delivery and/or on-demand retail business, such as Ele.me, Meituan Dianping and SF Rush, and there may be new entrants emerging, in each of the markets we operate in, and these market players compete to attract, engage and retain consumers and merchants.

Entry barriers in the local on-demand delivery market mainly include brand recognition and reputation, delivery capacity, efficiency and performance and technology capabilities. Entry barriers in the local on-demand

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retail market mainly include brand recognition and reputation, product quality and selections, top retailer resources, fulfillment infrastructure and technology capabilities. Our strong technological infrastructure and our logistics capacity powers and continuously improves the delivery efficiency of our on-demand delivery platform. Our on-demand retail platform has a reputation of delivering top-notch services, and we have developed a network of strategic partnerships with almost all the leading supermarket chains in China. Given our competitive advantages, we believe that we are positioned favorably against our competitors. See “—Our Strengths.”

As we introduce new services similar to ones in the current market, or as other companies introduce new products or services, we may become subject to additional competition. Moreover, new competitive business models may appear, for example based on new forms of social media or social commerce. Further, certain large retailers may build or further develop their own on-demand delivery network. See “Risk Factors—Risks Related to Our Business and Industry—We face intense competition and could lose market share, which could adversely affect our results of operations.”

Employees

We had a total of 1,812, 2,017 and 2,232 employees as of December 31, 2017, 2018 and 2019, respectively. The following table sets forth a breakdown of our employees as of December 31, 2019, by function:

Function	Number
Business operations	1,065
Customer care	125
Sales and marketing	255
Research and development	588
General and administrative	199
Total	<u>2,232</u>

As of December 31, 2019, we had 751 employees in Shanghai, China, and the rest based in Beijing and other cities in China.

Our success depends on our ability to attract, retain and motivate qualified employees. We offer employees competitive salaries, performance-based cash bonuses and other incentives, such as share-based compensation plans. In addition, we provide our employees with a diverse work environment and a wide range of career development opportunities. We have established comprehensive training programs covering new employee training, customized training as well as leadership training. Depending on the position, employee reviews are conducted either quarterly or annually.

Our rider team consists of mostly part-time crowdsourced individuals, as well as some riders from outsourced delivery agencies. Our riders are not our employees. For more information on our riders, see “—Our Business Model—Dada Now—Riders.”

Under PRC regulations, we are required to participate in and make contributions to housing funds and various employee social security plans that are organized by applicable local municipal and provincial governments, including pension, maternity, medical, work-related injury and unemployment benefit plans.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality agreements with our employees that contain non-compete restrictions.

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

Facilities

Our headquarters is located in Shanghai, China, where we lease and occupy our office space with an aggregate floor area of approximately 8,300 square meters. We also lease and occupy office buildings with an aggregate floor area of approximately 5,000 square meters in Beijing and space for offices and other purposes with an aggregate floor area of approximately 23,900 square meters in other cities in China. These leases vary in duration from one to six years.

Our servers are hosted in Beijing. These data centers are owned and maintained by third-party data center operators. We believe that our existing facilities are sufficient for our current needs, and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans as needed.

Insurance

We maintain various insurance policies to safeguard against risks and unexpected events. We require “rider comprehensive insurance,” covering personal accident, third party personal injury and property damage, to be purchased for each active rider every day before the rider responds to the first waiting order available to him or her. The insurance premium is paid by the riders.

We provide social security insurance including pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance to our employees. We also provide supplemental commercial medical insurance for our employees.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention.

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 and foreign-owned enterprises are principally governed by the *Guidance Catalog of Industries for Foreign Investment*, or the Catalog, which was first issued in 1995 and amended from time to time. The most updated Catalog was promulgated by the Ministry of Commerce of the PRC, or MOFCOM, and the National Development and Reform Commission or the NDRC, on June 28, 2017 and became effective on July 28, 2017, and contains specific provisions governing market access of foreign capital and stipulates in details the areas of entry pertaining to the categories of encouraged industries for foreign investment, restricted industries for foreign investment and prohibited industries for foreign investment. *The Special Administrative Measures for Access of Foreign Investments (2019 Edition)*, or the Negative List 2019, and the *Catalog of Encouraged Industries for Foreign Investment (2019 Edition)* promulgated on June 30, 2019 and became effective July 30, 2019, which totally replaced the Catalog. According to the current regulation, any industry not listed in the Negative List 2019 is a permitted industry and is generally open to foreign investment unless specifically prohibited or restricted by PRC laws and regulations. According to the Negative List 2019, the foreign investment in value-added telecommunications services provider shall not exceed 50% (excluding e-commerce, domestic multi-party telecommunication, storage and forwarding business, and call center).

In order to coincide the implementation of the Foreign Investment Law (as defined below) and the Implementing Regulations of the Foreign Investment Law (as defined below), the MOFCOM and the State Administration for Market Regulation promulgated the *Measures for Reporting of Information on Foreign Investment* on December 30, 2019 and took effect on January 1, 2020, which stipulates that foreign investors or foreign-invested enterprises, or the FIEs, shall submit investment information by submitting initial reports, change reports, cancellation reports, annual reports etc. through enterprise registration system and national enterprise credit information publicity system. *Announcement of the Ministry of Commerce [2019] No.62 - Announcement on Matters Concerning the Reporting of Information on Foreign Investment* promulgated by MOFCOM on December 31, 2019 and *Circular of the State Administration for Market Regulation on Effective Work on Registration of Foreign-invested Enterprises for the Implementation of the Foreign Investment Law* promulgated by State Administration for Market Regulation on December 28, 2019 further refine the related rules.

Foreign investment law

On March 15, 2019, the National People's Congress, or the NPC, promulgated the *Foreign Investment Law of the PRC*, or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the *Sino-foreign Equity Joint Venture Enterprise Law*, the *Sino-foreign Cooperative Joint Venture Enterprise Law* and the *Wholly Foreign-invested Enterprise Law*, together with their implementation rules and ancillary regulations. The organization form, organization and activities of foreign-invested enterprises shall be governed, among others, by the PRC Company Law and the PRC Partnership Enterprise Law. Foreign-invested enterprises established before the implementation of the Foreign Investment Law may retain the original business organization and so on within five years after the implementation of this Law. The Foreign Investment Law mainly stipulates four forms of foreign investments: (a) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within PRC; (b) a foreign investor acquires stock shares, equity shares, interests in assets, or other like rights and interests of an enterprise within PRC; (c) a foreign investor, individually or collectively with other investors, invests in a new project within the PRC; and (d) foreign investors invest in the PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council of the PRC. It does not mention the relevant concept and regulatory regime of VIE structures and uncertainties still exist in relation to its interpretation and implementation.

On December 26, 2019, the State Council promulgated the *Implementing Regulations of the Foreign Investment Law of the People's Republic of China*, or the Implementing Regulations of the Foreign Investment Law, which became effective on January 1, 2020. The Implementing Regulations of the Foreign Investment Law strictly implements the legislative principles and purpose of the Foreign Investment Law, it emphasizes on promoting and protecting the foreign investment and refines the specific measures. At the same day, the Supreme People's Court issued an Interpretation on the Application of the Foreign Investment law of the PRC, which also came into effect on January 1, 2020. This interpretation shall apply to any contractual dispute arising from the acquisition of the relevant rights and interests by a foreign investor by way of gift, division of property, merger of enterprises, division of enterprises, etc.

Regulations Relating to Value-Added Telecommunications Services

Foreign investment in value-added telecommunications

Foreign direct investment in telecommunications companies in China is regulated by the *Administrative Provisions on Foreign-Invested Telecommunications Enterprises*, or the FITE Regulation, which was issued by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, respectively. The FITE Regulation stipulates that a foreign-invested telecommunications enterprise in the PRC, or the FITE, must be established as a sino-foreign equity joint venture for operations in the PRC. Under the FITE Regulation and in accordance with WTO-related agreements, the foreign party investing in a FITE engaging in value-added telecommunications services may hold up to 50% of the ultimate equity interests of the FITE. In addition, the major foreign party as the shareholder of the FITE must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunications business. The FITE that meets these requirements must obtain approvals from the Ministry of Industry and Information Technology, or the MIIT, and MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Furthermore, the foreign party investing in e-commerce business, as a type of value-added telecommunications services, has been allowed to hold up to 100% of the equity interests of the FITE based on the *Circular of the Ministry of Industry and Information Technology on Removing the Restrictions on Shareholding Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business issued on June 19, 2015 and the current effective Catalogue of Telecommunications Services*, or the Telecom Catalog.

On July 13, 2006, the Ministry of Information Industry of the PRC, or the MII (which is the predecessor of the MIIT) promulgated the *Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business*, or the MII Notice, which reiterates certain requirements of the FITE Regulations and strengthens the administration by the MII. Under the MII Notice, if a foreign investor intends to invest in PRC value-added telecommunications business, the foreign investor must establish a FITE and apply for the relevant license for value-added telecommunications services, or the VATS License. In addition, a domestic company that holds a license for the provision of value-added telecommunications services is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to conduct value-added telecommunications businesses illegally in China. Trademarks and domain names that are used in the provision of value-added telecommunications services must be owned by the license holder or its shareholders. The MII Notice also requires that each value-added telecommunications services license holder have appropriate facilities for its approved business operations and maintain such facilities in the business regions covered by its license. The value-added telecommunications services license holder shall perfect relevant measures for safeguarding the network and information, establish relevant administrative policies on information safety, set up the procedures for handling network emergencies and information safety and implement the liabilities system for information safety.

Telecommunications regulations

The *Telecommunications Regulations of the PRC*, or the Telecom Regulations, promulgated on September 25, 2000 and amended on July 29, 2014 and February 6, 2016 respectively, are the primary PRC laws governing telecommunications services, which set out the general framework for the provision of telecommunications services by domestic PRC companies. The Telecom Regulations require that telecommunications service providers shall obtain licenses prior to commencing operations. The Telecom Regulations draw a distinction between basic telecommunications services and value-added telecommunications services. *The Telecom Catalog*, promulgated by MII on February 21, 2003 and amended by the MIIT on December 28, 2015 and June 6, 2019, and issued as an attachment to the Telecom Regulations, identifies internet information services and online data processing and transaction processing as value-added telecommunications services.

On July 3, 2017, the MIIT issued the revised *Administrative Measures for the Licensing of Telecommunications Business*, or the Telecom License Measures, which became effective on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures require that an operator of value-added telecommunications services obtain a VATS License from the MIIT or its provincial level counterparts. The term of a VATS License is five years and license holder is subject to annual inspection.

Internet information services

On September 25, 2000, the State Council promulgated the *Measures for the Administration of Internet Information Services*, or the ICP Measures, as amended on January 8, 2011. Under the ICP Measures, the internet information service is categorized into commercial internet information services and non-commercial internet services. The operators of non-commercial internet information services must file with relevant governmental authorities and operators of commercial internet information services in China must obtain an ICP License, from the relevant governmental authorities. And the provision of particular information services, such as news, publishing, education, healthcare, medicine and medical device must also comply with relevant laws and regulations and obtain the approval from competent governmental authorities.

Internet information service providers are required to monitor their websites. They may not post or disseminate any content that falls within prohibited categories provided by laws or administrative regulations and must stop providing any such content on their websites. The PRC government may order ICP License holders that violate the content restrictions to correct those violations and revoke their ICP Licenses under serious conditions.

The MIIT released the *Circular on Regulating the Use of Domain Names in Internet Information Services* on November 27, 2017, effective from January 1, 2018, which provides that the domain names used by the internet information service provider in providing internet information services shall be registered and owned by such internet information service provider, and if the internet information service provider is a legal entity, the domain name registrant shall be the legal entity (or any of its shareholders), or its principal or senior manager.

Mobile internet applications information services

On June 28, 2016, the Cyberspace Administration of China, or the CAC promulgated the *Administrative Provisions on Mobile Internet Applications Information Services*, or the APP Provisions, which became effective on August 1, 2016. Under the APP Provisions, mobile application providers are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties, and may not produce, copy, issue or disseminate through internet mobile applications any content prohibited by laws and regulations. The APP Provisions also require application providers to obtain relevant qualifications required by laws and regulations for providing services through such applications and require application store service providers to register with local branches of the CAC within 30 days after they start providing application store services.

Furthermore, on December 16, 2016, the MIIT promulgated the *Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals*, which took effect on July 1, 2017. It requires, among others, that internet information service providers should ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

Regulations Relating to Online Operation of Drugs and Medical Devices

Internet drug information service

The *Administrative Measures for Internet Drug Information Service*, or the Internet Drug Measures, was promulgated by the State Food and Drug Administration, or SFDA (which is the predecessor of the China Food and Drug Administration, or the CFDA) on July 8, 2004 and amended by the CFDA (which is the predecessor of the National Medical Products Administration, or the NMPA) on November 17, 2017, pursuant to which the internet drug information service means service activities of providing online users with drug (including medical device) information via internet and is divided into commercial internet drug information services and non-commercial internet drug information services. The website operator that provides drugs (including medical devices) information services must obtain an Internet Drug Information Service Qualification Certificate from the competent counterpart of the CFDA. The valid term for an Internet Drug Information Service Qualification Certificate is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant governmental authorities.

Furthermore, as requested by Internet Drug Measures, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of narcotic drugs, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceuticals made by medical institutes shall be published on the website. In addition, advertisements relating to drugs (including medical devices) shall be approved by the CFDA or its competent counterparts.

Internet drug transaction services

The *Interim Provisions on the Examination and Approval of Internet Drug Transaction Services*, or the Interim Provisions on Internet Drug Transaction, promulgated by the SFDA on September 29, 2005 and became effective on December 1, 2005, regulate (i) transaction of drugs (including medical devices and packing materials and containers that are in direct contact with drugs) over internet, including services provided for internet pharmaceutical transactions between pharmaceutical manufacturers, pharmaceutical operation enterprises, and medical institutions, (ii) internet pharmaceutical transactions conducted by pharmaceutical manufacturers and pharmaceutical wholesale enterprises through their own websites with other enterprises (excluding their members); and (iii) the internet pharmaceutical transaction services furnished to individual consumers by pharmaceutical retail chain enterprises. According to the Interim Provisions on Internet Drug Transaction, enterprises engaging in providing drug transaction services over the internet must obtain an Internet Drug Transaction Qualification Certificate. Such certificates have a term of five years and have three types: A certificate, B certificate and C certificate. They are only issued to three kinds of enterprises: (i) enterprises that provide drug transaction services to pharmaceutical manufacturers, pharmaceutical operation enterprises and medical institutions, but do not participate in pharmaceutical manufacture and operation and do not own, have no property relationship or other economic interest with the administrative organizations, medical institutions or pharmaceutical manufacturer and operation enterprises; (ii) pharmaceutical manufacturers and pharmaceutical wholesale enterprises that deal with other third-party enterprises via their own websites; and (iii) the pharmaceutical retail chain enterprises that provide OTC drug transaction services to individual consumers via the internet.

However, according to the *Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Government*, or the

Decision, released on January 12, 2017, except for third-party platforms, all examination and approval of internet drug transaction service enterprises implemented by counterparts of CFDA at the provincial level are canceled. On April 6, 2017, the General Office of the CFDA promulgated a notice on implementing the abovementioned Decision, pursuant to which pharmaceutical manufacturers and pharmaceutical wholesale enterprises may carry out internet drug (including medical device) transactions with other enterprises through their own websites, but shall not provide internet drug (including medical device) transaction services to individual consumers. In addition, pharmaceutical retail chain enterprises may provide internet drug (including medical device) transaction services to individual consumers, but their business shall not exceed the business scope permitted by Pharmaceutical Operation License and they shall display information of prescription drugs on relevant transaction webpages, or sell prescription drugs or the OTC drugs under special administrative requirements. Moreover, as indicated in such Decision, the CFDA will subsequently promulgate the relevant rules on supervision of internet drug (including medical device) transaction.

Furthermore, according to the *Decision of the State Council on Canceling A Batch of Administrative Licensing Items* released on September 22, 2017, the enterprises engaging in internet drug transaction service as a third-party platform shall no longer be subject to the examination and approval of the CFDA before carrying out such business. On November 1, 2017, the General Office of the CFDA promulgated a *Notice on Strengthening the Regulation of Transactions of Drugs and Medical Devices via the Internet*, or the Regulation Notice, which specifies that the approval to conduct internet drug transaction service as the third-party platform is canceled, but enterprises carrying out internet drug (including medical) transaction services shall establish a comprehensive supervision system in general. The Regulation Notice also requires local counterparts of CFDA to implement day-to-day supervision and examination with respect to entry control, products inspection, transaction data storage and legal liabilities, etc.

Online sales of drugs and medical device

On September 20, 1984, the Standing Committee of National People's Congress, or the SCNPC promulgated the *Drug Administration Law of the PRC*, or the Drug Administration Law, which was amended on February 28, 2001, December 28, 2013, April 24, 2015 and August 26, 2019 respectively, to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, none of the drugs subject to the State's special control may be distributed online, such as vaccines, blood products, narcotic drugs, psychotropic drugs, toxic drugs for medical use, radioactive drugs and pharmaceutical precursor chemicals. Meanwhile, according to the Drug Administration Law, third-party platform operator shall make record-filing with the competent medical products administration at provincial level. In particular, third-party platform operator shall, in accordance with the law, verify the qualifications of drug marketing license holders and drug distributors that apply for business operation on the platform to ensure the compliance thereof with the statutory requirements and manage drug distribution activities carried out on the platform.

On December 20, 2017, the CFDA promulgated the *Measures for the Administration and Supervision of Online Sales of Medical Devices*, or the Online Medical Devices Sales Measures, which became effective on March 1, 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacturer and operation enterprises that have obtained a medical devices production license or operation license or have filed for record, unless such licenses or record-filing is not required by laws and regulations, and the third-party platform providing online medical devices transaction services shall obtain an Internet Drug Information Service Qualification Certificate. Enterprises engaged in online sales of medical devices and operators of third-party platforms providing online trading service for medical devices shall take technical measures to ensure that the data and materials of online sales of medical devices are authentic, complete and traceable, for example, the records of sales information of medical devices shall be kept for two years after the lifetime of the medical devices, and for no less than five years in case of no lifetime limit, or be kept permanently in case of implanted medical devices.

Regulations Relating to Online Trading and E-Commerce

On January 26, 2014, the State Administration for Industry and Commerce, or the SAIC (which is the predecessor of the State administration for Market Regulation) promulgated the *Administrative Measures for Online Trading*, or the Online Trading Measures, which became effective on March 15, 2014, to regulate all operating activities for product sales and services provision via the internet (including mobile internet). It stipulates the obligations of online products operators and services providers and certain special requirements applicable to third-party platform operators. Furthermore, MOFCOM promulgated the *Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial)* on December 24, 2014, which became effective on April 1, 2015, to guide and regulate the formulation, revision and enforcement of transaction rules by online retail third-party platforms operators. These measures impose more stringent requirements and obligations on third-party platform operators. For example, third-party platform operators are obligated to make their transaction rules publicly available and file them with MOFCOM or their respective provincial counterparts, examine and register the legal status of each third-party merchant selling products or services on their platforms and display on a prominent location of the merchant's webpage the information stated in the merchant's business license or a link to its business license. Where third-party platform operators also conduct self-operation of products or services on the platform, these third-party platform operators must make a clear distinction between their online direct sales and sales of products by third-party merchants on their third-party platforms to avoid misleading the consumers.

On August 31, 2018, the SCNPC promulgated the *E-Commerce Law of the PRC*, or the E-Commerce Law, which became effective on January 1, 2019. The promulgation of the E-Commerce Law established the basic legal framework for the development of China's e-commerce business and clarified the obligations of the operators of e-commerce platforms and the possible legal consequences if operators of e-commerce platforms are found to be in violation of legal obligations. For example, pursuant to the E-Commerce Law, an operator of an e-commerce platform shall give appropriate reminders to and facilitate the business operators on its platform who have not completed the formalities for the registration of market entities to complete such formalities. Also, an operator of an e-commerce platform is legally obligated to verify and register the information of the business operators on its platform, prepare emergency plans in response to possible cyber security incidents, keep the transaction information for no less than three years from the date on which the transaction has been completed, establish rules on the protection of intellectual property rights and conform to the principle of openness, fairness and justice. Violation of the provisions of the E-Commerce Law may result in being ordered to make corrections within a prescribed period of time, confiscation of illegally obtained gains, fines, suspension of business, inclusion of such violations in the credit records and possible civil liabilities.

Regulations Relating to Food Business

The *Food Safety Law of the PRC*, which took effective from June 1, 2009 and amended by the SCNPC on April 24, 2015 and December 29, 2018 respectively, and the *Implementation Regulations of the Food Safety Law of the PRC*, which took effect from July 20, 2009 and were amended by the State Council on February 6, 2016 and March 26, 2019, respectively, regulate food safety and set up a system of the supervision and administration of food safety and stipulate food safety standards. The State Council implements a licensing system for food production and transaction. To engage in food production, sale or catering services, the business operator shall obtain a license in accordance with the laws. Furthermore, the State Council implements strict supervision and administration for special categories of foods such as healthcare foods, formula foods for special medical purposes. Pursuant to the aforementioned laws and regulations, third-party platform providers of online transactions of food shall conduct real name registration for participating food business operators, and specify their food safety management responsibilities, and where a permit is required, the permit shall be examined. Upon discovery of any violation by participating food business operators, third-party platform providers for online food transactions shall promptly suspend the business of the offender and forthwith report to the food safety supervision and administration department. Upon discovery of a serious illegal act, the third-party platform provider shall forthwith stop providing online trading platform service.

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The *Administrative Measures for Food Operation Licensing*, promulgated by the CFDA on August 31, 2015 and amended on November 17, 2017 regulates the food business licensing activities, strengthens the supervision and management of food business and ensures food safety. Food business operators shall obtain one Food Business License for one business venue where they engage in food business activities. The term of a food business license is five years.

In addition, on July 13, 2016, the SFDA promulgated the *Measures of Investigation of Illegal Conducts Concerning the Safety of Food Sold Online*, pursuant to which a third-party platform operator for online food trading in the PRC shall file a record with the food and drug administration at the provincial level and obtain a filing number.

Regulations Relating to Product Quality and Consumers Protection

According to the *Product Quality Law of the PRC*, which took effect on September 1, 1993 and was amended by the SCNPC on July 8, 2000, August 27, 2009 and December 29, 2018 respectively, provides that products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. Sellers may not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products illegally manufactured or sold and even revoking business license; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities.

According to the *Consumers Rights and Interests Protection Law of the PRC*, or the Consumers Rights and Interests Protection Law, which became effective on January 1, 1994 and was amended by the SCNPC on August 27, 2009 and October 25, 2013, respectively, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. The consumers whose interests have been damaged due to the products or services that they purchase or receive on the internet trading platforms may claim damages to sellers or service providers. Where the operators of the online trading 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 to the operators of the online trading platforms. Operators of online trading platforms that clearly knew 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.

On January 6, 2017, the SAIC issued the *Interim Measures for Seven-day Unconditional Return of Online Purchased Goods*, which became effective on March 15, 2017, further clarifying the scope of consumers' rights to make returns without a reason, including exceptions, return procedures and online trading platform operators' responsibility to formulate seven-day unconditional return rules and related consumer protection systems, and supervise the merchants for compliance with these rules.

Regulations Relating to Pricing

In China, the prices of a small number of products and services are guided or fixed by the government. According to the *Pricing Law of the PRC*, or the Pricing Law promulgated by the SCNPC on December 29, 1997 and became effective on May 1, 1998, 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 and fines. The business operators may be ordered to suspend business for rectification or have their business licenses revoked under severe circumstances.

Regulations Relating to Leasing

Pursuant to the *Law on Administration of Urban Real Estate of the PRC* promulgated by the SCNPC on July 5, 1994 and amended on August 30, 2007, August 27, 2009, August 26, 2019 and took effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

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

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

Regulations Relating to Advertising

In 1994, the SCNPC promulgated the *Advertising Law of the PRC*, or the Advertising Law, which was recently amended on October 26, 2018 and became effective on the same date. The Advertising Law regulates commercial advertising activities in the PRC and sets out the obligations of advertisers, advertising operators, advertising publishers and advertisement endorsers, and prohibits any advertisement from containing any obscenity, pornography, gambling, superstition, terrorism or violence-related content. Any advertiser in violation of such requirements on advertisement content will be ordered to cease publishing such advertisements and imposed a fine, the business license of such advertiser may be revoked, and the relevant authorities may revoke the approval document for advertisement examination and refuse to accept applications submitted by such advertiser for one year. In addition, any advertising operator or advertising publisher in violation of such requirements will be imposed a fine, and the advertisement fee received will be confiscated; in severe circumstances, the business license of such advertising operator or advertising publisher may be revoked.

The *Interim Measures for the Administration of Internet Advertising*, or the Internet Advertising Measures regulating the internet-based advertising activities were adopted by the SAIC on July 4, 2016 and became effective on September 1, 2016. According to the Internet Advertising Measures, internet advertisers are responsible for the authenticity of the advertisements content and all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such. Publishing and circulating advertisements through the internet shall not affect the normal use of the internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission.

The *Measures for the Inspection of Drug Advertisements* which were promulgated by the SAIC and the SFDA on March 13, 2007 and amended on December 21, 2018 by a decision, regulating all advertisements containing drug names, applicable symptom to be cured by such drugs (major functions) or other drug-related content that are published through various media or in various forms, except for the advertisement of OTC drugs' name and the publication of prescription drugs' name at designated professional pharmaceutical journals. The applicants for drug advertisement license numbers must be qualified pharmaceutical manufacture enterprises or qualified pharmaceutical operation enterprises that have obtained the consent from pharmaceutical manufacture enterprise. The valid period of drug advertisement license numbers shall be one year and the content of approved advertisement may not be altered without prior approval, otherwise a new license number shall be reapplied for the revised content of the drug advertisement. It will be repealed by the Interim Measures for the Examination and Administration of Advertisements for Medicines, Medical devices, Health food and Formula food for special medical purposes, which was promulgated by the SFDA on December 24, 2019 and will be effective on March 1, 2020.

The *Measures for the Examination of Medical Device Advertisements* were released by the Ministry of Health, or the MOH (which is the predecessor of the National Health Commission), the SAIC and the SFDA on April 7, 2009 and amended on December 21, 2018 by a decision, and stipulates that advertisements for medical devices shall be examined and approved by drug administrative authority at provincial level, and advertisements shall be submitted to the SFDA by the examination authority for record-filing.

Regulations Relating to Internet Information Security and Privacy Protection

The PRC Constitution states that the PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement on such rights. PRC government authorities have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, which include the *Decision of the Standing Committee of the National People's Congress on Internet Security Protection* enacted and amended by the SCNPC on December 28, 2000 and August 27, 2009, respectively, the *Provisions on the Technical Measures for Internet Security Protection* issued by the Ministry of Public Security on January 13, 2006 and took effect on March 1, 2006, the *Decision of the Standing Committee of the National People's Congress on Strengthening Network Information Protection* promulgated by the SCNPC on December 28, 2012, the *Several Provisions on Regulating the Market Order of Internet Information Services* promulgated by the MIIT on December 29, 2011, and the *Provisions on Protection of Personal Information of Telecommunication and Internet Users* released by the MIIT on July 16, 2013. Internet information in China is regulated from a national security standpoint.

The *Provisions on Protection of Personal Information of Telecommunication and Internet Users* regulate the collection and use of users' personal information in the provision of telecommunications services and internet information services in the PRC. Telecommunication business operators and internet service providers are required to formulate and disclose their own rules for the collection and use of users' information. Telecommunication business operators and internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent from the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Once users terminate the use of telecommunications services or internet information services, telecommunications business operators and internet information service providers shall stop the collection and use of the personal information of users and provide the users with services for deregistering their account numbers.

The *Provisions on Protecting Personal Information of Telecommunication and Internet Users* further define the personal information of user to include user name, birth date, identification number, address, phone number,

account number, passcode, and other information that may be used to identify the user independently or in combination with other information and the timing, places, etc. of the use of services by the users. Furthermore, according to the *Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement on Citizens' Personal Information*, or the Interpretations issued by the Supreme People's Court and the Supreme People's Procuratorate on May 8, 2017 and took effect on June 1, 2017, personal information means various information recorded electronically or through other manners, which may be used to identify individuals or activities of individuals, including, but not limited to, the name, identification number, contact information, address, user account number and passcode, property ownership and whereabouts.

On November 1, 2015, the Ninth Amendment to *the Criminal Law of the PRC* issued by the SCNPC became effective, pursuant to which, any internet service provider that fails to comply with obligations related to internet information security administration as required by applicable laws and refuses to rectify upon order is subject to criminal penalty for (i) any large-scale dissemination of illegal information; (ii) any severe consequences due to the leakage of the user information; (iii) any serious loss of criminal evidence; or (iv) other severe circumstances. Furthermore, any individual or entity that (i) sells or distributes personal information in a manner which violates relevant regulations, or (ii) steals or illegally obtain any personal information is subject to criminal penalty under severe circumstances.

On June 1, 2017, the *Cyber Security Law of the PRC*, or the Cyber Security Law, promulgated by SCNPC took effect, which is formulated to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures to safeguard the safe and stable operation of the networks, effectively respond to the network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements set forth in other existing laws and regulations on personal information protections and strengthens the obligations and requirements of internet service providers, which include but are not limited to: (i) keeping all user information collected strictly confidential and setting up a comprehensive user information protection system; (ii) abiding by the principles of legality, rationality and necessity in the collection and use of user information and disclosure of the rules, purposes, methods and scopes of collection and use of user information; and (iii) protecting users' personal information from being leaked, tampered with, destroyed or provided to third parties. Any violation of the provisions and requirements under the Cyber Security Law and other related regulations and rules may result in administrative liabilities such as warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, and shutting down of websites, or, in severe cases, criminal liabilities. After the release of the Cyber Security Law, on May 2, 2017, the CAC issued the *Measures for Security Reviews of Network Products and Services (Trial)*, or the Review Measures, which become effective on June 1, 2017. The Review Measures establish the basic framework and principle for national security reviews of network products and services.

The recommended national standard, *Information Security Technology Personal Information Security Specification*, puts forward specific refinement requirements on the collection, preservation, use and commission processing, sharing, transfer, public disclosure, etc. Although it is not mandatory, in the absence of clear implementation rules and standards for the law on cyber security and other personal information protection, it will be used as the basis for judging and making determinations. On November 28, 2019, The Notice of Identification Method of Application Illegal Collection and Use of Personal Information was issued, which provides a reference for the identification of App illegal collection and use of personal information, and provides guidance for App operators' self-inspection and self-correction and netizens' social supervision.

Regulations Relating to Payment Services

According to *Measures for the Administration of Payment Services of Non-Financial Institutions* which were promulgated by the People's Bank of China, or the PBOC on June 14, 2010 and took effect on September 1,

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2010, and *Detailed Implementing Rules for the Measures for the Administration of Payment Services of Non-Financial Institution* which were promulgated by the PBOC and took effect on December 1, 2010, the payment services provided by non-financial institutions refer to some or all of the following monetary capital transfer services provided by the non-financial institutions as intermediary agencies between payers and payees: (i) payment through the internet; (ii) issuance and acceptance of prepaid cards; (iii) bankcard acquiring; and (iv) other payment services as determined by the PBOC. Non-financial institutions which provide payment services shall obtain a "Payment Business License" and become a "payment institution." Payment Business License is valid for five years from the date of issuance. Payment institutions shall carry out business activities in compliance with the scope of business approved by the Payment Business License, and shall not outsource any businesses, transfer, lease, or lend its Payment Business License. Any non-financial institutions and individuals shall not directly or indirectly engage in the payment business without the approval of the PBOC. For any non-financial institution or individual that engages, whether explicitly or otherwise, in payment service without the approval of the PBOC, the PBOC and the branches thereof shall order it to terminate payment business; where a crime is suspected, it/he/she shall be transferred to the public security organ in accordance with law for investigation; where a crime is constituted, it/he/she shall be subject to criminal responsibilities.

In November 2017, the PBOC published the *Notice on Further Strengthening the Remediation of Unlicensed Business Payment Services*, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security.

Regulations Relating to Unfair Competition

According to the *Law against Unfair Competition of the PRC*, or the Anti-Unfair Competition Law, promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019 respectively, effective from April 23, 2019, operators shall not undermine their competitors by engaging in improper activities, including but not limited to, taking advantage of powers or influence to affect a transaction, market confusion, commercial bribery, misleading false publicity, infringement on trade secrets, price dumping, illegitimate premium sale and commercial libel. Any operators who violate the Anti-Unfair Competition Law by engaging in the foregoing unfair competitive activities shall be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such operators.

Regulations Relating to Intellectual Property

China has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names. China is a signatory to the primary international conventions on intellectual property rights and has been a member of the Agreement on Trade Related Aspects of Intellectual Property Rights since its accession to the World Trade Organization in December 2001.

Copyright

On September 7, 1990, the SCNPC promulgated the *Copyright Law of the PRC*, or the Copyright Law, effective on June 1, 1991 and amended on October 27, 2001 and February 26, 2010, respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Center of China.

Under the *Regulations on the Protection of the Right to Network Dissemination of Information* that took effect on July 1, 2006 and was amended on January 30, 2013, it is further provided that an internet information

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service provider may be held liable under various situations, including that if it knows or should reasonably have known a copyright infringement through the internet and the service provider fails to take measures to remove or block or disconnect links to the relevant content, or, although not aware of the infringement, the internet information service provider fails to take such measures upon receipt of the copyright holder's notice of such infringement.

In order to further implement the Regulations on *Computer Software Protection*, promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the *Registration of Computer Software Copyright* on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

Trademark

According to the *Trademark Law of the PRC* promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively, the Trademark Office of the SAIC is responsible for the registration and administration of trademarks in China. The SAIC under the State Council has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised *Implementing Regulations of the Trademark Law of the PRC*, which specified the requirements of applying for trademark registration and renewal.

Patent

According to the Patent Law of the PRC, or the Patent Law, promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000 and December 27, 2008, respectively, and the *Implementation Rules of the Patent Law of the PRC*, or the Implementation Rules of the Patent Law, promulgated by the State Council on June 15, 2001 and amended on December 28, 2002 and January 9, 2010, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide for three types of patents, namely "inventions," "utility models" and "designs." Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Domain names

On May 28, 2012, China Internet Network Information Center, or the CNNIC, issued the *Implementing Rules for Domain Name Registration* which took effect on May 29, 2012 setting forth the detailed rules for registration of domain names. On August 24, 2017, the MIIT promulgated the *Administrative Measures for Internet Domain Names*, or the Domain Name Measures, which became effective on November 1, 2017. The Domain Name Measures regulate the registration of domain names, such as the China's national top-level domain name ".CN." The CNNIC issued the ccTLD Dispute Resolution Policy Rules on November 21, 2014, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide disputes.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the *Administrative Regulations on Foreign Exchange of the PRC*, or the Foreign Exchange Administrative Regulation, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 and the *Administrative Regulations on Foreign Exchange Settlement, Sales and Payment* which was promulgated by the PBOC, on June 20, 1996 and became effective on July 1, 1996. Under these 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 State Foreign Exchange Administration of the PRC, or the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items such as the repayment of foreign currency denominated loans, direct investment overseas and investments in securities or derivative products outside of the PRC. FIEs are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC.

On March 30, 2015, SAFE promulgated the *Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of FIEs*, or the SAFE Circular 19, which took effect on June 1, 2015. According to SAFE Circular 19, the foreign currency capital contribution to an FIE in its capital account may be converted into Renminbi on a discretionary basis.

On June 9, 2016, the SAFE promulgated the *Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts*, or the SAFE Circular 16. The SAFE Circular 16 unifies the Discretionary Foreign Exchange Settlement for all the domestic institutions. The Discretionary Foreign Exchange Settlement means that the foreign exchange capital in the capital account which has been confirmed by the relevant policies to be subject to the discretionary foreign exchange settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises).

On October 23, 2019, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment*, or the SAFE Circular 28. The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the Negative list and the projects invested are true and in compliance with laws and regulations.

Regulations Relating to Dividend Distributions

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or the WFOE, include the PRC Company Law. Under these regulations, WFOEs in China may pay dividends only out

of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, FIEs in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Regulations Relating to Foreign Debts

A loan made by foreign investors as shareholders in an FIE is considered to be foreign debt in the PRC and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation, the *Interim Provisions on the Management of Foreign Debts* promulgated by SAFE, the NDRC and the Ministry of Finance, or the MOF, and took effect on March 1, 2003 and the *Administrative Measures for Registration of Foreign Debts* promulgated by SAFE on April 28, 2013 and amended by the *Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System* on May 4, 2015. Under these rules, a shareholder loan in the form of foreign debt made to a Chinese entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by local banks. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register the permitted amounts of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amounts and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly.

Regulations Relating to Offshore Special Purpose Companies Held by PRC Residents

According to the *Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents* promulgated by SAFE on May 10, 2013 and amended on October 10, 2018 by a notice, 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.

SAFE promulgated *Notice on Issues Relating to Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles*, or the SAFE Circular 37, on July 4, 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and term of operation), capital increase or capital reduction, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 was issued to replace the *Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purposes Vehicles*.

SAFE further enacted the *Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment*, or the SAFE Circular 13, which allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary.

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On January 26, 2017, SAFE issued the *Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control*, or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations Relating to Stock Incentive Plans

According to the *Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company*, or the Share Incentive Rules, which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with the SAFE. All such participants need to authorize a qualified PRC agent, such as a PRC subsidiary of the overseas publicly-listed company to register with the SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject our participating directors, supervisors, senior management and other employees to fines and legal sanctions.

Regulation Relating to Outbound Direct Investment

On December 26, 2017, the NDRC promulgated the *Administrative Measures on Overseas Investments*, or NDRC Order No.11, which took effect on March 1, 2018. According to NDRC Order No.11, non-sensitive overseas investment projects are required to make record filings with the local branch of the NDRC. On September 6, 2014, MOFCOM promulgated the *Administrative Measures on Overseas Investments*, which took effect on October 6, 2014. According to such regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with a local branch of MOFCOM. The *Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment* was issued by SAFE on November 19, 2012 and amended on May 4, 2015, under which PRC enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are PRC entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

Regulations Relating to Taxation

Income tax

According to the *Enterprise Income Tax Law of the PRC*, or the EIT Law, which was promulgated on March 16, 2007, became effective from January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside the PRC with de facto management bodies within the PRC is considered a resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The *Implementing Rules of the Enterprise Income Law of the PRC*, or the Implementing Rules of the EIT Law defines a “de facto management body” as a managing body that in practice exercises “substantial and overall management and control over the production and

operations, personnel, accounting, and properties” of the enterprise. Non-PRC resident enterprises without any branches in the PRC pay an enterprise income tax in connection with their income originating from the PRC at the tax rate of 10%.

Enterprises that are recognized as high and new technology enterprises in accordance with the *Administrative Measures for the Determination of High and New Tech Enterprises* issued by the Ministry of Science, the MOF and the State Administration of Taxation, or the SAT are entitled to enjoy a preferential enterprise income tax rate of 15%. Under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

On February 3, 2015, the SAT issued the *Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises*, or the SAT Circular 7. The SAT Circular 7 repeals certain provisions in the *Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises*, or the SAT Circular 698, issued by SAT on December 10, 2009 and the *Announcement on Several Issues Relating to the Administration of Income Tax on Non-resident Enterprises* issued by SAT on March 28, 2011 and clarifies certain provisions in the SAT Circular 698. The SAT Circular 7 provides comprehensive guidelines relating to, and heightening the Chinese tax authorities’ scrutiny on, indirect transfers by a non-resident enterprise of assets (including assets of organizations and premises in PRC, immovable property in the PRC, equity investments in PRC resident enterprises) or the PRC Taxable Assets. For instance, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the PRC tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, the SAT Circular 7 allows the PRC tax authorities to reclassify the indirect transfer of PRC Taxable Assets into a direct transfer and therefore impose a 10% rate of PRC enterprise income tax on the non-resident enterprise. The SAT Circular 7 lists several factors to be taken into consideration by tax authorities in determining if an indirect transfer has a reasonable commercial purpose. However, regardless of these factors, the overall arrangements in relation to an indirect transfer satisfying all the following criteria will be deemed to lack a reasonable commercial purpose: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from PRC Taxable Assets; (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 during the one-year period before the indirect transfer, 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 and branches that directly or indirectly hold the PRC Taxable Assets 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 Assets is lower than the potential PRC tax on the direct transfer of those assets. On the other hand, indirect transfers falling into the scope of the safe harbors under the SAT Circular 7 may not be subject to PRC tax under the SAT Circular 7. The safe harbors include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

On October 17, 2017, SAT issued the *Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises*, or the SAT Circular 37, which took effect on December 1, 2017. Certain provisions of the SAT Circular 37 was repealed by the *Announcement of the State Administration of Taxation on Revising Certain Taxation Normative Documents*. According to the SAT Circular 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be: (i) the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or (ii) the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. Where there is reduction or appreciation of value during the equity

holding period, and the gains or losses may be confirmed pursuant to the rules of the finance and tax authorities of the State Council, the equity net value shall be adjusted accordingly. When an enterprise computes equity transfer income, it shall not deduct the amount in the shareholders' retained earnings such as undistributed profits, etc. of the investee enterprise, which may be distributed in accordance with the said equity. In the event of partial transfer of equity under multiple investments or acquisitions, the enterprise shall determine the costs corresponding to the transferred equity in accordance with the transfer ratio, out of all costs of the equity.

Under the SAT Circular 7 and the *Law of the PRC on the Administration of Tax Collection* promulgated by the SCNPC on September 4, 1992 and newly amended on April 24, 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of tax payment obligation. Where the withholding agent does not make the withholding, and the transferor of the equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty of ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the SAT Circular 7.

Withholding tax on dividend distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementing Rules of the EIT Law reduced the rate from 20% to 10%, effective from January 1, 2008. However, a lower withholding tax rate might be applied if there is a tax treaty between China and the jurisdiction of the foreign holding companies, for example, pursuant to the *Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income*, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from the tax authority in charge.

Based on the *Notice on Relevant Issues Relating to the Enforcement of Dividend Provisions in Tax Treaties* issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, at 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. And the *Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties*, promulgated by the SAT on February 3, 2018 and took effect on April 1 2018, further clarified the analysis standard when determining one's qualification for beneficial owner status.

Value-added tax

Pursuant to the *Interim Regulations on Value-Added Tax of the PRC*, which was promulgated by the State Council on December 13, 1993 and amended on November 5, 2008, February 6, 2016 and November 19, 2017, and the *Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC*, which was promulgated by the MOF, and SAT on December 15, 2008 and became effective on January 1, 2009 and as amended on October 28, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax, or the VAT. Unless otherwise provided, the rate of VAT is 17% on sales and 6% on the services. On April 4, 2018, MOF and SAT jointly promulgated the *Circular of the MOF and the SAT on Adjustment of Value-Added*

Tax Rates, or the Circular 32, according to which (i) for VAT taxable sales acts or import of goods originally subject to VAT 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 tax rate of 11%, such tax 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%, such tax shall be calculated at the tax rate of 12%; (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 existing provisions which are inconsistent with Circular 32.

Since November 16, 2011, the MOF and the SAT have implemented the *Pilot Plan for Imposition of Value- Added Tax to Replace Business Tax*, or the VAT Pilot Plan, which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to nation-wide application in 2013. According to the *Implementation Rules for the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax* released by the MOF and the SAT on the VAT Pilot Program, the “modern service industries” include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. The *Notice on Comprehensively promoting the Pilot Plan of the Conversion of Business Tax to Value-Added Tax*, which was promulgated on March 23, 2016, became effective on May 1, 2016 and was amended on July 11, 2017, sets out that VAT in lieu of business tax be collected in all regions and industries.

On March 20, 2019, MOF, SAT and the General Administration of Customs jointly promulgated the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform*, which became effective on April 1, 2019 and provides that (i) with respect to VAT taxable sales acts or import of goods originally subject to VAT rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) with respect to purchase of agricultural products originally subject to tax rate of 10%, such tax rate shall be adjusted to 9%; (iii) with respect to purchase of agricultural products for the purpose of production or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the tax rate of 10%; (iv) with respect to export of goods and services originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) with respect to export of goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

Regulations Relating to Employment

The *Labor Contract Law of the PRC*, or 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. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationship is terminated.

Pursuant to the *Social Insurance Law of the PRC*, which was promulgated by the SCNPC on October 28, 2010, effective on July 1, 2011 and last amended on December 29, 2018, the *Interim Regulations on the Collection of Social Insurance Fees*, issued by the State Council on January 22, 1999 and last amended on March 24, 2019, and the *Regulations on the Administration of Housing Provident Funds*, issued by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises in China are required 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.

Regulations Relating to Overseas Listing and M&A

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, promulgated the *Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors*, or the M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009. The M&A Rules, among other things, require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC domestic enterprises or individuals 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. In September 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC. Although (i) The CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to the M&A Rules; and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules, the interpretation and application of the regulations remain unclear, and this offering may ultimately require approval from the CSRC. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

The M&A Rules, and other regulations and rules concerning mergers and acquisitions 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 MOFCOM 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 impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand.

In addition, according to the *Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* issued by the General Office of the State Council on February 3, 2011 and which became effective on March 4, 2011, the *Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors* issued by MOFCOM on August 25, 2011 and which became effective on September 1, 2011, 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 MOFCOM, and the regulations prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus:

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Philip Jiaqi Kuai	36	Chairman of the Board of Directors and Chief Executive Officer
Kui Zhou	51	Director
Zhenhui Wang	44	Director
Ran Xu	42	Director
Wern Yuen Tan	41	Director
Jun Yang	41	Chief Technology Officer
Beck Zhaoming Chen	37	Chief Financial Officer

Mr. Philip Jiaqi Kuai is our founder, and has served as the chairman of our board of directors and chief executive officer since our inception. Mr. Kuai is a serial entrepreneur with extensive experience and expertise in the logistics and internet sectors in China. Prior to founding our company, Mr. Kuai served as a vice president of Anjuke.com, an online property platform in China, from 2013 to 2014, which was subsequently acquired by 58.com, a NYSE-listed online marketplace for classifieds in China, in 2015. From 2009 to 2013, Mr. Kuai served as a vice president of AdChina, an internet advertising platform in China. Before that, Mr. Kuai worked at Oracle Corporation, a NYSE-listed company, as product manager from 2007 to 2009, and worked at McKinsey & Company as management consultant from 2005 to 2006, and worked at Accenture, a NYSE-listed company, from 2004 to 2005, respectively. Mr. Kuai was named to Fortune China's list of the "2019 40 under 40 in China", the annual selection of the most influential young people in business. Mr. Kuai received a bachelor's degree in logistics engineering from Tongji University and a master's degree in logistics engineering from Massachusetts Institute of Technology.

Mr. Kui Zhou has served as our director since November 2014. Mr. Zhou is a partner at Sequoia Capital China. He focuses on early investments in the technology, media, telecom and healthcare industries. Currently Mr. Zhou serves as a director of Eversec, Pony AI, Winona, IngageApp and Ju Shui Tan Technology. Prior to joining Sequoia Capital China in 2005, Mr. Zhou spent many years at Lenovo Group. Mr. Zhou received a master's degree in business administration from Tsinghua University.

Mr. Zhenhui Wang has served as our director since December 2017. Mr. Wang joined JD Group in 2010. Mr. Wang is chief executive officer of JD Logistics, an integrated supply chain management solutions provider in China. Prior to that, Mr. Wang served as a senior vice president and the head of the fulfillment operations of JD Group. Before that, he led JD Group's smart devices business and built the smart services platform, after serving as the regional head in charge of JD Group's logistics operations in North China. Prior to joining JD Group, Mr. Wang was the head of national business operations at Eternal Asia Supply Chain Co. from 2008 to 2010, and was a general manager of business sales at Lenovo from 1999 to 2007. Mr. Wang currently serves as the director of Jiangsu Xinning Modern Logistics Co., Ltd., a Shanghai Stock Exchange-listed logistics company in China. Mr. Wang received a bachelor's degree in engineering from the University of Science and Technology Beijing and an EMBA from China Europe International Business School.

Ms. Ran Xu has served as our director since November 2019. Ms. Xu has served as vice president of JD.com and chief financial officer of JD Retail, a business group of JD.com, since July 2018. Prior to joining JD Group, Ms. Xu was an audit partner of PricewaterhouseCoopers in Beijing from 2012 to 2018. Ms. Xu received a bachelor's degree in information science and a bachelor's degree in economics from Peking University. Ms. Xu is a member of Chinese Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

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Mr. Wern Yuen Tan has served as our director since December 2017. Mr. Tan is the president of Walmart China and oversees Walmart Group's businesses in China. Prior to joining Walmart Group in 2017, Mr. Tan worked at McDonald's Corporation, where he served as the managing director in Taiwan from 2013 to 2016 and was responsible for overseeing the businesses of McDonald's Corporation in Taiwan, and served as a vice president in Singapore from 2011 to 2013 and was responsible for strategies and insights for the businesses of McDonald's Corporation in Asia Pacific, Middle East and Africa. Mr. Tan received a bachelor's degree in economics and management from the University of Oxford and a master's degree in finance from the University of Cambridge.

Mr. Jun Yang is our co-founder and has served as our chief technology officer since our inception. Mr. Yang is responsible for our technology, products, data, and corporate strategies. Prior to joining us, Mr. Yang worked as the head of growth engineering team at Square, a NYSE-listed company, from 2014 to 2015, where he was responsible for user growth strategy and implementation. Prior to that, he worked as an engineering manager at Facebook, a Nasdaq-listed company, from 2010 to 2014, where he was responsible for user growth and ads optimization, and worked as an engineer at Google, a Nasdaq-listed company, from 2008 to 2009. Mr. Yang received a bachelor's degree in computer science from Zhejiang University, and a master's degree and a doctoral degree in computer science from Carnegie Mellon University.

Mr. Beck Zhaoming Chen has served as our chief financial officer since December 2018. From 2012 to 2018, Mr. Chen served as the chief financial officer of Baozun, a Nasdaq-listed e-commerce service partner in China. Prior to that, Mr. Chen served as the finance controller at LaShou Group, an online social commerce company in China, from 2011 to 2012. From 2004 to 2011, Mr. Chen worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP as an audit manager. Mr. Chen currently serves as an independent director of DouYu, a Nasdaq-listed game-centric live streaming platform in China. Mr. Chen obtained a bachelor's degree in economics from Fudan University. Mr. Chen is a member of Chinese Institute of Certified Public Accountants and a CFA charterholder.

Board of Directors

Our board of directors will consist of _____ directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part. 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 is required to declare the nature of his interest at a meeting of our directors. Subject to the [NYSE/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 shall be counted and he shall be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Committees of the Board of Directors

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part: an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

Audit committee. Our audit committee will consist of _____, _____ and _____. _____ will be the chairman of our audit committee. We have determined that _____, _____ and _____ satisfy the "independence" requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/Rule

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5605(a)(2) of the Listing Rules of the Nasdaq Stock Market] and Rule 10A-3 under the Exchange Act. We have determined that [redacted] qualifies as an “audit committee financial expert.” The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be 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 will consist of [redacted], [redacted] and [redacted]. [redacted] will be the chairman of our compensation committee. We have determined that [redacted], [redacted] and [redacted] satisfy the “independence” requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market]. The compensation committee will assist 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 will be 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 will consist of [redacted], [redacted] and [redacted]. [redacted] will be the chairperson of our nominating and corporate governance committee. [redacted], [redacted] and [redacted] satisfy the “independence” requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/ Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market]. The nominating and corporate governance committee will assist 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 will be 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

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- 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.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth Courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors may be elected by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as they are removed from office by an ordinary resolution of our shareholders. In addition, a director will cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

[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,

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at any time, for certain acts of the executive officer, such as continued failure to satisfactorily perform, willful misconduct or gross negligence in the performance of agreed duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest act that results in material to our detriment or material of the employment agreement. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-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 one year following the last date of employment. Specifically, each executive officer has agreed not to (i) solicit from any customer doing business with us during the effective term of the employment agreement business of the same or of a similar nature to our business; (ii) solicit from any of our known potential customer business of the same or of a similar nature to that which has been the subject of our known written or oral bid, offer or proposal, or of substantial preparation with a view to making such a bid, proposal or offer; (iii) solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts, including, but not limited to, with respect to any relationship or agreement between any vendor or supplier and us.

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

Compensation of Directors and Executive Officers

In 2018, we paid an aggregate of RMB3.9 million (US\$0.6 million) in cash to our executive officers, and we did not pay any compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and our VIE and its subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, maternity insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Equity Incentive Plan

In 2015, our shareholders and board of directors approved the 2015 Equity Incentive Plan, as amended and restated, which we refer to as the 2015 Plan in this prospectus, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The maximum aggregate number of ordinary shares that may be issued under the 2015 Plan is 68,698,662 ordinary shares. As of the date of this prospectus, options to purchase a total of 39,143,483 ordinary shares and 3,438,187 restricted share units are outstanding under the 2015 Plan.

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The following paragraphs summarize the principal terms of the 2015 Plan.

Type of awards. The 2015 Plan permits the awards of options, share appreciation rights, restricted share awards, restricted share unit awards, and other share awards.

Plan administration. Our board of directors or a committee delegated by the board of directors will administer the 2015 Plan. The plan administrator will determine the participants to receive awards, when and how awards will be granted, the type, fair market value and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award agreement. Awards granted under the 2015 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the provisions applicable in the event that the grantee's employment or service terminates, and our sole and complete authority to amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our employees, directors and consultants.

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 relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant. In addition, the participants can only exercise vested options upon the occurrence of an initial public offering where our ordinary shares become listed securities.

Transfer restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2015 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and amendment of the 2015 Plan. Unless terminated earlier, the 2015 Plan has a term of ten years from its date of effectiveness. Our board of directors has the authority to suspend or terminate the 2015 Plan at any time. However, without the written consent of the participant, such suspension and termination of the 2015 Plan will not impair rights and obligations under any award granted while the 2015 Plan is in effect.

The following table summarizes, as of the date of this prospectus, the number of ordinary shares underlying outstanding options, restricted share units and other equity awards that we granted to our directors and executive officers.

<u>Name</u>	<u>Ordinary Shares Underlying Options and Restricted Share Units</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Philip Jiaqi Kuai	*	Nominal	February 13, 2015	—
Beck Zhaoming Chen	*(1)	N/A	December 4, 2018	—
All directors and executive officers as a group	8,315,032			

Notes:

* Less than 1% of our total ordinary shares on an as-converted basis outstanding as of the date of this prospectus.

(1) Represents restricted share units.

As of the date of this prospectus, our employees and consultant other than members of our senior management as a group held options to purchase 33,828,451 ordinary shares, with exercise prices ranging from nominal price per share to US\$0.80 per share, and 438,187 restricted share units.

PRINCIPAL [AND SELLING] SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares on an as-converted basis as of the date of this prospectus by:

- each of our directors and executive officers;
- each of our principal shareholders who beneficially own more than 5% of our total issued and outstanding shares[; and
- each selling shareholder.]

The calculations in the table below are based on 807,936,328 ordinary shares on an as-converted basis issued and outstanding as of the date of this prospectus (excluding 68,698,662 ordinary shares reserved for issuance under our equity incentive plan), assuming an initial public offering price of US\$ per ADS, the mid-point of the estimated initial public offering price range on the front cover page of this prospectus, and ordinary shares issued and outstanding immediately after the completion of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs.

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 of that person, we have included shares 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, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Beneficial Ownership Percentage (Fully-Diluted Basis) Prior to This Offering***	[Ordinary Shares Being Sold in This Offering]		Ordinary Shares Beneficially Owned Immediately After This Offering	
	Number	%		Number	%	Number	%
Directors and Executive Officers**:							
Philip Jiaqi Kuai(1)	72,780,617	8.9%	8.3%				
Kui Zhou	—	—	—				
Zhenhui Wang	—	—	—				
Ran Xu	—	—	—				
Wern Yuen Tan	—	—	—				
Jun Yang(2)	14,992,159	1.9%	1.7%				
Beck Zhaoming Chen	*	*	*				
All Directors and Executive Officers as a Group	88,522,776	10.9%	10.1%				
Principal Shareholders:							
JD Sunflower Investment Limited(3)	415,144,470	51.4%	47.4%				
Investment funds affiliated with Sequoia Capital China(4)	91,876,231	11.4%	10.5%				
Azure Holdings S.a.r.l.(5)	87,052,137	10.8%	9.9%				
Investment funds affiliated with DST(6)	75,916,081	9.4%	8.7%				
Pleasant Lake Limited(1)	67,465,585	8.4%	7.7%				

Notes:

* Aggregate number of shares accounts for less than 1% of our total ordinary shares on an as-converted basis outstanding as of the date of this prospectus.

** Except as indicated otherwise below, the business address of our directors and executive officers is 22/F, Oriental Fisherman's Wharf, No.1088 Yangshupu Road, Yangpu District, Shanghai, People's Republic of China. The business address of Mr. Kui Zhou is Room 3606, China Central Place Tower 3, 77 Jianguo Road, Chaoyang District, Beijing 100027, People's Republic of China. The business

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address of Mr. Zhenhui Wang is Floor 12, Tower B, JD Tower, Yard 18, 11st Technology Development Avenue, Economic-Technological Development Area, Yizhuang, Beijing 100176, People's Republic of China. The business address of Ms. Ran Xu is Tower A, JD Tower, Yard 18, 11st Technology Development Avenue, Economic-Technological Development Area, Yizhuang, Beijing 100176, People's Republic of China. The business address of Mr. Wern Yuen Tan is Floor 12, Tower 3, 69 Nonglin Road, Futian District, Shenzhen, Guangdong Province 518067, People's Republic of China.

- *** For purpose of calculating the percentages in this column, the denominator includes 68,698,662 ordinary shares reserved for issuance under our 2015 Equity Incentive Plan, assuming all such underlying shares are granted, vested and/or exercised, as the case may be, and are outstanding.
- (1) Represents 5,315,032 ordinary shares that Mr. Philip Jiaqi Kuai has the right to acquire within 60 days and 67,465,585 ordinary shares held by Pleasant Lake Limited, a British Virgin Islands company. Pleasant Lake Limited is wholly owned by Mr. Philip Jiaqi Kuai. The registered address of Pleasant Lake Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.
- (2) Represents 14,992,159 ordinary shares held by High Altitude Limited, a British Virgin Islands company. High Altitude Limited is wholly owned by Mr. Jun Yang. The registered address of High Altitude Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.
- (3) Represents 286,832,885 ordinary shares, 81,894,802 Series E-1 preferred shares, which has a conversion ratio to ordinary shares of 0.95, and 42,106,530 Series F preferred shares, which has a conversion ratio to ordinary shares of 1. JD Sunflower Investment Limited is a British Virgin Islands company wholly owned by JD Group. The registered address of JD Sunflower Investment Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. All the preferred shares held by JD Sunflower Investment Limited will be re-designated and reclassified as, or converted into, as the case may be, ordinary shares immediately prior to the completion of this offering.
- (4) Represents (i) 60,000,000 Series A preferred shares, which has a conversion ratio to ordinary shares of 1, and 9,847,160 Series B preferred shares, which has a conversion ratio to ordinary shares of 1, directly held by SCC Venture V Holdco I, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands, (ii) 9,323,463 Series C preferred shares, which has a conversion ratio to ordinary shares of 1, directly held by SCC Growth I Holdco A, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands, (iii) 7,164,309 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by Sequoia Capital China GF Holdco III-A, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands, and (iv) 5,492,637 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by SC China Growth III Co-Investment 2015-A, L.P., an exempted partnership with limited liability formed under the laws of the Cayman Islands. The registered offices of all of these entities are Maples Corporate Services Limited, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. All the preferred shares held by these entities will be re-designated and reclassified as, or converted into, as the case may be, ordinary shares immediately prior to the completion of this offering.
- The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P. The general partner of Sequoia Capital China Venture Fund V, L.P. is SC China Venture V Management, L.P., whose general partner is SC China Holding Limited.
- The sole shareholder of SCC Growth I Holdco A, Ltd. is Sequoia Capital China Growth Fund I, L.P. The general partner of Sequoia Capital China Growth Fund I, L.P. is Sequoia Capital China Growth Fund Management I, L.P., whose general partner is SC China Holding Limited.
- The sole shareholder of Sequoia Capital China GF Holdco III-A, Ltd. is Sequoia Capital China Growth Fund III, L.P. The general partner of Sequoia Capital China Growth Fund III, L.P. is SC China Growth III Management, L.P., whose general partner is SC China Holding Limited.
- The general partner of SC China Growth III Co-Investment 2015-A, L.P. is SC China Growth III Management, L.P., whose general partner is SC China Holding Limited.
- SC China Holding Limited is wholly owned by SNP China Enterprises Limited, which in turn is wholly owned by Mr. Neil Nanpeng Shen.
- (5) Represents 11,685,784 Series E-1 preferred shares, which has a conversion ratio to ordinary shares of 0.95, and 74,751,312 Series F preferred shares, which has a conversion ratio to ordinary shares of 1, held by Azure Holdings S.a.r.l., a company incorporated in Grand Duchy of Luxembourg. Azure Holdings S.a.r.l. is wholly owned by Walmart Group. The registered address of Azure Holdings S.a.r.l. is 46A, Avenue J.F. Kennedy, L-1855 Grand Duchy of Luxembourg. All the preferred shares held by Azure Holdings S.a.r.l. will be re-designated and reclassified as, or converted into, as the case may be, ordinary shares immediately prior to the completion of this offering.
- (6) Represents (i) 27,970,388 Series C preferred shares which has a conversion ratio to ordinary shares of 1, and 9,552,412 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by DST Asia IV, a company incorporated in Republic of Mauritius; (ii) 3,582,155 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by DST Global IV Co-Invest Ltd., a company incorporated in Republic of Mauritius; (iii) 23,881,030 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by DST Asia V, a company incorporated in Republic of Mauritius; and (iv) 10,746,464 Series D-1 preferred shares, which has a conversion ratio to ordinary shares of 0.99617, directly held by DST China EC XII, a company incorporated in Republic of Mauritius. The registered offices of all of these entities are IFS Court, Bank Street, TwentyEight, Cybercity Ebene 72201, Republic of Mauritius. All the preferred shares held by these entities will be re-designated and reclassified as, or converted into, as the case may be, ordinary shares immediately prior to the completion of this offering.
- The sole shareholder of DST Asia IV is DST Global IV, L.P.. The sole shareholder of DST Global IV Co-Invest Ltd. is DST Global IV Co-Invest, L.P.. The general partner of each of DST Global IV, L.P. and DST Global IV Co-Invest, L.P. is DST Managers Limited.

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The sole shareholder of DST Asia V is DST Global V, L.P. The sole shareholder of DST China EC XII is DST China EC XII, L.P.. The general partner of each of DST Global V, L.P. and DST China EC XII, L.P. is DST Managers V Limited.

As of the date of this prospectus, 333,330 of our ordinary shares or preferred shares are held by record holders in the United States. As of the date of this prospectus, 86,437,096 preferred shares are held by Azure Holdings S.a.r.l., which is wholly owned by Walmart Group, a U.S.-based corporation listed on the NYSE. See note (5) to the table above.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with Our Consolidated Affiliated Entity and Its Shareholders

See “Corporate History and Structure.”

Shareholders Agreement

See “Description of Share Capital—History of Securities Issuances.”

Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements.”

Equity Incentive Plan

See “Management—Equity Incentive Plan.”

Other Related Party Transactions

Amount due from an executive officer. We had historically extended a loan for personal use to Mr. Jun Yang, our co-founder and chief technology officer. As of December 31, 2017 and 2018 and September 30, 2019, we recorded outstanding principal amounts of RMB0.5 million, RMB0.5 million and RMB0.5 million, respectively, due from him. Mr. Yang fully repaid this loan in December 2019.

Transactions with JD Group. JD Group is one of our strategic investors. As of December 31, 2017 and 2018 and September 30, 2019, we had amounts due from JD Group of RMB48.2 million, RMB151.5 million (US\$21.2 million) and RMB167.7 million (US\$23.5 million), respectively, representing various delivery services we provided to JD Group, which amounted to RMB691.0 million, RMB943.1 million and RMB899.6 million for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019, respectively. As of December 31, 2017 and 2018 and September 30, 2019, we had amounts due to JD Group of RMB38.3 million, RMB32.7 million (US\$4.6 million) and RMB7.3 million (US\$1.0 million), respectively, representing certain operational support services and goods provided by JD Group to us and the cash we collected from consumers on behalf JD.com upon merchandise delivery. Such operational support service fee was RMB30.0 million, RMB32.9 million and RMB25.6 million for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019, respectively. The total purchase amounts of goods from JD Group was RMB7.2 million, RMB27.0 million and RMB33.6 million for the years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019, respectively.

Transactions with Walmart Group. Walmart Group is one of our strategic investors and became a related party of ours in August 2018. As of December 31, 2018 and September 30, 2019, we had amounts due from Walmart Group of RMB7.4 million (US\$1.0 million) and RMB51.1 million (US\$7.2 million), respectively, representing the intra-city delivery services and JDDJ platform services we provided to Walmart Group. The total services we provided to Walmart Group amounted to RMB89.4 million and RMB249.0 million for the period from August to December 2018 and the nine months ended September 30, 2019, respectively. As of December 31, 2018 and September 30, 2019, we had amounts due to Walmart Group of RMB21.6 million (US\$3.0 million) and RMB32.5 million (US\$4.5 million), respectively, representing the cash we collected from consumers on behalf Walmart Group when performing JDDJ platform services to Walmart Group.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company incorporated with limited liability and our affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands, which we refer to as the Companies Law below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US\$200,000 divided into 2,000,000,000 shares, comprising of (i) 1,499,945,349 ordinary shares with a par value of US\$0.0001 each; (ii) 77,000,000 Series A preferred shares with a par value of US\$0.0001 each; (iii) 37,748,300 Series B Preferred Shares with a par value of US\$0.0001 each; (iv) 44,286,448 Series C Preferred Shares with a par value of US\$0.0001 each; (v) 68,060,937 Series D-1 Preferred Shares with a par value of US\$0.0001 each; (vi) 27,463,185 Series D-2 Preferred Shares with a par value of US\$0.0001 each; (vii) 93,580,586 Series E-1 Preferred Shares with a par value of US\$0.0001 each; (viii) 35,057,353 Series E-2 Preferred Shares with a par value of US\$0.0001 each; and (ix) 116,857,842 Series F Preferred Shares with a par value of US\$0.0001 each.

As of the date of this prospectus, (i) 369,290,629 ordinary shares; (ii) 77,000,000 Series A preferred shares; (iii) 37,748,300 Series B preferred shares; (iv) 44,286,448 Series C preferred shares; (v) 64,001,162 Series D-1 preferred shares; (vi) 93,580,586 Series E-1 preferred shares; and (vii) 116,857,842 Series F preferred shares are issued and outstanding. All of our issued and outstanding shares are fully paid.

Immediately prior to the completion of this offering, our authorized share capital will be changed into US\$ divided into shares comprising of (i) ordinary shares of a par value of US\$ each, and (ii) shares of a par value of US\$ each of such class or classes (however designated) as the board of directors may determine in accordance with our post-offering memorandum and articles of association. Immediately prior to the completion of this offering, all of our issued and outstanding preferred shares will be converted into ordinary shares. Following such conversion and/or re-designation, we will have ordinary shares issued and outstanding, assuming the underwriters do not exercise the option to purchase additional ADSs. All of our shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

Our Post-Offering Memorandum and Articles of Association

[We will adopt an amended and restated memorandum and articles of association, which will become effective and replace our current amended and restated memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association and of the Companies Law, insofar as they relate to the material terms of our ordinary shares.

Objects of our company. Under our post-offering memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

Ordinary shares. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. Our directors may from time to time declare dividends (including interim dividends) and other distributions on our shares in issue and authorize payment of the same out of the funds of our company lawfully available therefor. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. Our post-offering memorandum and articles of association provide that dividends may be declared and paid out of the funds of our Company lawfully available therefor. Under the laws of the Cayman Islands, our 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 our company being unable to pay its debts as they fall due in the ordinary course of business.

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Voting rights. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder holding not less than [10]% of the votes attaching to the shares present in person or by proxy.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering memorandum and articles of association. Our shareholders may, among other things, divide or combine their shares by ordinary resolution.

General meetings of shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-offering memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of our board of directors or by our directors (acting by a resolution of our board). Advance notice of at least [seven] days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. [A quorum required for any general meeting of shareholders consists of, at the time when the meeting proceeds to business, one or more of our shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all of our shares in issue and entitled to vote at such general meeting.]

The Companies 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 post-offering memorandum and articles of association provide that upon the requisition of any one or more of our shareholders holding shares which carry in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our post-offering 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.

Transfer of ordinary shares. Subject to the restrictions set out below, 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.

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 we have 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 ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and

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- a fee of such maximum sum as [the New York Stock Exchange/Nasdaq Global Select Market] may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within [three months] after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the rules of the [New York Stock Exchange/Nasdaq Global Select Market] be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst 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, such the assets will be distributed so that, as nearly as may be, 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 in a notice served to such shareholders [at least 14 days] prior to the specified time and place of payment. 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 of these shares, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by our shareholders by special resolution. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Law, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of rights of shares. Whenever the capital of our company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of [two-thirds] of all of the issued shares of that class or with the sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

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Issuance of additional shares. Our post-offering memorandum and articles of association authorizes 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 post-offering memorandum and articles of association also authorizes 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 authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of books and records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

Anti-takeover provisions. Some provisions of our post-offering 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 post-offering 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.

Exempted company. We are an exempted company with limited liability under the Companies Law. The Companies Law 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 that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (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.)]

Differences in Corporate Law

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting

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either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our post-offering memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person’s dishonesty, willful default or fraud, in or about the conduct of our company’s business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil

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proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our post-offering memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

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The Companies 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 post-offering memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than [one-third] of the total number votes attaching to all issued and the outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our post-offering memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting

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power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of [two-thirds of] all of the issued shares of that class or with the sanction of a resolution passed by a majority of two-thirds of the votes cast at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Law and our post-offering memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our post-offering memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

Ordinary Shares

On April 26, 2016, we issued an aggregate of 286,832,885 ordinary shares and a warrant to purchase 35,151,665 of our Series E-1 preferred shares to JD Sunflower Investment Limited. In exchange, we entered into a business cooperation agreement with JD Group, and obtained the entire business of JDDJ by acquiring all equity interests in Shanghai JDDJ.

On May 31, 2016, we issued 716,413 ordinary shares to a consultant of the Company upon exercise of his options, and we received an aggregate exercise price of US\$8,625. Immediately thereafter, we repurchased 716,413 ordinary shares from such consultant on the same day.

On April 23, 2018, we issued 5,319,500 ordinary shares to Pleasant Lake Limited, which is wholly owned by Mr. Philip Jiaqi Kuai, our founder, chairman of the board of directors and chief executive officer, upon

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vesting of restricted share units granted to Mr. Philip Jiaqi Kuai. On the same day, we issued 1,773,167 ordinary shares to High Altitude Limited, which is wholly owned by Mr. Jun Yang, our co-founder and chief technology officer, upon vesting of restricted share units granted to Mr. Jun Yang.

On December 8, 2019, we further issued 5,319,500 ordinary shares to Pleasant Lake Limited upon vesting of restricted share units granted to Mr. Philip Jiaqi Kuai. On the same day, we also issued 1,773,166 ordinary shares to High Altitude Limited upon vesting of restricted share units granted to Mr. Jun Yang.

Preferred Shares

On April 26, 2016, we issued 46,743,137 Series E-1 preferred shares to JD Sunflower Investment Limited for an aggregate consideration of US\$200 million. On December 28, 2017, we issued 35,151,665 Series E-1 preferred shares to JD Sunflower Investment Limited upon JD Sunflower Investment Limited's exercise of its warrant, and received an aggregate exercise price of US\$150 million.

On October 20, 2016, we issued 11,685,784 Series E-1 preferred shares to Azure Holdings S.a.r.l. for an aggregate consideration of US\$50 million.

On August 8, 2018, we issued 42,106,530 Series F preferred shares to JD Sunflower Investment Limited for an aggregate consideration of US\$180 million.

On August 8, 2018, we issued 74,751,312 Series F preferred shares to Azure Holdings S.a.r.l. for an aggregate consideration of US\$320 million.

Grants of Options and Restricted Share Units

We have granted options to purchase our ordinary shares and restricted share units to certain of our directors, executive officers and employees. See "Management—Equity Incentive Plan."

Shareholders Agreement

We entered into our sixth amended and restated shareholders agreement on August 8, 2018 with our shareholders, which consist of holders of ordinary shares and preferred shares. The shareholders agreement provides for certain shareholders' rights, including information rights, inspection rights, right of participation, right of first refusal and co-sale rights, and contains provisions governing our board of directors and other corporate governance matters. The special rights, as well as the corporate governance provisions, will automatically terminate upon the completion of this offering, except for certain rights, such as JD consent rights over transactions with certain restricted persons.

Registration Rights

We have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the shareholders agreement.

Demand Registration Rights. At any time or from time to time after the date that is six months after the completion of a qualified public offering, holders of at least ten percent (10%) of the voting power of the registrable securities then issued and outstanding have the right to demand that we file a registration statement of all registrable securities that the holders request to be registered and included in such registration by written notice. Other than required by the underwriter(s) in connection with our initial public offering, at least twenty-five percent (25%) of the registrable securities requested by the holders to be included in the underwriting and registration shall be so included. We have the right to defer filing of a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders if we furnish to the holders requesting

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registration a certificate signed by our chief executive officer stating that in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right more than once in any twelve-month period. We are obligated to effect no more than three demand registrations, other than demand registration to be effected pursuant to registration statement on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer shareholders an opportunity to include in the registration all or any part of the registrable securities held by such holders. If the managing underwriters of any underwritten offering determine that marketing factors require a limitation of the number of shares to be underwritten, and the number of shares that may be included in the registration and the underwriting shall be allocated (i) first, to us, (ii) second, to each holder requesting inclusion of its registrable securities in such registration statement on a pro rata basis based on the total number of registrable securities then held by each such holder; provided that at least twenty-five percent (25%) of the registrable securities requested by the holders to be included in the underwriting and registration shall be so included and all shares that are not registrable securities shall first be excluded from such registration and underwriting before any registrable securities are so excluded.

Form F-3 Registration Rights. Our shareholders may request us in writing to file an unlimited number of registration statements on Form F-3 if we qualify for registration on Form F-3. We shall effect the registration of the securities on Form F-3 as soon as practicable.

Expenses of Registration. We will bear all registration expenses, other than underwriting discounts and commissions.

Termination of Registration Rights. Our shareholders' registration rights will terminate upon the earlier of (i) the fifth anniversary of the completion of a qualified public offering, or (ii) all such registrable securities proposed to be sold by a shareholder may then be sold under Rule 144 promulgated under the Securities Act.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

[American Depositary Receipts

, as depositary will issue the ADSs which you will be entitled to receive in this offering. Each ADS will represent an ownership interest in ordinary shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary and yourself as an ADS holder. American depositary receipts, or ADRs, may be issued to evidence the ADSs. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you. Unless specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

The depositary's office is located at .

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Islands law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all registered holders from time to time of ADSs issued under the deposit agreement. The obligations of the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms apart. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at <http://www.sec.gov>.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the deposit agreement. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depositary's expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. The depositary will hold any cash amounts it is unable to distribute in a non-interest-bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*
- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to Receive Additional Shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not furnish such evidence, the depositary may:
 - sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
 - if it is not practicable to sell such rights, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of _____, as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account of the depositary. ADR holders thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as “deposited securities.” Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary’s direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder’s name. An ADR holder can request that the ADSs not be held through the depositary’s direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary’s office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, allot the underlying shares to you or upon your written order. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders’ meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of shares,
- to give instructions for the exercise of voting rights at a meeting of holders of shares,
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR, or
- to receive any notice or to act in respect of other matters all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. As soon as practicable after receiving notice of any meeting or solicitation of consents or proxies from us, the depositary will distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received by the depositary and describing how you may instruct the depositary to exercise the voting rights for the shares which underlie your ADSs. For instructions to be valid, the depositary must receive them in the manner and on or before the date specified. No voting instructions may be deemed given to the depositary to give a discretionary proxy to a person designated by us if no instructions are received by the depositary from you on or before the response date established by the depositary. The depositary will try, as far as is practical, subject to the provisions of and governing the underlying shares or other deposited securities, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. The depositary will not itself exercise any voting discretion. Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

Under our constituent documents the depositary would be able to provide us with voting instructions without having to personally attend meetings in person by means of its delivery in instrument of proxy. Such voting instructions may be provided to us by means of a depositary delivering an instrument of proxy via facsimile, email, mail, courier or other recognized form of delivery and we agree to accept any such delivery so long as it is timely received prior to the meeting. We will endeavor to provide the depositary with written notice of each meeting of shareholders promptly after determining the date of such meeting so as to enable it to solicit and receive voting instructions. In general, the depositary will require that voting instructions be received by the depositary no less than five business days prior to the date of each meeting of shareholders. Under the post-offering amended and restated memorandum and articles of association that we expect to adopt, the minimum notice period required to convene a general meeting is [seven] days. The depositary may not have sufficient time to solicit voting instructions, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Notwithstanding the above, we have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of

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shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions (or the deemed voting instructions, as set out above) received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are canceled or reduced for any other reason, US\$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, canceled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of US\$ per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of up to US\$ per ADS for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US\$ per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of the depositary's agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or

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regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which charge shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);

- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares and there would be a fee of five cents per ADS outstanding);
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or allotment of shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.

Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and exchange application and listing fees. 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 fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the ADR program are not known at this time. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. Additionally, if any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon, including, without limitation, any Chinese Enterprise Income Tax owing if the Circular Guoshuifa [2009] No. 82 issued by the Chinese State Administration of Taxation or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise, such tax or other governmental charge shall

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be paid by the holder thereof to the depository, and by holding or having held an ADR the holder and all prior holders thereof, jointly and severally, agree to indemnify, defend and save harmless each of the depository and its agents in respect thereof. If any tax or governmental charge is unpaid, the depository may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depository may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depository, its custodian and any of our or their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depository may choose to:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depository does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depository to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders. Such notice need not describe in detail the specific amendments effectuated thereby, but must give ADR holders a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such amendment and to be bound by the deposit agreement as so amended. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depository may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or within any other period of time as required for compliance. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating under the deposit agreement within 45 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 90th day after our notice of removal was first provided to the depositary. After termination, the depositary's only responsibility will be (i) to deliver deposited securities to ADR holders who surrender their ADRs, and (ii) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six months from the termination date, the depositary will sell the deposited securities which remain and hold the net proceeds of such sales (as long as it may lawfully do so), without liability for interest, in trust for the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to account for such proceeds and other cash.

Limitations on Obligations and Liability to ADS Holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including, without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents. Neither we nor the depositary nor any such agent will be liable if:

- any present or future law, rule, regulation, fiat, order or decree of the United States, the Cayman Islands, the People's Republic of China or any other country, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or

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governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism or other circumstance beyond our, the depository's or our respective agents' control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depository or our respective agents (including, without limitation, voting);

- it exercises or fails to exercise discretion under the deposit agreement or the ADR;
- it performs its obligations under the deposit agreement and ADRs without gross negligence or bad faith;
- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or
- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the depository nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expenses (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depository and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial processes, banking, securities or other regulators. The depository shall not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of deposited securities or otherwise. Furthermore, the depository shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of . The depository and the custodian(s) may use third-party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide extraordinary services such as attendance at annual meetings of issuers of securities. Although the depository and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third-party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

Additionally, none of us, the depository or the custodian shall be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. Neither we nor the depository shall incur any liability for any tax consequences that may be incurred by holders or beneficial owners on account of their ownership of ADRs or ADSs.

Neither the depository nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. Neither the depository nor any of its agents shall be liable to registered holders of ADRs or beneficial owners of interests in ADSs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADRs) irrevocably waives, to the fullest extent permitted by applicable law,

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any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or the company directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory).

The depositary may own and deal in any class of our securities and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require the disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to instruct you to deliver your ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal with you directly as a holder of shares and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed from time to time when deemed expedient by the depositary.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Pre-Release of ADSs

In its capacity as depositary, the depositary shall not lend shares or ADSs; provided, however, that the depositary may issue ADSs prior to the receipt of shares (each such transaction a "pre-release"). The depositary may receive ADSs in lieu of shares (which ADSs will promptly be canceled by the depositary upon receipt by the depositary). Each such pre-release will be subject to a written agreement whereby the person or entity (the "applicant") to whom ADSs are to be delivered (a) represents that at the time of the pre-release the applicant or its customer owns the shares that are to be delivered by the applicant under such pre-release, (b) agrees to indicate the depositary as owner of such shares in its records and to hold such shares in trust for the depositary until such shares are delivered to the depositary or the custodian, (c) unconditionally guarantees to deliver to the depositary or the custodian, as applicable, such shares, and (d) agrees to any additional restrictions or requirements that the depositary deems appropriate. Each such pre-release will be at all times fully collateralized with cash, U.S. government securities or such other collateral as the depositary deems appropriate, terminable by the depositary on not more than five (5) business days' notice and subject to such further indemnities and credit regulations as the depositary deems appropriate. The depositary will normally limit the number of ADSs involved in such pre-release at any one time to thirty percent (30%) of the ADSs outstanding (without giving effect to pre-released ADSs outstanding), provided, however, that the depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The depositary may also set limits with respect to the number of ADSs involved in pre-release with any one person on a case-by-case basis as it deems appropriate. The depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided in connection with pre-release transactions, but not the earnings thereon, shall be held for the benefit of the registered holders of ADRs (other than the applicant).

Appointment

In the deposit agreement, each registered holder of ADRs and each person holding an interest in ADSs, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs, and
- appoint the depository its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depository in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

Governing Law

The deposit agreement and the ADRs shall be governed by and construed in accordance with the laws of the State of New York. In the deposit agreement, we have submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Notwithstanding the foregoing, any action based on the deposit agreement or the transactions contemplated thereby may be instituted by the depository and holders in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China and/or the United States or through the commencement of an English language arbitration either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).]

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have _____ ADSs outstanding, representing approximately _____ % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than by our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply to list the ADSs on the [New York Stock Exchange/Nasdaq Global Select Market], but we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

Lock-Up Agreements

We have agreed, for a period of 180 days after the date of this prospectus, [not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or the ADSs or securities that are substantially similar to our ordinary shares or the ADSs, including but not limited to any options or warrants to purchase our ordinary shares, the ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, the ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed),] without the prior written consent of the representatives of the underwriters.

Furthermore, [each of our directors, executive officers and existing shareholders] has also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, the ADSs and securities that are substantially similar to our ordinary shares or the ADSs. These parties collectively own [all] of our issued and outstanding ordinary shares, without giving effect to this offering.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See “Underwriting.”

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of the ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for the ADSs or ordinary shares may dispose of significant numbers of the ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of the ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of the ADSs from time to time. Sales of substantial amounts of the ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of the ADSs.

Rule 144

All of our ordinary shares that will be issued and outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are “restricted securities” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and

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will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that does not exceed the greater of the following:

- 1% of the then issued and outstanding ordinary shares [of the same class], including ordinary shares represented by ADSs, which immediately after the completion of this offering will equal ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our ordinary shares [of the same class], in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. [However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.]

TAXATION

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel; to the extent it relates to PRC tax law, it is the opinion of Commerce & Finance Law Offices, our PRC counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. 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 our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares or the ADSs, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

PRC Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” test 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 Dada Nexus Limited is not a PRC resident enterprise for PRC tax purposes. Dada Nexus Limited is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Dada Nexus Limited meets all of the conditions above. Dada Nexus Limited 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

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maintained, outside the PRC. For the same reasons, we believe our other entities 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.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that Dada Nexus Limited 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 the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC 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. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains 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 or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of Dada Nexus Limited would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that Dada Nexus Limited is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, Dada Nexus Limited, is not deemed to be a PRC resident enterprise, holders of the 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. However, under SAT Public Notice 7 and SAT Public Notice 37, where a non-resident enterprise conducts an “indirect transfer” by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the PRC entity which directly owns such taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Public Notice 7 and SAT Public Notice 37, and we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37, or to establish that we should not be taxed under these circulars. See “Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.”

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or ordinary shares by a U.S. Holder (as defined below) that acquires the ADSs in this offering and holds the ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, and alternative minimum tax considerations, the Medicare tax on certain net investment income, or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of the ADSs or ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;

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- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of our stock (by vote or value);
- persons required to accelerate the recognition of any item of gross income with respect to their ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding the ADSs or ordinary shares through such entities.

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of the ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the 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 the ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in the ADSs or ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC, for U.S. 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 is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as a passive asset and the company’s goodwill and other unbooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. 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, at least 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our VIE and its subsidiaries as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it. As a result, we consolidate its result of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our VIE for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of our VIE and its subsidiaries for U.S. federal income tax purposes, and based upon our current and projected income and assets, including the expected proceeds from this offering, and projections as to the market price of the ADSs immediately following this offering, we do not expect to be a PFIC for the current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we are or will become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Fluctuations in the market price of the ADSs may cause us to be or become a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the ADSs from time to time (which may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our anticipated market capitalization immediately following the close of this offering. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be or become a PFIC for the current or future taxable years. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

If we are a PFIC for any year during which a U.S. Holder holds the ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds the ADSs or ordinary shares.

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 are discussed below under “—Passive Foreign Investment Company Rules.”

Dividends

Any cash distributions paid on the ADSs or ordinary shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. 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 U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income”; provided that certain conditions are satisfied, including that (1) the ADSs or ordinary shares on which the dividends are paid 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”), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. We intend to list the ADSs on the [New York Stock Exchange/Nasdaq Global Select Market]. Provided that this listing is approved, we believe that the ADSs will generally be considered to be readily tradable on an established securities market in the United States. There can be no assurance that the ADSs will continue to be considered readily tradable on an established securities market in later years. Because the ordinary shares will not be listed on a U.S. exchange, we do not believe that dividends received with respect to ordinary shares that are not represented by ADSs will be treated as qualified dividends. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or ordinary shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “—PRC Taxation”), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, and regardless of whether the ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of taxation described in the preceding paragraph.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or ordinary shares (see “—PRC Taxation”). Depending on the U.S. Holder’s particular facts and circumstances and subject to a number of complex conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. 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 and 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

A U.S. Holder will generally recognize 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 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. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes

will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income 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. If a U.S. Holder is not eligible for the benefits of the Treaty or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Each U.S. Holder is advised to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit under its particular circumstances.

Passive foreign investment company rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the 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 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 percent 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, under certain circumstances, 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;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year") will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest on the resulting tax deemed deferred with respect to each such taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, and any of our subsidiaries, our VIE or any of the subsidiaries of our VIE entity 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 for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, our VIE or any of the subsidiaries of our VIE.

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. If a U.S. Holder makes this election with respect to the ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of the ADSs and we cease to be classified as 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 the ADSs in a year when we are a PFIC will be treated as

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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.

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 (“regularly traded”) on a qualified exchange or other market, as defined in applicable United States Treasury regulations. The ADSs, but not our ordinary shares, will be treated as being traded on a qualified exchange upon their listing on the [New York Stock Exchange/Nasdaq Global Select Market]. We anticipate that the ADSs should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules 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 U.S. 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 (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding the U.S. federal income tax consequences of owning and disposing of the ADSs or ordinary shares if we are or become a PFIC.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Goldman Sachs (Asia) L.L.C., BofA Securities, Inc. and Jefferies LLC are acting as joint book-running managers of this offering and as the representatives of the underwriters. The address of Goldman Sachs (Asia) L.L.C. is 68th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The address of BofA Securities, Inc. is One Bryant Park, New York, NY 10036, United States of America. The address of Jefferies LLC is 520 Madison Avenue, New York, NY 10022, United States.

<u>Underwriters</u>	<u>Number of ADSs</u>
Goldman Sachs (Asia) L.L.C.	
BofA Securities, Inc.	
Jefferies LLC	
Total	

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken, other than the ADSs covered by the underwriters' option to purchase additional ADSs described below.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price listed on the cover of this prospectus and part of the ADSs to certain dealers at a price that represents a concession not in excess of US\$ _____ per ADS under the public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the underwriters.

Certain of the underwriters are not broker-dealers registered with the SEC. Therefore, to the extent they intend to make any offers or sales of ADSs in the United States, they will do so only through one or more registered broker-dealers in compliance with applicable securities law and regulations, and FINRA rules. Goldman Sachs (Asia) L.L.C. will offer ADSs in the United States through its registered broker-dealer affiliate in the United States, Goldman Sachs & Co. LLC.

Option to Purchase Additional ADSs

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional _____ ADSs from us at the offering price listed on the cover of this prospectus, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become severally obligated, subject to certain conditions, to purchase additional ADSs approximately proportionate to each underwriter's initial amount reflected in the table above.

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Commissions and Expenses

Total underwriting discounts and commissions to be paid to the underwriters represent _____ % of the total amount of the offering. The following table shows the per ADS and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

	<u>Per ADS</u>	<u>Total</u>	
	<u>(US\$)</u>	<u>No Exercise</u>	<u>Full Exercise</u>
		<u>(US\$)</u>	<u>(US\$)</u>
Discounts and commissions paid by us			

We have agreed to pay all fees and expenses that we incur in connection with the offering.

Lock-Up Agreements

[We have agreed that, without the prior written consent of the representatives of the underwriters, we will not, during the period ending 180 days after the date of this prospectus, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for such ordinary shares or ADSs; (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; (iii) file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or (iv) publicly disclose the intention to make any offer, sale, pledge, disposition or filing, in each case regardless of whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs, or such other securities, in cash or otherwise.

The restrictions described in the preceding paragraph do not apply to (A) the sale of the ADSs and the ordinary shares represented by such ADSs in this offering; (B) the issuance by us of ADSs or ordinary shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing and (C) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ADSs or ordinary shares.

Each of our directors, executive officers and existing shareholders have agreed that, without the prior written consent of the representatives on behalf of the underwriters, it will not, subject to certain exceptions, during the period ending 180 days after the date of this prospectus, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ADSs or ordinary shares or any other securities convertible into or exercisable or exchangeable for ADSs or ordinary shares or (2) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ADSs or ordinary shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ADSs, ordinary shares or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement. The foregoing sentence shall not apply to transactions relating to ADSs, ordinary shares or other securities acquired in this offering or in open market transactions after the completion of this offering and certain other exceptions.

In addition, through a letter agreement, we will instruct _____, as depository, not to accept any deposit of any ordinary shares or deliver any ADSs until after 180 days following the date of this prospectus unless we consent to such deposit or issuance. We will not provide such consent without the prior written consent of the representatives of the underwriters. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares.

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The representatives of the underwriters, in their sole discretion, on behalf of the underwriters may release the ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.]

NYSE/Nasdaq Listing

The ADSs have been approved for listing on the [New York Stock Exchange/Nasdaq Global Select Market] under the symbol “DADA.”

Stabilization, Short Positions and Penalty Bids

In connection with the offering, the underwriters may purchase and sell ADSs in the open market.

These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional ADSs in the offering. The underwriter may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted to them. “Naked” short sales are any sales in excess of such option.

The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for, or purchases of, ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts received by it because the representatives have repurchased ADSs sold by, or for the account of, such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities, and if these activities are commenced, they are required to be conducted in accordance with applicable laws and regulations, and any of these activities may be discontinued at any time. These transactions may be effected on [the NYSE/Nasdaq], the over-the-counter market or otherwise.

Electronic Distribution

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, investment research, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services and other services for us and to persons and entities with relationships with us, for which they received or will receive customary fees and commissions.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of us and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also make or communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or the ADSs. The initial public offering price was determined by negotiations between us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses. An active trading market for the ADSs may not develop. It is also possible that after the offering the ADSs will not trade in the public market at or above the initial public offering price.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required.

Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

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Any offer in Australia of the ADSs may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investor” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act.

The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ADSs must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands

This prospectus is not intended to constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. No offer or invitation may be made to the public in the Cayman Islands to subscribe for or purchase the ordinary shares or any ADS. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

Dubai International Finance Center

This document relates to an Exempt Offer, as defined in the Offered Securities Rules module of the DFSA Rulebook, or the OSR, in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons, as defined in the OSR, of a type specified

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in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs to which this document relates may be illiquid and/or subject to restrictions on their resale.

Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this document you should consult an authorized financial adviser.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or each a Relevant Member State, an offer to the public of any ADSs may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any ADSs may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the ADSs shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase any ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Hong Kong

The ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

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Indonesia

This prospectus does not, and is not intended to, constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This prospectus may not be distributed in the Republic of Indonesia and the ADSs may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents, in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

Israel

In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

- a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;
- an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;
- a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);
- an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and
- an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

Any offeree of the ADSs offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

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Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

Korea

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 “Regulating the Negotiation of Securities and Establishment of Investment Funds”, its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

Malaysia

The offering of the ADSs has not been and will not be approved by the Securities Commission Malaysia, or SC, and this document has not been and will not be registered as a prospectus with the SC under the Malaysian Capital Markets and Services Act 2007, or CMSA. Accordingly, no ADSs or invitation to purchase is being made to any person in Malaysia under this document except to persons falling within any of paragraphs 2(g)(i) to (xi) of Schedule 5 of the CMSA and distributed only by a holder of a Capital Markets Services License who carries on the business of dealing in securities.

People’s Republic of China

This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Qatar

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person’s request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Center Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

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Saudi Arabia

This prospectus may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 of the SFA, except:
 - to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - where no consideration is or will be given for the transfer;
 - where the transfer is by operation of law;
 - as specified in Section 276(7) of the SFA; or
 - as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The ADSs may not be offered or sold to any investors in Switzerland other than on a non-public basis. This prospectus does not constitute a prospectus within the meaning of Article 652a and Art. 1156 of the Swiss Code of Obligations (Schweizerisches Obligationenrecht). Neither this offering nor the ADSs have been or will be approved by any Swiss regulatory authority.

Taiwan

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in

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Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan through a public offering or in such an offering that require registration, filing or approval of the Financial Supervisory Commission of Taiwan except pursuant to the applicable laws and regulations of Taiwan and the competent authority's ruling thereunder.

Thailand

This prospectus does not, and is not intended to, constitute a public offering in Thailand. The ADSs may not be offered or sold to persons in Thailand, unless such offering is made under the exemptions from approval and filing requirements under applicable laws, or under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, nor require approval from the Office of the Securities and Exchange Commission of Thailand.

United Arab Emirates

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

United Kingdom

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA, received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

Vietnam

This offering of ADSs has not been and will not be registered with the State Securities Commission of Vietnam under the Law on Securities of Vietnam and its guiding decrees and circulars. The ADSs will not be offered or sold in Vietnam through a public offering and will not be offered or sold to Vietnamese persons other than those who are licensed to invest in offshore securities under the Law on Investment of Vietnam.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the stock exchange market entry and listing fee, all amounts are estimates.

SEC Registration Fee	US\$
FINRA Fee	
Stock Exchange Market Entry and Listing Fee	
Printing and Engraving Expenses	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Miscellaneous	
Total	<u>US\$</u>

LEGAL MATTERS

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Kirkland & Ellis International LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Commerce & Finance Law Offices and for the underwriters by Haiwen & Partners. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Commerce & Finance Law Offices with respect to matters governed by PRC law. Kirkland & Ellis International LLP may rely upon Haiwen & Partners with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements as of December 31, 2017 and 2018, and for each of the two years in the period ended December 31, 2018, and the related financial statement schedule included in this prospectus have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to the translation of Renminbi amounts to United States dollar amounts). Such financial statements and financial statement schedule are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu Certified Public Accountants LLP are located at Bund Center, 30th Floor, 222 Yan An Road East, Shanghai, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC.

DADA NEXUS LIMITED

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Dada Nexus Limited:

We have audited the accompanying consolidated balance sheets of Dada Nexus Limited (the “Company”), its subsidiaries, its variable interest entity (“VIE”) and VIE’s subsidiaries (collectively, the “Group”) as of December 31, 2017 and 2018, and the related consolidated statements of operations and comprehensive loss, changes in shareholders’ deficit, and cash flows, for each of the two years in the period ended December 31, 2018 and the related notes and the financial statement schedule included in Schedule I (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2017 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such United States dollar amounts are presented solely for the convenience of readers in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group 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. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People’s Republic of China

December 5, 2019

We have served as the Group’s auditor since 2019.

DADA NEXUS LIMITED

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 and 2018

(Amounts in thousands, except share data and otherwise noted)

	Note	As of December 31,		
		2017 RMB	2018 RMB	US\$ (Note 2)
ASSETS				
Current assets:				
Cash and cash equivalents		1,559,537	2,744,006	383,901
Restricted cash		359,731	—	—
Short-term investments	4	324,746	721,380	100,925
Accounts receivable, net of allowance for doubtful accounts of nil and RMB316 as of December 31, 2017 and 2018, respectively	5	6,946	30,344	4,245
Inventories, net	6	5,886	7,887	1,103
Amount due from related parties	19	48,760	159,363	22,296
Prepayments and other current assets	7	54,704	96,978	13,568
Total current assets		2,360,310	3,759,958	526,038
Property and equipment, net	8	12,863	22,545	3,154
Goodwill		957,605	957,605	133,974
Intangible assets, net	9	1,069,702	900,632	126,003
Other non-current assets		11,584	6,117	856
Total non-current assets		2,051,754	1,886,899	263,987
TOTAL ASSETS		4,412,064	5,646,857	790,025
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities (including amounts of the consolidated VIE without recourse to the Company. See Note 2.2):				
Short-term loan	10	354,499	—	—
Accounts payable		7,145	8,662	1,212
Payable to riders		265,015	280,097	39,187
Amount due to related parties	19	38,290	54,302	7,597
Accrued expenses and other current liabilities	11	258,115	229,940	32,170
Total current liabilities		923,064	573,001	80,166
Deferred tax liabilities	17	80,272	52,733	7,378
Total non-current liabilities		80,272	52,733	7,378
TOTAL LIABILITIES		1,003,336	625,734	87,544
Commitments and contingencies	21			

DADA NEXUS LIMITED

CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2017 and 2018
(Amounts in thousands, except share data and otherwise noted)

	Note	As of December 31,		
		2017 RMB	2018 RMB	US\$ (Note 2)
MEZZANINE EQUITY	14			
Series A Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 77,000,000 shares authorised, issued and outstanding as of December 31, 2017 and 2018, respectively)		14,064	15,260	2,135
Series B Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 37,748,300 shares authorised, issued and outstanding as of December 31, 2017 and 2018, respectively)		172,655	187,316	26,206
Series C Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 44,286,448 shares authorised, issued and outstanding as of December 31, 2017 and 2018, respectively)		720,028	781,399	109,322
Series D Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 95,524,122 shares authorised, 64,001,162 shares issued and outstanding as of December 31, 2017 and 2018, respectively)		2,041,281	2,209,604	309,135
Series E Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 128,637,939 shares authorised; 93,580,586 and 93,580,586 shares issued and outstanding as of December 31, 2017 and 2018, respectively)		2,935,726	3,085,171	431,631
Series F Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 116,857,842 shares authorised, issued and outstanding as of December 31, 2018)		—	3,519,261	492,363
TOTAL MEZZANINE EQUITY		5,883,754	9,798,011	1,370,792
SHAREHOLDERS' DEFICIT				
Ordinary shares (US\$0.0001 par value, 1,616,803,191 and 1,499,945,349 shares authorized, 355,105,296 and 362,197,963 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	15	227	232	32
Additional paid-in capital		1,513,420	1,052,954	147,314
Subscription receivable		(35)	(35)	(5)
Accumulated deficit		(4,091,770)	(5,970,145)	(835,254)
Accumulated other comprehensive income		103,132	140,106	19,602
TOTAL SHAREHOLDERS' DEFICIT		(2,475,026)	(4,776,888)	(668,311)
TOTAL LIABILITIES, MAZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		4,412,064	5,646,857	790,025

The accompanying notes are an integral part of these consolidated financial statements.

DADA NEXUS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2018
(Amounts in thousands, except share and per share data and otherwise noted)

	Note	Years ended December 31,		
		2017 RMB	2018 RMB	US\$ (Note 2)
Net Revenues (including related party revenues of RMB691,002 and RMB1,032,455 for the years ended December 31, 2017 and 2018, respectively)		1,217,965	1,922,015	268,900
Operating expenses				
Fulfillment expenses		(1,592,664)	(2,044,139)	(285,986)
Selling and marketing expenses		(723,463)	(1,223,345)	(171,152)
General and administrative expenses		(249,172)	(282,539)	(39,529)
Research and development expenses		(191,977)	(270,163)	(37,797)
Other operating expenses		(48,860)	(97,179)	(13,595)
Total operating expenses		(2,806,136)	(3,917,365)	(548,059)
Other operating income		1,408	18,875	2,641
Loss from operations		(1,586,763)	(1,976,475)	(276,518)
Other income/(expenses)				
Interest income		31,408	53,111	7,431
Interest expenses		(8,908)	(3,122)	(437)
Foreign exchange gain/(loss)		(4,253)	7,151	1,000
Fair value change in foreign currency forward contract		22,846	13,463	1,884
Fair value change in warrant liabilities		82,467	—	—
Total other income		123,560	70,603	9,878
Loss before income tax benefits		(1,463,203)	(1,905,872)	(266,640)
Income tax benefits	17	14,113	27,497	3,847
Net loss and net loss attributable to the Company		(1,449,090)	(1,878,375)	(262,793)
Accretion of convertible redeemable preferred shares	14	(374,246)	(511,646)	(71,582)
Net loss available to ordinary shareholders		(1,823,336)	(2,390,021)	(334,375)
Net Loss per ordinary share:	16			
Basic		(5.13)	(6.64)	(0.93)
Diluted		(6.21)	(6.64)	(0.93)
Weighted average shares used in calculating net loss per ordinary share:				
Basic		355,105,296	360,002,151	360,002,151
Diluted		293,803,781	360,002,151	360,002,151
Net Loss		(1,449,090)	(1,878,375)	(262,793)
Other comprehensive income/(loss)				
Foreign currency translation adjustments		(108,449)	36,974	5,173
Total comprehensive loss		(1,557,539)	(1,841,401)	(257,620)

The accompanying notes are an integral part of these consolidated financial statements.

DADA NEXUS LIMITED

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2018
(Amounts in thousands, except share data and otherwise noted)**

	Note	Ordinary shares (par value US \$0.0001)		Additional paid-in capital	Subscription receivables	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' deficit
		Numbers of Shares	RMB					
Balance as of January 1, 2017		355,105,296	227	1,826,825	(35)	(2,642,680)	211,581	(604,082)
Share-based compensation	13	—	—	60,841	—	—	—	60,841
Net loss		—	—	—	—	(1,449,090)	—	(1,449,090)
Accretion of convertible redeemable preferred shares	14	—	—	(374,246)	—	—	—	(374,246)
Foreign currency translation adjustments		—	—	—	—	—	(108,449)	(108,449)
Balance as of December 31, 2017		355,105,296	227	1,513,420	(35)	(4,091,770)	103,132	(2,475,026)
Issuance of ordinary shares for vested restricted share units	15	7,092,667	5	(5)	—	—	—	—
Share-based compensation	13	—	—	51,185	—	—	—	51,185
Net loss		—	—	—	—	(1,878,375)	—	(1,878,375)
Accretion of convertible redeemable preferred shares	14	—	—	(511,646)	—	—	—	(511,646)
Foreign currency translation adjustments		—	—	—	—	—	36,974	36,974
Balance as of December 31, 2018		362,197,963	232	1,052,954	(35)	(5,970,145)	140,106	(4,776,888)

The accompanying notes are an integral part of these consolidated financial statements.

DADA NEXUS LIMITED

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2018
(Amounts in thousands and otherwise noted)**

	Years ended December 31,		
	2017 RMB	2018 RMB	US\$ (Note 2)
Cash flows from operating activities:			
Net loss	(1,449,090)	(1,878,375)	(262,793)
<i>Adjustments to reconcile net loss to net cash used in operating activities</i>			
Depreciation and amortization	209,061	212,241	29,694
Share-based compensation	60,841	51,185	7,161
Foreign exchange (gain)/loss	4,253	(7,151)	(1,000)
Loss from disposal of property and equipment	—	3,639	509
Allowance for doubtful accounts	—	316	44
Valuation allowance for inventories	—	1,632	228
Impairment provision for other non-current assets	—	5,432	760
Impairment provision for property and equipment	—	8,481	1,187
Fair value change in foreign currency forward contract	(22,846)	(13,463)	(1,884)
Fair value change in warrant liabilities	(82,467)	—	—
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable	(6,943)	(23,714)	(3,318)
Inventories	(3,549)	(3,634)	(508)
Amount due from related parties	(15,902)	(110,603)	(15,474)
Prepayments and other current assets	(14,167)	(42,273)	(5,914)
Other non-current assets	(5,639)	35	5
Accounts payable	987	1,516	212
Amount due to related parties	(82,943)	16,012	2,240
Payable to riders	104,548	15,082	2,110
Accrued expenses and other current liabilities	107,069	(28,174)	(3,942)
Deferred tax liabilities	(14,837)	(27,539)	(3,853)
Net cash used in operating activities	(1,211,624)	(1,819,355)	(254,536)
Cash flows from investing activities:			
Disposal of wealth management product	2,348,604	7,489,577	1,047,830
Purchase of wealth management product	(2,445,084)	(7,909,057)	(1,106,518)
Proceeds from disposal of foreign currency forward contract	—	36,310	5,080
Purchase of property and equipment and intangible assets	(12,128)	(32,861)	(4,597)
Cash paid for purchase of other non-current assets	(2,000)	—	—
Proceeds from disposal of property and equipment	—	649	91
Net cash used in investing activities	(110,608)	(415,382)	(58,114)
Cash flows from financing activities:			
Proceeds from (Cash paid for) short-term loan	354,499	(354,499)	(49,596)
Proceeds from issuance of convertible redeemable preferred shares	983,820	3,412,300	477,398
Cash paid for share issuance costs	—	(9,689)	(1,356)
Net cash provided by financing activities	1,338,319	3,048,112	426,446
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(74,393)	11,363	1,588
Net increase (decrease) in cash, cash equivalents and restricted cash	(58,306)	824,738	115,384
Cash and cash equivalents and restricted cash, beginning of the year	1,977,574	1,919,268	268,517
Cash and cash equivalents and restricted cash, end of the year	1,919,268	2,744,006	383,901

DADA NEXUS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2018
(Amounts in thousands and otherwise noted)

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Consolidated Statement of Cash Flows.

	As of December 31,		
	2017 RMB	2018 RMB	2018 US\$ (Note 2)
Cash and cash equivalents	1,559,537	2,744,006	383,901
Restricted cash	359,731	—	—
Total cash, cash equivalents, and restricted cash	1,919,268	2,744,006	383,901

	Years ended December 31,		
	2017 RMB	2018 RMB	2018 US\$ (Note 2)
Supplemental disclosure for cash flow information			
Cash paid for interest	5,514	6,516	912
Cash paid for income taxes	724	42	6
Supplemental disclosure of non-cash investing and financing activities:			
Accretion of convertible redeemable preferred shares	374,246	511,646	71,582

The accompanying notes are an integral part of these consolidated financial statements.

DADA NEXUS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except share and per share data)

1. ORGANIZATION AND NATURE OF OPERATIONS

Description of Business

Dada Nexus Limited (the “Company”) was incorporated under the laws of the Cayman Islands on July 8, 2014. The Company through its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries (collectively, the “Group”) primarily provides delivery service and marketplace service to its customers through its mobile platforms, websites and mini programs. The Group’s principal operations and geographic markets are in the People’s Republic of China (“PRC”).

As of December 31, 2018, the Company’s major subsidiaries and consolidated VIE are as follows:

<u>Name of Company</u>	<u>Place of incorporation</u>	<u>Date of incorporation /acquisition</u>	<u>Percentage of direct or indirect economic ownership</u>	<u>Principal activities</u>
Subsidiaries				
Dada Wisdom (HK) Limited (“Dada Wisdom”)	Hong Kong	July 24, 2014	100%	Investment holding
Dada Glory Network Technology (Shanghai) Co., Ltd. (“Dada Glory”)	PRC	November 7, 2014	100%	Providing services in connection with on-demand delivery platform (“Dada Now”)
Shanghai JD Daojia Yuanxin Information Technology Co., Ltd. (“Shanghai JDDJ”)	PRC	April 26, 2016	100%	Providing services in connection with on-demand retail platform (“JDDJ”).
VIE				
Shanghai Qusheng Internet Technology Co. Ltd. (“Shanghai Qusheng”)	PRC	July 2, 2014	100%	Holding of value-added telecommunications services license of Dada Now and maintaining Dada Now website
VIE’s Subsidiary				
Shanghai JD Daojia Youheng E-Commerce Information Technology Co., Ltd. (“JDDJ Youheng”)	PRC	December 3, 2015	100%	Holding of value-added telecommunications services license of JDDJ and maintaining JDDJ website

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for the years presented.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and VIE’s subsidiaries in which it has a controlling financial interest. The results of the subsidiaries, VIE and VIE’s

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 *Basis of consolidation (Continued)*

subsidiaries are consolidated from the date on which the Company obtained control and continue to be consolidated until the date that such control ceases. All intercompany balances and transactions between the Group, its subsidiaries, VIE and VIE's subsidiaries have been eliminated in consolidation.

VIE Arrangements

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 Shanghai Qusheng, whose equity interests are held by certain management members and shareholders of the Group ("Nominee Shareholders"), and its wholly-owned subsidiary, JDDJ Youheng. On November 14, 2014, Dada Glory entered into a series of contractual agreements with Shanghai Qusheng and its shareholders, which were amended on September 23, 2015 and February 20, 2017, respectively. The following is a summary of the agreements which allow the Dada Glory to exercise effective control over Shanghai Qusheng:

Share Pledge Agreements

Pursuant to the share pledge agreements, each of the shareholders of the VIE has pledged the security interest in their respective equity interests in the VIE, representing 100% equity interests in the VIE in aggregate to Dada Glory, to guarantee performance by the shareholders of their obligations under the powers of attorney, the exclusive business cooperation agreement and the exclusive option agreement, as well as the performance by the VIE of its obligations under the exclusive business cooperation agreement and the exclusive option agreement. In the event of a breach by the VIE or any of its shareholders of contractual obligations under these contractual arrangements, Dada Glory, as pledgee, will have the right to take possession of and dispose of the pledged equity interests in the VIE and will have priority in receiving the proceeds from such disposal. The shareholders of the VIE also covenant that, without the prior written consent of Dada Glory, they shall not transfer or agree to other's transfer of the pledged equity interests, create or allow any new pledge or any other encumbrance on the pledged equity interests. The equity interest pledge agreement will remain effective until the contractual obligations are fully fulfilled and terminated. During the equity pledge period, Dada Glory is entitled to all dividends and other distributions generated by the VIE.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement between Dada Glory and the VIE, Dada Glory has the exclusive right to provide the VIE with complete business support and technical and consulting services, including but not limited to technical services, network support, business consultations, intellectual property licenses, equipment or leasing, marketing consultancy, system integration, product research and development, and system maintenance. Without Dada Glory's prior written consent, the VIE may not accept any consultations and/or services regarding the matters contemplated by this agreement provided by any third party during the term of the agreement. The VIE agrees to pay Dada Glory service fees at an amount equals to 100% of the net income generated by the VIE, which should be paid on a monthly basis. Dada Glory has the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement. To guarantee the VIE's performance of its obligations thereunder, the shareholders of the VIE have pledged all of their equity interests in the VIE to Dada Glory pursuant to the share pledge agreement. The exclusive business cooperation agreement has an initial term of 10 years and shall be extended if confirmed in writing by Dada Glory prior to the expiration. The extended term shall be determined by Dada Glory, and the VIE shall accept such extended term unconditionally.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

VIE Arrangements (Continued)

Exclusive Option Agreements

Pursuant to the exclusive option agreements, each of the shareholders of the VIE has irrevocably granted Dada Glory, or any person designated by Dada Glory, an exclusive option to purchase all or part of its equity interests in the VIE. Dada Glory may exercise such options at a price equal to the lowest price as permitted by applicable PRC laws at the time of transfer of equity. The VIE and the shareholders of the VIE covenant that, without Dada Glory's prior written consent, they will not, among other things, (i) supplement, change or amend the VIE's articles of association and bylaws, (ii) increase or decrease the VIE's registered capital or change its structure of registered capital, (iii) create any pledge or encumbrance on their equity interests in the VIE, other than those created under the equity interest pledge agreement, (iv) sell, transfer, mortgage, or dispose of their legal or beneficial interests in and any assets of the VIE and any legal or beneficial interests, (v) enter into any material contract by the VIE, except in the ordinary course of business, or (vi) merge or consolidate the VIE with any other entity. The exclusive option agreement has an initial term of ten years, and at the end of the initial term shall be renewed for a further term as specified by Dada Glory or terminated by Dada Glory in its sole discretion.

Powers of Attorney

Pursuant to the power of attorney, each of the shareholders of the VIE has executed a power of attorney to irrevocably authorize Dada Glory, or any person designated by Dada Glory, to act as its attorney-in-fact to exercise all of its rights as a shareholder of the VIE, including, but not limited to, the right to (i) propose, convene and attend shareholders' meetings, (ii) vote on any resolution on behalf of the shareholders that require the shareholders to vote under PRC law and the VIE's articles of association, such as the sale, transfer, pledge and disposal of all or part of a shareholder's equity interest in the VIE, and (iii) designate and appoint the VIE's legal representative, director, supervisor, chief executive officer and other senior management members on behalf of the shareholders. The powers of attorney will remain effective until such shareholder ceases to be a shareholder of the VIE or otherwise instructed by Dada Glory.

US GAAP provides guidance on the identification of VIE and financial reporting for entities over which control is achieved through means other than voting interests. The Group evaluates each of its interests in an entity to determine whether or not the investee is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affect the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. If deemed the primary beneficiary, the Group consolidates the VIE.

The irrevocable powers of attorney described above have conveyed all shareholder rights held by the VIE's shareholders to Dada Glory, including the right to appoint board members who nominate the general managers of the VIE to conduct day-to-day management of the VIE's businesses, and to approve significant transactions of the VIE. The exclusive option agreements provide Dada Glory with a substantive kick-out right of the VIE shareholders through an exclusive option to purchase all or any part of the shareholders' equity interest in the VIE at the lowest price permitted under the PRC laws then in effect. In addition, through the exclusive business cooperation agreement, Dada Glory has established the right to receive benefits from the VIE that could potentially be significant to the VIE, and through the share pledge agreement, Dada Glory has, in substance, an obligation to absorb losses of the VIE that could potentially be significant to the VIE. As these contractual arrangements allow the Group to effectively control the VIE and to derive substantially all of the economic benefits from it, the Group has consolidated the VIE.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

VIE Arrangements (Continued)

Risks in relation to the VIE structure

The Company believes that the contractual arrangements amongst Dada Glory, Shanghai Qusheng and their respective shareholders are in compliance with PRC law and are legally enforceable. The shareholders of Shanghai Qusheng are also shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, Shanghai Qusheng and their shareholders may fail to take certain actions required for the Company's business or to follow the Company's instructions despite their contractual obligations to do so. Furthermore, if Shanghai Qusheng or their shareholders do not act in the best interests of the Company under the contractual arrangements and any dispute relating to these contractual arrangements remains unresolved, the Company will have to enforce its rights under these contractual arrangements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. All of these contractual arrangements are governed by PRC law and provided for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements, which may make it difficult to exert effective control over Shanghai Qusheng, and its ability to conduct the Company's business may be adversely affected.

The following amounts and balances of the consolidated VIE were included in the Group's consolidated financial statements after the elimination of intercompany balances and transactions:

	As of December 31,	
	2017	2018
	RMB	RMB
Cash and cash equivalents	953	28
Short-term investments	1,000	590
Accounts receivable, net	1,574	4,808
Prepayments and other current assets	1,342	2,394
Property and equipment, net	60	7
Intangible assets, net	105	107
Other non-current assets	1	—
Total assets	5,035	7,934
Amount due to related parties	32	32
Accrued expenses and other current liabilities	2,512	2,580
Total liabilities	2,544	2,612

	Years ended December 31,	
	2017	2018
	RMB	RMB
Net Revenues	9,843	6,621
Net loss	(24,915)	(15,263)
Net cash used in operating activities	(974)	(925)
Net cash provided by financing activities	1,763	—

The VIE contributed approximately 0.8% and 0.3% of the Group's consolidated net revenues for the years ended December 31, 2017 and 2018, respectively. As of December 31, 2017 and 2018, the VIE accounted for an

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

VIE Arrangements (Continued)

Risks in relation to the VIE structure (Continued)

aggregate of approximately 0.1% and 0.1%, respectively, of the consolidated total assets, and approximately 0.3% and 0.4%, respectively, of the consolidated total liabilities.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Group or its subsidiaries to provide financial support to the VIE. However, if the VIE was ever to need financial support, the Group or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIE through loans to the shareholders of the VIE or entrustment loans to the VIE.

The Group believes that there are no assets held in the consolidated VIE that can be used only to settle obligations of the VIE, except for paid-in capital, additional paid-in capital and the PRC statutory reserves. As the consolidated VIE is incorporated as a limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Group for any of the liabilities of the consolidated VIE.

Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of their paid-in capital, additional paid-in capital and PRC statutory reserve, to the Group in the form of loans and advances or cash dividends.

2.3 Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Group's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Group to revise its estimates. Significant accounting estimates reflected in the Group's financial statements mainly include the useful lives of property and equipment and intangible assets, assumptions used to measure the impairment of goodwill, property and equipment and intangible assets, assumptions impacting the valuation of ordinary shares, share options and warrant liabilities, and realization of deferred tax assets.

2.4 Functional currency and foreign currency translation

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company is the United States dollar ("US\$" or "USD"). The functional currency of the Company's subsidiaries, VIE and VIE's subsidiaries is RMB or USD as determined based on the economic facts and circumstances.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in the comprehensive loss.

Assets and liabilities of the Company and its subsidiaries with functional currency other than RMB are translated into RMB at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates during the fiscal year. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.5 Convenience translation

The Group's business is primarily conducted in China and almost all of its revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the then current exchange rates, for the convenience of the readers. Translations of balances in the consolidated balance sheets, consolidated statements of operations and comprehensive loss and consolidated statements of cash flows from RMB into US dollars as of and for the year ended December 31, 2018 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB7.1477 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on September 30, 2019. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on September 30, 2019, or at any other rate.

2.6 Cash and cash equivalents

Cash and cash equivalents primarily consist of cash on hand and cash in bank which is highly liquid and unrestricted as to withdrawal and use.

2.7 Restricted cash

The Group's restricted cash mainly represents the deposits pledged for short-term bank loans.

2.8 Short-term investments

Short-term investments include (i) wealth management products issued by commercial banks or other financial institutions with non-guaranteed principal and variable interest rates indexed to the performance of underlying assets within one year; and (ii) a foreign currency forward contract sold by a commercial bank. These investments are stated at fair value. The Company classifies wealth management products as trading securities given the securities are purchased for the purpose of selling them in the near term. Changes in fair value of wealth management products is included in interest income and fair value changes of the foreign currency forward contracts are presented in "Fair value change in foreign currency forward contract" in the consolidated statements of operations and comprehensive loss.

2.9 Accounts receivable, net

Accounts receivable mainly consists of amount due from the Group's customers, which are recorded net of allowance for doubtful accounts. The Group performs ongoing credit evaluation of its customers, and assesses allowance for doubtful accounts based on the age of the receivables and factors surrounding the credit risk of specific customers.

2.10 Inventories, net

Inventories, consisting of products available for sale, are stated at the lower of cost or market value. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated market value due to slow-moving merchandise and damaged goods, which is determined based upon factors such as historical and forecasted consumer demand, and promotional environment.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.11 *Property and equipment, net*

Property and equipment is stated at cost less accumulated depreciation and impairment. Property and equipment is depreciated at rates sufficient to write off its costs less impairment and residual value, if any, over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

<u>Category</u>	<u>Estimated useful lives</u>
Computer equipment	3 years
Office facilities	3-5 years
Vehicles	8 years
Software	3-5 years
Leasehold improvement	Over the shorter of the expected useful life or the lease term

Repairs and maintenance costs are charged to operating expenses as incurred, whereas the costs of renewals and betterment that extends the useful lives of property and equipment 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 other operating income or expenses of consolidated statements of operations and comprehensive loss.

2.12 *Intangible assets, net*

Intangible assets purchased are recognized and measured at cost upon acquisition. Intangible assets arising from Group's acquisition of JDDJ business from JD.com, Inc. ("JD") including Business Cooperation Agreement ("BCA"), Non-Compete Commitment ("NCC"), technology, and trademark and domain name are recognized and measured at fair value based on a valuation upon acquisition. The Group made estimates and judgments in determining the fair value of JDDJ business, NCC and BCA with assistance from an independent valuation firm. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The identifiable intangible assets acquired are amortized on a straight-line basis over the respective useful lives as follows:

<u>The identifiable intangible assets</u>	<u>Amortization Years</u>
BCA	7
NCC	7
Technology	3.7
Trademark and Domain Name	9.7

2.13 *Goodwill*

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Group's acquisitions of JDDJ business from JD occurred in 2016 and there is no change to the carrying amount of the goodwill for the year ended December 31, 2017 and 2018. Goodwill is not amortized but is reviewed at least annually for impairment or earlier, if any indication of impairment exists.

The Group adopted FASB revised guidance on "Testing of Goodwill for Impairment". Under this guidance, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. If the Group chooses to apply a qualitative assessment first, it starts the goodwill impairment test by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Group determines that it is more likely not 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 goodwill with its carrying value. If the Group chooses to apply a

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 *Goodwill (Continued)*

quantitative assessment, it performs the goodwill impairment test by quantitatively comparing the fair values of a reporting units to its carrying amount.

Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. The Group performs the annual goodwill impairment assessment on December 31 and no goodwill impairment was identified as of December 31, 2017 and 2018.

2.14 *Other non-current assets*

Other non-current assets mainly consist of long-term lease deposits, a convertible loan to a private company, and equity investments without readily determinable fair values. Beginning on January 1, 2018, 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 upon the adoption of Accounting Standards Update ("ASU") 2016-01 (the "Measurement Alternative"). Under the Measurement Alternative, the carrying value is measured at cost, less any impairment, plus and minus changes resulting from observable price changes in orderly transactions for identical or similar investments. The Group recognized RMB3,432 and RMB2,000 of impairment losses to write off the loan receivable and an equity investment without a readily determinable fair value, respectively, for the year ended December 31, 2018.

2.15 *Warrant liabilities*

Warrant classified as liabilities is initially recorded at fair value with gains and losses arising from changes in fair value recognized in the consolidated statements of operations and comprehensive loss during the period in which such instruments are outstanding.

2.16 *Fair value measurement*

Fair value reflects 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 measurements 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 transacts and considers assumptions that market participants use when pricing the asset or liability.

The Group applies 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. The hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.16 Fair value measurement (Continued)

The fair value guidance describes three main approaches to measure 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.

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.

2.17 Revenue recognition

The Group derives its revenues principally from merchants', individual senders' and retailers' use of the Group's core platforms in connection with on-demand retail platform services and on-demand delivery services. Revenue is stated net of value added tax ("VAT"), discounts and return allowances.

On January 1, 2018, using the modified retrospective method, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," including related amendments and implementation guidance within ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 (collectively, including ASU 2014-09, "ASC 606"), issued by the Financial Accounting Standards Board ("FASB").

The impact of adopting the new revenue standard was not material to the consolidated financial statements and there was no adjustment to the beginning accumulated deficit on January 1, 2018. Results for reporting period beginning on January 1, 2018 are presented under ASC 606, while prior period amounts have not been adjusted and continue to be reported in accordance with ASC 605.

Services

The Group arranges for on-demand delivery services to be provided through its self-developed on-demand delivery platform ("Dada Now") where it assists the customer, a merchant or individual sender, in finding a rider to complete a delivery requested by the customer. The Group concludes that it acts as an agent in these transactions as it is not responsible for fulfilling the promise to provide the delivery services, nor does the Group have the ability to control the related services. The Group does not have the ability to control the services provided by riders due to the following: (i) the Group does not pre-purchase or otherwise obtain control of the riders' services prior to their transfer to the customers; (ii) The Group does not guarantee an order could be taken by a rider; (iii) the Group cannot direct the riders to accept, decline or disregard a transaction request and (iv) The Group's platform services do not include the delivery services provided to the customers by the riders. The service fee earned by the Group is the difference between the amount paid by the customer based on an upfront quoted fare and the amount earned by the rider based on expected delivery time, distance and other factors, which are both fixed at the time a transaction is entered into with a customer. The Group may record a loss from a transaction when an upfront quoted fare offered to the customer is less than the amount the Group is committed to being paid to the rider. The revenue is recognized on a net basis at the point of delivery of merchandise. The loss on this type of transactions is recorded in fulfillment expenses in the consolidated statements of operations and comprehensive loss, as it is not related to any other current, previous or future transactions with the customer and in substance, is an expense paid to riders.

The Group also provides on-demand retail platform services on its on-demand retail platform ("JDDJ"). The service revenues primarily consist of commission fees charged to retailers for participating in the Group's online

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

Services (Continued)

marketplace, where the Group acts as an agent and its performance obligation is to facilitate the retailers' online sales of their goods and services through JDDJ. The Group is not primarily obligated to the consumers, does not take inventory risk, and does not have latitude over pricing of the merchandise. Upon successful sales, the Group charges the retailer 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 merchandise.

In addition, the Group fulfills the delivery needs of retailers on JDDJ and other business customers on Dada Now by utilizing the Group's network of registered riders on Dada Now. Under this type of services, the Group enters into agreements with retailers and other business customers, which enforce the Group's acceptance of all the related delivery requests at the prices stipulated in the contracts. The Group has determined that it acts as a principal in these transactions as the Group is primarily responsible for the delivery of merchandise and has the ability to control the related services. The Group has the ability to control the services provided by riders as it is responsible for and guarantees identifying and directing riders that meet the quality criteria stipulated in the agreements to complete the deliveries requested by retailers or other business customers. Additionally, the Group has ultimate control over the amounts paid by the customers. Although in this type of services, the riders still have the ability to accept, decline or disregard a delivery assignment, it is the Company's responsibility to find a replacement and complete the delivery timely. Revenues resulting from these services are recognized on a gross basis at a fixed rate or a pre-determined amount for each completed delivery, with the amounts paid to the riders recorded in fulfillment expenses.

Other services provided by the Group comprise packaging services to retailers and online marketing services to brand owners on JDDJ, and other miscellaneous services. Revenue is recognized when service is rendered.

Goods Sales

The Group operates its own e-commerce business and sells delivery equipment and other merchandise on Dada Now. The Group also sells merchandise through unmanned retail shelves. Revenue is recognized on a gross basis as the Group is acting as a principal in these transactions, is responsible for fulfilling the promise to provide the specified merchandise and also has pricing discretion. The Group recognizes revenues net of discounts and return allowances when the goods are delivered to the customers.

Incentive programs

Customer incentives

The Group offers various incentive programs to merchants, individual senders and business customers in the form of coupons or volume-based discounts that are recorded as reduction of revenue as the Group does not receive a distinct good or service in consideration.

Rider incentives

The Group offers various incentive programs to riders, primarily in the form of volume-based incentives. The riders are not the Group's customers as they do not pay for their use of the Group's platform in any form. Therefore, for transactions where the Group acts as an agent and recognizes revenue on a net basis, the related rider incentives are recorded as a reduction of revenue. For transactions where the Group act as a principal and recognizes revenue on a gross basis, the related rider incentives are included in fulfillment expenses. For the years ended December 31, 2017 and 2018, volume-based incentives to riders included in fulfillment expenses were RMB127,392 and RMB223,664, respectively.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

Incentive programs (Continued)

Consumer incentives

The consumer incentives are offered to promote the Group's platform in the form of promotion coupon on the JDDJ, which are valid only during a limited period of time. These incentives are provided at the Group's discretion and are not contractually required by the retailers. These incentives also do not reduce the overall pricing of the services provided by the Group. As the Group has no performance obligation to consumers who are not the Group's customers, incentives to consumers are recognized as selling and marketing expenses. For the years ended December 31, 2017 and 2018, consumer incentives that were recorded as selling and marketing expenses were RMB362,137 and RMB782,479, respectively.

All the incentives granted can be categorized into 1) incentives granted concurrent with a purchase transaction and 2) incentives granted not concurrent with a purchase transaction. When the incentive is granted concurrent with a purchase transaction, expenses or reduction of revenue are accrued, in the most likely amount to be earned, as the related transactions are recorded. Since such incentives are generally earned over a very short period of time, there is limited uncertainty when estimating the expenses to be accrued or variable consideration to be recorded as a reduction of revenue. When the incentive (i.e., a coupon) is granted not concurrent with a purchase transaction, expenses or reduction of revenue are recognized upon the redemption of such incentive.

Disaggregation of revenues

For the years ended December 31, 2017 and 2018, all of the Group's revenues were generated in the PRC. The disaggregated revenues by revenue streams were as follows:

	Years ended December 31,	
	2017	2018
	RMB	RMB
Dada Now:		
Services	830,534	1,062,552
Sales of goods	38,746	48,887
Subtotal	869,280	1,111,439
JDDJ:		
Services	317,558	754,162
Others(1)		
Services	27,949	23,402
Sales of goods	3,178	33,012
Subtotal	31,127	56,414
Total	1,217,965	1,922,015

Note:

(1) Includes net revenues from unmanned retail shelves and front-end warehouses business.

Contract balances

The remaining unsatisfied performance obligation as of December 31, 2017 and 2018 was immaterial.

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents amounts invoiced and revenues recognized prior to invoicing when the Group has satisfied its performance obligation and has the unconditional right to payment.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

Contract balances (Continued)

The Group sometimes receives advance payments from customers before the service is rendered, which is recorded in others of the accrued expenses and other current liabilities on the consolidated balance sheets. The balance as of December 31, 2017 and 2018 was immaterial.

Practical expedients and exemptions

The Group elects not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less (ii) contracts for which the Group recognizes revenues at the amount to which it has the right to invoice for services performed and (iii) contracts with variable consideration related to wholly unsatisfied performance obligations.

2.18 Fulfillment expenses

Fulfillment expenses primarily consist of (i) riders' remuneration and incentives to fulfil the Group's delivery orders, (ii) expenses incurred in providing customer and rider care services or the service fee charged by external customer service providers, (iii) expenses charged by outsourced delivery agencies, (iv) transaction fees charged by third-party payment platform, and (v) packaging cost as well as other fulfillment expenses directly attributed to the Group's principal operations.

2.19 Selling and marketing expenses

Selling and marketing expenses primarily consist of incentive payments to consumers, advertising and marketing expenses, payroll and related expenses for employees involved in selling and marketing functions, as well as the associated expenses of facilities and equipment, such as depreciation expenses, rental and others. The advertising and marketing expenses amounted to RMB156,317 and RMB118,829 for the years ended December 31, 2017 and 2018, respectively.

2.20 Research and development expenses

Research and development expenses primarily consist of technology infrastructure expenses, payroll and related expenses for employees involved in platform development and internal system support, charges for the usage of the server and computer equipment, and editorial content.

2.21 Other operating expenses

Other operating expenses primarily consist of purchase price of merchandise sold on Dada Now or through unmanned retail shelves.

2.22 Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing group are accounted for as operating leases. Payments made under operating leases net of any incentives received by the Group from the leasing group are charged to the consolidated statements of operations and comprehensive loss on a straight-line basis over the leasing periods.

2.23 Share-based compensation

The Group accounts for share options granted to employees in accordance with ASC 718, "Stock Compensation". The Group grants options and restricted share units to the Group's employees, directors, and consultants. In accordance with the guidance, the Group determines whether a share-based compensation should be classified and accounted for as a liability award or an equity award.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.23 *Share-based compensation (Continued)*

Options and restricted share units granted to the employees, including the directors, vest upon satisfaction of a service condition, which is generally satisfied over four years and are measured at fair value as of the grant date. Options granted to non-employees with a service condition are accounted for based on the fair value of the equity instrument issued, as this has been determined to be more reliably measurable. The Group has accounted for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC subtopic 505-50, "Equity: Equity based Payments to Non-Employees". The fair value of each option granted to non-employees is estimated on the date of grant using the same option valuation model used for options granted to employees, and then re-measured at each period end. The final measurement date of the fair value of the equity instrument issued is the date on which the non-employee's performance is completed.

Additionally, the Group's incentive plan provides an exercisability clause where employees or non-employees can only exercise vested options upon the occurrence of the event that the Group's ordinary shares are publicly traded. Options for which the service condition has been satisfied are forfeited should employment terminate prior to the occurrence of an exercisable event, which substantially creates a performance condition. The satisfaction of the performance condition becomes probable only upon the completion of the Group's initial public offering and therefore, the Group has not recorded any compensation expenses and will record the cumulative share-based compensation expenses for these options when it completes the initial public offering.

According to ASC 718, a change in any of the terms or conditions of equity-based awards shall be accounted for as a modification of the award. Therefore, the Group calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified. For vested options, the Group would recognize incremental compensation cost on the date of modification and for unvested options, the Group would recognize, prospectively and over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award.

2.24 *Earnings (Loss) per share*

Basic earnings (loss) per share are computed by dividing net income (loss) available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The Company's convertible redeemable preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Accordingly, the Company uses the two-class method of computing earnings per share, whereby undistributed net income is allocated on a pro rata basis to each participating share to the extent that each class may share net income for the period. Undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss of the Group.

Diluted earnings (loss) per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had convertible redeemable preferred shares, share options, restricted share units and warrants, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted income per share, the effect of the convertible redeemable preferred shares is computed using the as-if-converted method; the effect of the stock options, restricted share units and warrant are computed using the treasury stock method.

2.25 *Unaudited pro forma loss per share*

Pro forma basic and diluted loss per share is computed by dividing net loss available to the Group's ordinary shareholders, by the weighted average number of ordinary shares outstanding for the year ended December 31,

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.25 Unaudited pro forma loss per share (Continued)

2018 plus the number of ordinary shares resulting from the assumed conversion of the outstanding preferred shares into ordinary shares using the conversion ratio of one for one upon completion of a qualified initial public offering.

Pro forma loss per share is not presented because the effect of the conversion of the outstanding convertible preferred shares using a conversion ratio of one for one would not result in any dilution in net losses per share applicable to ordinary shareholders.

2.26 Government grants

Government grants include cash subsidies received by the Group's entities in the PRC from local governments as incentives for operating business in certain local districts. Such subsidies allow the Group full discretion in utilizing the funds and are used by the Group for general corporate purpose. Cash subsidies are included in other operating income and recognized when received.

2.27 Taxation

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statements of operations and comprehensive loss in the period of the enactment of the change.

2.28 Segment reporting

The Group uses management approach to determine operating segment. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocation of resource and assessing performance.

The Group's CODM has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group.

The Group's long-lived assets are all located in the PRC and all of the Group's revenues are derived from within the PRC. Therefore, no geographic information is presented.

2.29 Comprehensive loss

Comprehensive loss is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive loss is reported in the consolidated statements of operations and comprehensive loss. Accumulated other comprehensive loss, as presented on the accompanying consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

2.30 Recent accounting pronouncements

New accounting pronouncements recently adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes the revenue recognition requirements in ASC 605, and requires entities to recognize revenue when it transfers

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.30 Recent accounting pronouncements (Continued)

New accounting pronouncements recently adopted (Continued)

promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Group adopted the new revenue standard beginning January 1, 2018 using the modified retrospective transition method. The impact of adopting this ASU is immaterial to the consolidated financial statements and there is no adjustment to the beginning accumulated deficit on January 1, 2018.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. Under the new ASC, entities no longer use the cost method of accounting as it was applied before and the new ASC requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, a company can elect to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer (the “measurement alternative”). The Group adopted this ASU beginning January 1, 2018, which had no material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows—Classification of Certain Cash Receipts and Cash Payments, which clarifies the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The Group adopted this ASU beginning January 1, 2018, which had no material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows, Restricted Cash, which clarifies guidance on the classification and presentation of restricted cash in the statement of cash flows. The adoption of this accounting pronouncement impacts the presentation of restricted cash in the Group’s consolidated statements of cash flows. The Group adopted this ASU beginning January 1, 2018 in accordance with the retrospective transition method, including restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows.

New accounting pronouncements not yet adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on balance sheet and disclose key information about lease arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with terms of longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The standard is effective on January 1, 2019, with early adoption permitted, for public business entity (“PBE”). And it is effective on January 1, 2020 for non-issuers and PBEs that meet the definition of a PBE solely because their financial statements or financial information is included in a filing with the SEC. In July 2018, the FASB issued an update that provided an additional transition option that allows companies to continue applying the guidance under the lease standard in effect at that time in the comparative periods presented in the consolidated financial statements. Companies that elect this option would record a cumulative-effect adjustment to the opening balance of retained earnings on the date of adoption. In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-02 to be January 1, 2021 for non-issuers. The Group will adopt the new lease standard on January 1, 2020. As of December 31, 2018, the Group has RMB122,260 of undiscounted future minimum operating lease commitments that are not recognized on its consolidated balance sheets (Note 21). Therefore, the Group expects changes to its consolidated balance sheets for the recognition of these and any additional leases entered into in the future upon adoption.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.30 Recent accounting pronouncements (Continued)

New accounting pronouncements not yet adopted (Continued)

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Group will adopt this ASU on January 1, 2021 using the modified retrospective method. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other (Topic 350), which simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. A goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for an issuer's annual or any interim goodwill impairments tests in fiscal years beginning after December 15, 2019 and will require adoption on a prospective basis. Public business entities that are not SEC filers should adopt the standard in fiscal years beginning after December 15, 2020. All other entities, including not-for-profit organizations, should adopt the standard in fiscal years beginning after December 15, 2021. Early adoption is permitted. The Group is currently in the process of evaluating the impact of the adoption of this ASU on its consolidated financial statements and plans to adopt this ASU on January 1, 2020.

In June 2018, the FASB issued ASU 2018-07, Compensation—Stock Compensation (Topic 718), which simplifies the accounting for non-employee share-based payment transactions by expanding the scope of ASC Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from non-employees. Under the new standard, most of the guidance on stock compensation payments to non-employees would be aligned with the requirements for share-based payments granted to employees. This standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods for public business entities, with early adoption permitted. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019. The Group will adopt this ASU on January 1, 2019 and this adoption will not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement which eliminates, adds and modifies certain disclosure requirements for fair value measurements. Under the guidance, public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The guidance is effective for all entities for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, but entities are permitted to early adopt either the entire standard or only the provisions that eliminate or modify the requirements. The Group will adopt this ASU on January 1, 2020 and does not expect the adoption of this ASU has a significant impact on its consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.30 Recent accounting pronouncements (Continued)

New accounting pronouncements not yet adopted (Continued)

In October 2018, the FASB issued ASU 2018-17, Consolidation (Topic 810), which amends two aspects of the related-party guidance in ASC 810. Specifically, the ASU (1) adds an elective private-company scope exception to the variable interest entity guidance for entities under common control, and (2) amends the guidance for determining whether a decision-making fee is a variable interest. The amendments require organizations to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety (as currently required in GAAP). Therefore, these amendments likely will result in more decision makers not consolidating VIEs. For entities other than private companies, ASU 2018-17 is effective for fiscal years beginning after December 15, 2019, including interim periods therein. For private companies, the ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted for all entities. This guidance will be adopted using a retrospective approach. The Group will early adopt this ASU on January 1, 2020 and does not expect the adoption of this ASU has a significant impact on its consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The Group's financial instruments include cash and cash equivalent, restricted cash, receivables, payables, prepayments and other current assets, short-term loan, amount due from and due to related parties and accrued expenses and other current liabilities. The carrying amounts of these short-term financial instruments approximate their fair value due to their short-term nature. The Group wrote off the convertible loan to a private company of RMB3,432 included in other noncurrent assets during 2018 based on its evaluation of the private company's financial condition.

As of December 31, 2017 and 2018, 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:

Years Ended December 31,	Description	Fair Value	Fair Value Measurements 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)
2017	Wealth management products	301,900	—	301,900	—
2017	Foreign currency forward contract	22,846	—	22,846	—
2018	Wealth management products	721,380	—	721,380	—

The Group measures certain assets, including equity investments without readily determinable fair values, at fair value on a nonrecurring basis when they are deemed to be impaired. The fair values of these investments are determined based on valuation techniques and management judgment including estimated future cash flows, appropriate discount rates and other assumptions. During the years ended December 31, 2017 and 2018, the Group recognized impairment of equity investments without readily determinable fair values in the amount of nil and RMB2,000, respectively.

Certain non-financial assets are measured at fair value on a nonrecurring basis, including property, plant, and equipment, goodwill and intangible assets and they are recorded at fair value only when impairment is recognized by applying unobservable inputs such as forecasted cash flows and discount rates to the discounted cash flow valuation methodology that are significant to the measurement of the fair value of these assets. During the years ended December 31, 2017 and 2018, the Group recognized impairment of property and equipment in the amount of nil and RMB8,481, respectively (Note 8).

3. FAIR VALUE MEASUREMENTS (CONTINUED)

See Note 12 for the fair value measurement of warrant liabilities.

4. SHORT-TERM INVESTMENT

	As of December 31,	
	2017	2018
	RMB	RMB
Wealth management products	301,900	721,380
Foreign currency forward	22,846	—
Total	324,746	721,380

The Group entered into a foreign currency forward contract on March 27, 2017 with a commercial bank to sell its time deposits denominated in USD for RMB at a fixed exchange rate of 7.03 on March 23, 2018 with the notional amount of USD52,380. The Group recorded gain on fair value changes of RMB22,846 and RMB13,463 for the years ended December 31, 2017 and 2018, respectively and settled the forward contract on March 23, 2018 with the carrying amount.

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable and the related bad debt provision as of December 31, 2017 and 2018 are as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
Accounts receivable	6,946	30,660
Less: Bad debt provision	—	(316)
Total Accounts receivable, net	6,946	30,344

Movement of Bad debt provision for accounts receivable is as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
Balance as of January 1	—	—
Provisions for doubtful accounts	—	(316)
Balance as of December 31	—	(316)

6. INVENTORIES, NET

Inventories and the related provision as of December 31, 2017 and 2018 are as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
Merchandise	5,886	9,519
Less: Inventory provision	—	(1,632)
Total Inventories, net	5,886	7,887

6. INVENTORIES, NET (CONTINUED)

Movement of inventory provision as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
Balance as of January 1	—	—
Provisions for impairment of merchandise	—	(1,632)
Balance as of December 31	—	(1,632)

7. PREPAYMENT AND OTHER CURRENT ASSETS

	As of December 31,	
	2017	2018
	RMB	RMB
Funds receivable from third party mobile and online payment platforms	24,275	49,488
Advance to suppliers mainly for cloud computing service	16,911	17,198
VAT receivable	2,299	12,747
Interest receivable from bank deposit and wealth management products	4,662	8,897
Deposits mainly for lease of premises	3,925	6,602
Other receivables	2,632	2,046
Total	54,704	96,978

8. PROPERTY AND EQUIPMENT, NET

Property and equipment and its related accumulated depreciation are as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
Office facilities	6,708	7,408
Software	1,908	4,035
Computer equipment	1,636	6,787
Vehicles	60	21
Leasehold improvement	10,515	28,853
Total cost	20,827	47,104
Less: Accumulated depreciation	(7,964)	(16,078)
Less: Impairment	—	(8,481)
Property and equipment, net	12,863	22,545

Depreciation expenses related to property and equipment were RMB4,886 and RMB 10,380 for the years ended December 31, 2017 and 2018, respectively.

For the year ended December 31, 2018, the Group recognized an impairment of RMB8,481 to write off certain assets which will not be used due to the cease of unmanned retail shelves. The revenue and cost associated with this business has been immaterial.

[Table of Contents](#)**9. INTANGIBLE ASSETS, NET**

Gross carrying amount, accumulated amortization and net book value of the intangible assets are as follows:

	As of December 31,	
	2017	2018
	RMB	RMB
BCA	437,626	459,661
NCC	544,793	572,224
Trademark and domain name	324,130	324,161
Technology	96,000	96,000
Less: Accumulated amortization	(332,847)	(551,414)
Intangible assets, net	1,069,702	900,632

Amortization expenses related to intangible assets were RMB204,175 and RMB201,861 for the years ended December 31, 2017 and 2018, respectively.

The estimated aggregate amortization expenses for each of the five succeeding fiscal years and thereafter are as follows:

	Future amortization
	expenses
	RMB
For the years ending December 31,	
2019	207,775
2020	181,902
2021	181,433
2022	181,433
2023	80,508
Thereafter	67,581
Total	900,632

10. SHORT-TERM LOAN

	As of December 31,	
	2017	2018
	RMB	RMB
Short-term bank borrowings	354,499	—

In March 2017, the Group entered into a credit agreement with a domestic commercial bank, for which the total facility was amounted to RMB 950,000 (the "Facility") with a term of one year. In 2017, the Group withdrew five borrowings from the Facility for an aggregated principal amount of RMB 354,499 which was collateralized by the bank deposit of US\$ 52,380 (RMB 342,261) classified as restricted cash. The loan was repaid and the restriction on the bank deposit was released in 2018. The annual interest rate of the borrowings was approximately 3.92%, resulting in interest expenses of RMB8,908 and RMB3,122 for the years ended December 31, 2017 and 2018, respectively.

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2017	2018
	RMB	RMB
Salaries and welfare payables	52,225	51,287
Payables to on-demand retail platform retailers (1)	36,678	48,192
Advance for delivery service (2)	39,470	33,406
Accrued marketing expenses for JDDJ	27,696	26,510
Deposits from retailers and outsourced delivery agency	7,362	21,065
Professional fee payables	3,890	14,497
Tax payables	77,394	7,753
Rental payables	31	7,333
Interest payable	3,395	—
Others	9,974	19,897
Total	258,115	229,940

- (1) Payables to on-demand retail platform retailers represent cash collected on behalf of retailers for goods sold through the Group's local on-demand retail platform.
- (2) Advance for delivery service represents the prepayments for on-demand delivery services. The amount is refundable if no service is provided.

12. WARRANT LIABILITIES

In connection with the acquisition of JDDJ business on April 26, 2016, a warrant was issued to JD, which provided JD the right to purchase additional 35,151,665 Series E Preferred Shares with the pre-determined purchase price of US\$ 4.28 per share, was exercisable at any time and expired on the earlier of (i) 24 months after issuance or (ii) immediately prior to a public offering ("Qualified IPO"). The warrant shall automatically terminate upon the completion of a Qualified Financing. A Qualified Financing means a bona fide private placement financing by the Company, which (i) values the Company at a pre-money valuation (excluding any amount of exercise price paid under this warrant) of at least US\$4,090,950 and (ii) upon completion, will result in gross proceeds to the Company of at least US\$100,000 in the aggregate (taking into account all closings of such financing if there is more than one closing).

The Group followed the authoritative guidance which requires liability classification for a warrant issued that is exercisable into convertible redeemable preferred shares. Liability classification requires the warrant to be re-measured to its fair value at the end of each reporting period. The Group utilized the service of an independent third party specialist to determine the fair value of the warrant, which took into consideration the fair value of the underlying preferred shares, a risk-free interest rate, and expected volatility. Certain inputs used in the model are unobservable. As a result, the valuation of the warrant was categorized as Level 3 in accordance with ASC 820, "Fair Value Measurement".

On December 28, 2017, the warrant was exercised by JD, upon which JD paid the subscription price of US\$ 150,404 (RMB 983,820) for 35,151,665 Series E Preferred Shares.

12. WARRANT LIABILITIES (CONTINUED)

The Group estimates its fair value using binomial model as of December 28, 2017 (immediate prior to the exercise of the warrant) using the following assumptions:

	<u>As of December 28, 2017</u>	
Fair value per share as of valuation date	US\$	4.47
Exercise price	US\$	4.28
Risk free rate of interest		2.10%
Dividend yield		0.00%
Expected volatility		30%

The fair value of the warrant liability on exercise date was US\$15,800 (RMB103,240), and the fair value change in warrant liabilities for the years ended December 31, 2018 was US\$12,700 (RMB 82,467).

The Group estimated expected volatility by reference to the historical share price volatility of comparable companies over a period close to the remaining life of the warrant. The Group estimated the risk-free interest rate based on the yield to maturity of the U.S. Treasury Bill on the valuation date, with the maturity period close to the remaining life of the warrant and adjusted by country risk differential between the U.S. and China. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. The assumptions used in warrant fair value assessment represent the Group's best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the fair value change of warrant could be materially different for any period.

13. SHARE-BASED COMPENSATION

In February 2015, the Group adopted the 2015 Incentive Compensation Plan ("2015 Plan"), which permits the granting of share options, restricted share units and other equity incentives to employees, directors and consultants of the Group. The 2015 plan administrator is the Group's board of directors. The board may also authorize one or more of the Group's officers to grant awards under the plan. The Group has authorized 68,698,662 ordinary shares for issuance under the 2015 Plan.

Employee options:

Under the 2015 Plan, options granted to employees vest upon satisfaction of a service condition, which is generally satisfied over four years. Additionally, the 2015 Plan includes a condition where employees can only exercise vested options upon the occurrence of the Company's ordinary shares becoming listed securities, which substantially creates a performance condition ("IPO Condition") that has not been met. Therefore, since the adoption of the 2015 Plan, the Group has not recognized any stock-based compensation expenses for options granted, except for the repurchase of 1,199,608 share options recorded as a modification in 2016. The Group granted 3,057,177 and 5,264,956 share options to its employees in 2017 and 2018, respectively. The options expire in ten years from the date of grant.

Non-employee options:

Under the 2015 Plan, the Group granted 2,000,000 share options to certain non-employees in 2015, which vest over a 4-year service period, including a condition where optionee can only exercise vested options when the Company's ordinary shares become listed securities. Therefore, the Group has not recognized any stock-based compensation expenses for non-employee options granted, except for the repurchase of 716,431 share options recorded as a modification in 2016. The options expire in ten years from the date of grant. The Group did not grant any share options to non-employees in 2017 and 2018.

13. SHARE-BASED COMPENSATION (CONTINUED)

Non-employee options (Continued):

In determining the fair value of the stock options, the binomial option pricing model was applied. The key assumptions used to determine the fair value of the options at the respective grant dates in 2017 and 2018 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
Expected volatility	36%~40%	36%~38%
Risk-free interest rate (per annum)	3%~3.2%	3.5%~3.7%
Exercise multiples	2.2 and 2.8	2.2
Expected dividend yield	0.00%	0.00%
Fair value of underlying ordinary shares	US\$ 1.36~1.67	US\$2.01~2.26
Fair value of share option	US\$ 0.80~1.03	US\$1.35~1.59

The Group estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. The Group estimated the risk free interest rate based on the yield to maturity of U.S. government bonds at grant date with a maturity period close to the contract term of options, adjusted by country risk differential between U.S. and China. As the Group has had no option exercise history, it estimated exercise multiples based on empirical research on typical employee stock option exercising behavior. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. The Group determined the fair value of ordinary shares underlying each share option grant based on estimated equity value and allocation of it to each element of its capital structure. The assumptions used in share-based compensation expenses recognition represent the Group's best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

The following table summarized the Group's share option activities under the Option Plans:

	<u>Number of options</u>	<u>Weighted average exercise price US\$</u>	<u>Weighted average remaining contract life</u>	<u>Weighted average grant date fair value US\$</u>	<u>Aggregate intrinsic value US\$</u>
Outstanding at January 1, 2017	33,234,743	0.21	8.48	0.25	33,431
Granted	3,057,177	0.80		0.98	
Forfeited	(3,830,251)	0.54		0.46	
Outstanding at December 31, 2017	32,461,669	0.23	7.62	0.30	52,253
Granted	5,264,956	0.80		1.37	
Forfeited	(1,567,512)	0.71		0.77	
Outstanding at December 31, 2018	36,159,113	0.29	6.99	0.43	65,356
Expect to vest at December 31, 2018	36,159,113	0.29	6.99	0.43	65,356
Exercisable at December 31, 2018	—	—	—	—	—

As of December 31, 2018, share-based compensation of US\$6,756 (RMB45,881) would be recognized immediately if the IPO Condition had been met. As of December 31, 2018, there was US\$16,095 of total unrecognized compensation expense related to option.

13. SHARE-BASED COMPENSATION (CONTINUED)

Escrowed shares

On November 11, 2014 and April 20, 2015, in conjunction with the issuance of preferred shares, the Group entered into a share restriction agreement with the founder and the co-founder to secure their services, pursuant to which all of their 72,887,414 ordinary shares of the Company became subject to transfer restrictions. In addition, the restricted shares shall initially be unvested and subject to repurchase by the Group at par value upon voluntary or involuntary termination of employment (the “Repurchase Right”). The Repurchase Right terminates over 4 and 3.6 years, respectively, in 48 and 43 equal monthly instalments thereafter. The founder and the co-founder retain the voting rights of such restricted shares and any additional securities or cash received as the result of ownership of such shares, such as a share dividend, become subject to restriction in the same manner. The Group measured the fair values of the restricted shares as of November 11, 2014 and April 20, 2015 and recognized the amount as compensation expenses over the 48 and 43 months deemed service period on a straight-line basis.

	<u>Number of restricted shares</u>	<u>Weighted average grant date fair value US\$</u>
Unvested at January 1, 2017	34,040,271	0.10
Vested	(18,567,416)	0.10
Unvested at December 31, 2017	15,472,855	0.10
Vested	(15,472,855)	0.10
Unvested at December 31, 2018	—	0.10

In December 17, 2016, the Group paid US\$945 (RMB6,392) to repurchase the co-founder’s 441,588 ordinary shares that were released from the restriction (note 15). The fair value of the ordinary shares was US\$1.25 (RMB8.47) per share on the repurchase date. The amount of cash to repurchase the vested shares was charged to additional paid-in capital (“APIC”), to the extent that the amount paid does not exceed the fair value of the vested shares, which is US\$552 (RMB3,730) and the excess of the fair value amounted US\$393 (RMB2,662) is recorded in general and administrative expenses as compensation cost.

Total share-based compensation expenses recognized for these restricted shares in 2017 and 2018 were US\$1,918 (RMB11,752) and US\$1,598 (RMB9,793), respectively. As of December 31, 2018, no unrecognized compensation expenses related to the restricted shares.

Restricted share units

On December 8, 2015, May 27, 2016 and December 4, 2018, the Group granted restricted share units of 14,185,333, 9,348,000 and 3,000,000, respectively, to employees including directors, subject to service vesting schedule of four years under the 2015 Plan. The estimated fair values on the grant date of each restricted share unit were US\$1.08 (RMB6.92), US\$1.16 (RMB7.60) and US\$2.26 (RMB14.55), respectively. In 2017 and 2018, 1,898,813 and nil restricted share units were forfeited, respectively, due to resignation of employees.

13. SHARE-BASED COMPENSATION (CONTINUED)***Restricted share units (Continued)***

The following table summarized the Group's restricted share unit activities under the 2015 Plan:

	<u>Number of restricted share units</u>	<u>Weighted average grant date fair value US\$</u>
Unvested at January 1, 2017	12,635,187	1.09
Vested	(3,643,708)	1.08
Forfeited	(1,898,813)	1.16
Unvested at December 31, 2017	7,092,666	1.08
Granted	3,000,000	2.26
Vested	(3,608,833)	1.10
Unvested at December 31, 2018	6,483,833	1.60
Expected to vest at December 31, 2018	6,483,833	

Restricted share units granted to employees are measured based on their grant-date fair values and recognized as compensation cost on a straight-line basis over the requisite service period. Total share-based compensation expenses recognized for these restricted share units in 2017 and 2018 were US\$4,124 (RMB28,586) and US\$3,945 (RMB26,197), respectively. As of December 31, 2018, there were US\$9,999 (RMB67,245) of unrecognized compensation expenses related to unvested restricted share units which is expected to be recognized over a weighted-average period of 2.32 years.

JD's Share Incentive Plan (the "JD Employee Awards")

On April 26, 2016, the Group consummated the acquisition of JDDJ business from JD. The acquisition involved the transfer of certain employees from JD to the Group. These employees were granted with unvested restricted share units by JD (the "JD Employee Awards") when they were employed by JD. The JD Employee Awards which are generally vested annually over six years continued in effect after the acquisition for the employees transferred to the Group, provided that these employees continue their employment with the Group or any subsidiaries of JD.

13. SHARE-BASED COMPENSATION (CONTINUED)

JD's Share Incentive Plan (the "JD Employee Awards") (Continued)

The Group recognizes the entire cost of JD Employee Awards incurred by JD, the Group's shareholder, as compensation cost with a corresponding amount as a capital contribution according to ASC 505-10-25-3. The Group remeasured the awards at a fair-value-based amount as of the end of each reporting period until performance is completed. Total share compensation amounts recorded were US\$3,028 (RMB20,503) and US\$2,313 (RMB15,195) for the years ended December 31, 2017 and 2018, respectively. The total amount of unrecognized compensation expenses based on the fair value of unvested restricted share unit as of December 31, 2018 were US\$ 4,580 (RMB 31,434), and is expected to be recognized over a weighted-average period of 3.52 years.

	Number of restricted share units	Weighted average fair value US\$
Unvested at January 1, 2017	515,909	25.44
Vested	(80,653)	37.54
Forfeited	(148,809)	30.29
Unvested at December 31, 2017	286,447	41.42
Granted	5,000	40.49
Vested	(68,644)	27.01
Forfeited	(3,978)	42.86
Unvested at December 31, 2018	218,825	20.93
Expected to vest at December 31, 2018	218,825	

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES

In November, 2014, the Group issued 7,700,000 (with par value of US\$ 0.001, later each share was split into 10 shares with par value of US\$ 0.0001 for each) Series A Preferred Shares with a total cash proceed of US\$ 1,777 (RMB 10,900).

In November 2014, the Group entered into a bridge loan agreement in a total amount of US\$ 2,000 (RMB 12,295) with its Series A shareholders (collectively, the "Bridge Loan Holders"). On January 12 and January 19, 2015, the Group entered into promissory notes agreement with one of the above mentioned Series A shareholders and a third party investor (collectively, the "2015 Notes Holders") respectively. The principal under the respective promissory notes agreement were US\$ 1,000 and US\$ 2,000, respectively.

In February 2015, the Group issued totaling 28,666,661 Series B Preferred Shares to new investors with a total proceed of US\$ 17,200 (RMB 105,737). At the same time, all the Bridge Loan Holders converted the outstanding principal of US\$ 2,000 into 4,081,638 Series B Preferred Shares at a conversion price of US\$ 0.49 per share. All the 2015 Notes Holders converted the outstanding principal of US\$ 3,000 on their 2015 Notes into 5,000,001 Series B Preferred Shares at a conversion price of US\$ 0.6 per share.

In May 2015, the Group issued totaling 44,286,448 Series C Preferred Shares at US\$ 2.1451 per share for an aggregate purchase price of US\$ 95,000 (RMB581,362). In connection with the issuance of Series C Preferred Shares, the Group repurchased 2,330,866 ordinary shares from its founder with the consideration of US\$5,000 (RMB30,598). The excess of the purchase price over the par value of the ordinary share with an amount of US\$1,538 (RMB 9,413) was charged in accumulated deficit due to absence of APIC and the excess of the purchase price over the fair value of the ordinary share with an amount of US\$3,462 (RMB 21,185) was recognized as compensation to its executive.

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

In September 2015, the Group issued totaling 58,508,525 Series D Preferred Shares at US\$ 4.19 per share for an aggregate purchase price of US\$ 245,000 (RMB 1,558,519). In April 2016, the Group issued additional totaling 5,492,637 Series D Preferred Shares at US\$ 4.19 per share for an aggregate purchase price of US\$ 23,000 (RMB 148,555).

In April 2016, in connection with the acquisition of JDDJ business, the Group issued 46,743,137 Series E Preferred Shares at US\$ 4.28 per share with an aggregate purchase price of US\$200,000 (RMB1,291,780), or US\$198,378 (RMB1,281,306), net of issuance cost amounted RMB10,474 and a warrant, which provided JD the right to subscribe 35,151,665 Series E Preferred Shares with the pre-determined purchase price of US\$ 4.28 per share and exercisable at any time and expire on the earlier of (i) 24 months after issuance or (ii) immediately prior to a public offering.

In October 2016, the Group issued another totaling 11,685,784 shares (with par value of US\$ 0.0001) of Series E Preferred Shares to a new investor at US\$ 4.28 per share with an aggregate purchase price of US\$50,000 (RMB 338,205).

The issuance cost related to Series E Preferred Shares was RMB 10,474.

In December 2017, JD exercised the warrant and subscribed 35,151,665 Series E Preferred Shares at US\$ 4.28 per share with an consideration of US\$ 150,403 (RMB983,820).

In January 2018, The Series E and D Preferred Shares' conversion prices, originally US\$4.28 and US\$4.19 per share were reduced to US\$4.06 and US\$4.17 per share, respectively, pursuant to the conversion price adjustment stipulated in conversion terms as described below.

In August, 2018, the Group issued totaling 116,857,842 Series F Preferred Shares at US\$ 4.28 per share with an aggregate purchase price of US\$500,000 (RMB3,412,300) or US\$498,582 (RMB 3,402,611), net of issuance cost amounted RMB9,689.

The key terms of the Series A, B, C, D, E and F convertible redeemable preferred shares are as follows:

Conversion

Each holder of preferred shares shall have the right, at such holder's sole discretion, to convert all or any portion of the preferred shares into ordinary shares on a one-for-one basis at any time. The initial conversion price is the issuance price of preferred shares, subject to adjustment in the event of (1) stock splits, share combinations, share dividends and distribution, recapitalizations and similar events, and (2) issuance of new securities at a price per share less than the conversion price in effect on the date of or immediately prior to such issuance. In that case, the conversion price shall be reduced concurrently to the subscription price of such issuance. Additionally, the Series E conversion price shall be reduced, upon the earlier to occur of: (i) January 1, 2018 or (ii) the Company raising gross proceeds of at least US\$100,000 in the aggregate through Next Equity Financing (taking into account all closings of such financing if there is more than one closing).

Each preferred share shall automatically be converted by way of repurchase of such preferred share and the issuance of the corresponding number of ordinary shares, based on the then applicable effective Series A conversion price, Series B conversion price, Series C conversion price, Series D conversion price, Series E conversion price or Series F conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of a qualified IPO and (ii) the date specified by written consent or agreement of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

Conversion (Continued)

percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares.

Redemption

At any time after the earliest of (i) the fifth (5th) anniversary of August 08, 2018, if a qualified IPO has not been consummated by then, (ii) the date that the Group and the Founder are engaged in any material fraudulent activities aiming at the holders of preferred shares, (iii) any important license, permit or government approvals necessary for the business of any group being suspended, rejected to be issued or renewed or revoked, to the extent that the Group's main business is materially and adversely affected as a result of such suspension, rejection or revocation, (iv) the validity, legality or enforceability of the VIE documents being outlawed by the PRC law, and (v) the date that any governmental authority prohibits any group from distributing all or any part of its distributable earnings or cash or other assets thereof to an offshore shareholder of any Group's subsidiaries, the Group shall, at the written request of any holder of the preferred shares.

Equal to one hundred percent (100%) of the Series A issue price (in the case of Series A Preferred Shares), one hundred percent (100%) of the applicable Series B issue price (in the case of Series B Preferred Shares), one hundred percent (100%) of the applicable Series C issue price (in the case of Series C Preferred Shares), one hundred percent (100%) of the applicable Series D issue price (in the case of Series D Preferred Shares), one hundred percent (100%) of the applicable Series E issue price (in the case of Series E Preferred Shares) or one hundred percent (100%) of the applicable Series F Issue Price with an eight percent (8%) compound per annum return (if the period is less than one year, such return shall be calculated pro rata) calculating from the applicable Series A issue date, Series B issue date, Series C issue date, Series D issue date, Series E issue date or Series F issue date (as the case may be) to the redemption price payment date, plus any accrued but unpaid dividends on such share and shall be exclusive of any liquidity or minority ownership discount, with payment on the twentieth (20th) business day after the date of written request by the holders of preferred shares.

In the case of the Series E Preferred Shares and the Series F Preferred Shares owned by Azure Holdings S.a.r.l ("Walmart"), without limitation of any other rights of redemption of the Series E Preferred Shares or Series F Preferred Shares hereunder, in the event of an uncured key breach by any Group's subsidiaries of the Revised Business Cooperation Agreement as determined in the Redemption Condition, so long as the redemption conditions are satisfied, the Group shall, at the written request of Walmart, redeem all or part of the outstanding Preferred Shares held by Walmart and/or its Affiliates, at a price per Preferred Share equal to one hundred percent (100%) of the applicable Series E issue price or one hundred percent (100%) of the applicable Series F issue price, plus any accrued but unpaid dividends on such share and shall be exclusive of any liquidity or minority ownership discount, with payment on the twentieth (20th) business day after the date of written request by Walmart.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Group, whether voluntary or involuntary, all assets and funds of the Group legally available for distribution to the members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the members of the Group as follows:

- (1) Amount to one hundred percent (100%) of Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares holder (collectively, the "Senior

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

Liquidation Preference (Continued)

Preferred Shares”), plus all declared but unpaid dividends on such Senior Preferred Shares. If the assets and funds thus distributed among the holders of the Senior Preferred Shares shall be insufficient to permit the payment to such holders of the full Series B, Series C, Series D, Series E and Series F Preference Amount (collectively, the “Senior Preference Amount”), then the entire assets and funds of the Group legally available for distribution shall be distributed ratably among the holders of the Senior Preferred Shares in proportion to the aggregate Senior Preference Amount each such holder is otherwise entitled to receive pursuant to this term;

- (2) If there are any assets or funds remaining after distribution according to above term (1), the holders of the Series A Preferred Shares shall be entitled to receive for each Series A Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Group to the holders of the ordinary shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the Series A issue price (“Series A Preference Amount”). If the assets and funds thus distributed among the holders of the Series A Preferred Shares shall be insufficient to permit the payment to such holders of the full Series A Preference Amount, then the entire assets and funds of the Group legally available for distribution to the Series A Preferred Shares shall be distributed ratably among the holders of the Series A Preferred Shares in proportion to the aggregate Series A Preference Amount each such holder is otherwise entitled to receive pursuant to this term;
- (3) If there are any assets or funds remaining after the aggregate Senior Preference Amount and the aggregate Series A Preference Amount has been distributed or paid in full to the applicable holders of Preferred Shares pursuant to term (1) and (2), the remaining assets and funds of the Group available for distribution to the members shall be ratably distributed among all members according to the relative number of ordinary shares held by such member (including the holders of the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares).

Dividends

- (1) Each holder of a Preferred Share shall be entitled to receive noncumulative dividend at the rate of eight percent (8%) of the applicable Series A issue price, Series B issue price, Series C issue price, Series D issue price, Series E issue price or Series F issue price as the case may be, per annum for each such share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefore on parity with each other, prior and in preference to, and satisfied before, any dividend on any other class or series of shares. Such dividends shall be payable only when, as, and if declared by the Board of Directors.
- (2) No dividend or distribution, whether in cash, in property, or in any other shares of the Group, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless all accrued but unpaid dividends on the Preferred Shares set forth in term (1), if any, have been paid in full, and a distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each outstanding Preferred Share such that the dividend or distribution declared, paid, set aside or made to the holder thereof shall be equal to the dividend or distribution that such holder would have received pursuant to this term if such Preferred Share had been converted into ordinary shares immediately prior to the record date for such dividend or distribution, or if no such record date is established, the date such dividend or distribution is made, and if such share then participated in and the holder thereof received such dividend or distribution.

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

Voting Rights

Subject to the provisions of Seventh Amended and Restated Memorandum and Articles (including any Article providing for special voting rights), at all general meetings of the Group: (a) the holder of each ordinary share issued and outstanding shall have one vote in respect of each ordinary share held, and (b) the holder of a preferred share shall be entitled to such number of votes as equals the whole number of ordinary share into which such holder's collective preferred shares are convertible immediately after the close of business on the record date of the determination of the Group's members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Group's members is first solicited. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all shares into which the preferred shares held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). To the extent that the statute or the articles allow the preferred shares to vote separately as a class or series with respect to any matters, the preferred shares, shall have the right to vote separately as a class or series with respect to such matters.

Accounting for the Preferred Shares

The Group has classified the preferred shares as mezzanine equity as these preferred shares are redeemable upon the occurrence of an event not solely within the control of the Group. The holders of the preferred shares have a redemption right and liquidation preference and will not receive the same form of consideration upon the occurrence of the conditional event as the ordinary shareholders would.

The Group recorded the initial carrying amount of the preferred shares with its issuance price, which approximated the issuance date fair value, after the reduction of the issuance cost. The Group uses interest method to accrete the carry value of the preferred shares to their maximum redemption price at the end of each reporting period. The change in redemption value is recorded against retained earnings, or in the absence of retained earnings, against APIC. Once APIC has been exhausted, additional charges are recorded by increasing the accumulated deficit.

The Group did not identify any derivatives embedded in the preferred shares that were subject to bifurcation and fair value accounting. The Group also determined that there was no beneficial conversion feature attributable to the preferred shares, as the effective conversion price was not less than the fair value of the ordinary shares on the respective commitment date.

The following table summarised the rollforward of the carrying amount of the preferred equity for the years of 2017 and 2018:

	Series A	Series B	Series C	Series D	Series E	Series F	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
January 1, 2017	12,930	158,762	661,884	1,881,800	1,707,072	—	4,422,448
Issuance	—	—	—	—	1,087,060	—	1,087,060
Accretion	1,134	13,893	58,144	159,481	141,594	—	374,246
December 31, 2017	14,064	172,655	720,028	2,041,281	2,935,726	—	5,883,754
Issuance	—	—	—	—	—	3,402,611	3,402,611
Accretion	1,196	14,661	61,371	168,323	149,445	116,650	511,646
December 31, 2018	15,260	187,316	781,399	2,209,604	3,085,171	3,519,261	9,798,011

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)***Accounting for the Preferred Shares (Continued)***

As of December 31, 2018, a summary of convertible redeemable preferred shares are as follows:

Series	Average Issue Price per Share	Issuance Date	Shares Issued	Shares Outstanding	Proceeds from Issuance, net of Issuance Costs	Carrying/Redemption Amount
	US\$				US\$	RMB
A	0.2307	11/11/2014	77,000,000	77,000,000	1,777	15,260
B	0.5881	13/02/2015	37,748,300	37,748,300	22,200	187,316
C	2.1451	22/05/2015	44,286,448	44,286,448	95,000	781,399
D	4.1874	23/09/2015	58,508,525	58,508,525	245,000	2,024,995
D	4.1874	05/04/2016	5,492,637	5,492,637	23,000	184,609
E	4.2787	26/04/2016	46,743,137	46,743,137	198,378	1,598,206
E	4.2787	20/10/2016	11,685,784	11,685,784	50,000	399,904
E	4.2787	28/12/2017	35,151,665	35,151,665	150,403	1,087,061
F	4.2787	08/08/2018	116,857,842	116,857,842	498,582	3,519,261
			433,474,338	433,474,338	1,284,340	9,798,011

15. ORDINARY SHARES

On July 10, 2014, the Company was incorporated with an issuance of 6,100,000 ordinary shares to the founder at a par value of US\$ 0.001 each. On February 7, 2015, the Company effected a 1-for-10 share split of the Company's shares. The number of outstanding ordinary shares of 6,100,000 split into 61,000,000 shares while the par value of US\$ 0.001 was converted into US\$0.0001. Subscription receivable of RMB 35 from the founder was recorded as of December 31, 2017 and 2018.

On April 20, 2015, the Group issued 10,044,865 ordinary shares subject to share restriction agreement to the co-founder with proceeds of zero (Note 13).

On May 29, 2015, the Group paid US\$ 5,000 (RMB 30,598) to repurchase 2,330,866 outstanding ordinary shares at US\$ 2.1451 per share from its founder and all the repurchased ordinary shares were retired in 2015. (Note 14).

On April 14, 2016, the Group paid US\$ 3,000 (RMB 19,429) to repurchase 716,431 early exercised share options from non-employees at US\$ 4.1874 per share and all the repurchased shares were retired in 2016. The total consideration was charged against general and administrative expenses (Note 13).

On April 26, 2016, the Group entered into a share purchase agreement with JD, pursuant to which the Group issued 286,832,885 ordinary shares to JD in connection with the acquisition of JDDJ business.

On December 17, 2016, the Group paid US\$ 945 (RMB 6,392) to repurchase 441,588 ordinary shares from the co-founder at US\$ 2.14 per share to compensate his service (Note 13).

On April 23, 2018, the Company issued 7,092,667 ordinary shares for vested restricted share units of the founder and the co-founder.

16. LOSS PER SHARE

Loss per share was computed by dividing net loss available to ordinary shareholders by the weighted average number of ordinary shares outstanding for the years ended December 31, 2017 and 2018:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
	RMB	RMB
Basic net loss per share		
Numerator:		
Net loss available to ordinary shareholders of the Company—basic	(1,823,336)	(2,390,021)
Shares (Denominator):		
Weighted average number of ordinary shares outstanding—basic	355,105,296	360,002,151
Loss per share—basic	(5.13)	(6.64)
Dilutive net loss per share		
Numerator:		
Net loss available to ordinary shareholders of the Company—diluted	(1,823,336)	(2,390,021)
Shares (Denominator):		
Weighted average number of ordinary shares outstanding—basic	355,105,296	360,002,151
Deduct: effect of the exercise of warrant computed using the treasury stock method	61,301,515	—
Weighted average number of ordinary shares outstanding—diluted	293,803,781	360,002,151
Loss per share—diluted	(6.21)	(6.64)

As a result of the Group's net loss for the two years ended December 31, 2017 and 2018, the following weighted average numbers of the Company's preferred shares, share options, and restricted share units outstanding in the respective periods were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
Series A convertible redeemable preferred shares	77,000,000	77,000,000
Series B convertible redeemable preferred shares	37,748,300	37,748,300
Series C convertible redeemable preferred shares	44,286,448	44,286,448
Series D convertible redeemable preferred shares	64,001,162	64,001,162
Series E convertible redeemable preferred shares	58,717,839	93,580,586
Series F convertible redeemable preferred shares	—	46,422,978
Share options	33,345,717	34,158,863
Restricted share units	10,000,041	5,676,866

17. TAXATION

Income Taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% since January 1, 2010. Operations in Hong Kong have incurred net accumulated operating losses for income tax purpose and no

17. TAXATION (CONTINUED)

Income Taxes (Continued)

Hong Kong (Continued)

income tax provisions are recorded for the period presented. Under the current Hong Kong Inland Revenue Ordinance, the Group's subsidiary domiciled in Hong Kong has introduced a two-tiered profits tax rate regime which is applicable to any year of assessment commencing on or after April 1, 2018. The profits tax rate for the first HK dollar 2,000 of profits of corporations will be lowered to 8.25%, while profits above that amount will continue to be subject to the tax rate of 16.5%.

China

On March 16, 2007, the National People's Congress of the PRC introduced a new Corporate Income Tax Law ("new CIT Law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies would be subject to corporate income tax at a uniform rate of 25%. Certain enterprises will benefit from a preferential tax rate of 15% under the CIT Law if they qualify as high and new technology enterprises ("HNTE"). Under such regulation, Dada Glory and Shanghai JDDJ are qualified for HNTE status and are eligible to a reduced income tax rate of 15% for the years ended 2018, 2019 and 2020.

Withholding tax on undistributed dividends

The new CIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing rules of the CIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The new CIT law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have such tax treaty with China. According to the arrangement between the Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The Company did not record any dividend withholding tax, as it has no retained earnings for any of the periods presented.

Loss by tax jurisdictions:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
	RMB	RMB
Loss from PRC operations	1,380,349	1,771,273
Loss from non-PRC operations	82,854	134,599
Total losses before tax	1,463,203	1,905,872

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The current and deferred portion of income tax expenses included in the consolidated statements of operations and comprehensive loss are as follows:

	Years ended December 31,	
	2017	2018
	RMB	RMB
Current tax expenses	724	42
Deferred tax benefits	(14,837)	(27,539)
Income tax benefits	(14,113)	(27,497)

Reconciliation of difference between PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2017 and 2018 are as follows:

	Years ended December 31,	
	2017	2018
Statutory tax rate	25.0%	25.0%
Effect of different tax rate of subsidiary operation in other jurisdiction	(1.5)%	(1.8)%
Effect of tax holiday	—	(8.5)%
Effect of change in tax rate	—	8.5%
Changes in valuation allowance	(22.9)%	(24.7)%
Amortization of deferred tax liabilities from the identified intangible assets	1.0%	1.4%
Other expenses not deductible for tax purposes	(1.4)%	(0.9)%
Super deduction of research and development expenses	0.8%	2.4%
Effective tax rate	1.0%	1.4%

Deferred tax assets and deferred tax liabilities

	As of December 31,	
	2017	2018
	RMB	RMB
Deferred tax assets		
- Net operating loss carry forwards	915,212	1,384,440
- Allowance for doubtful accounts	—	79
- Inventories valuation allowance	—	408
- Impairment provision for property and equipment	—	2,120
- Impairment provision for other non-current assets	—	1,039
- Accrued expenses	19,115	16,168
Less: Valuation allowance	(934,327)	(1,404,254)
Net deferred tax assets	—	—
Deferred tax liabilities		
- Identifiable intangible assets from business combination	80,272	52,733
Total deferred tax liabilities	80,272	52,733

17. TAXATION (CONTINUED)

Deferred tax assets and deferred tax liabilities (Continued)

As of December 31, 2017 and 2018, the Group had net operating loss carry forwards of approximately RMB 3,660,846 and RMB 5,537,754, respectively, which arose from the subsidiaries, VIE and VIE's subsidiaries established in the PRC. The loss carry forwards will expire during the period from 2019 to 2028.

The Group believes that it is more likely than not that the net accumulated operating losses and other deferred tax assets will not be utilized in the future based on an evaluation of a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods. Therefore, the Group provided full valuation allowances for the deferred tax assets as of December 31, 2017 and 2018, respectively.

Movement of valuation allowance

	Years ended December 31,	
	2017	2018
	RMB	RMB
Balance at beginning of the year	599,870	934,327
Addition	334,457	469,927
Balance at end of the year	934,327	1,404,254

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB100 is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. The Group's PRC subsidiaries are therefore subject to examination by the PRC tax authorities from 2014 through 2018 on non-transfer pricing matters and transfer pricing matters.

18. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, amount due from related parties and prepayments. The Group places its cash and cash equivalents and short-term investments with financial institutions with high-credit ratings and quality. Accounts receivable mainly consist of amounts receivable from merchants, which are all with good collection history. There are no significant concentrations of credit risk. With respect to prepayments, the Group performs on-going credit evaluations of the financial condition of these suppliers and has noted no significant credit risk.

Concentration of customers

The following customer accounted for 10% or more of revenues for the years ended December 31, 2017 and 2018, respectively.

	Years ended December 31,	
	2017	2018
	RMB	RMB
Customer A	691,002	943,084

18. CONCENTRATION OF CREDIT RISK (CONTINUED)

Concentration of customers (Continued)

The following customer accounted for 10% or more of accounts receivable as of December 31, 2017 and 2018, respectively.

	As of December 31,	
	2017	2018
	RMB	RMB
Customer B	4,536	4,223
Customer C	1,290	4,215
Customer D	*	6,533

* Less than 10%.

Concentration of suppliers

The following suppliers accounted for 10% or more of accounts payable as of December 31, 2017 and 2018, respectively.

	As of December 31,	
	2017	2018
	RMB	RMB
Supplier A	773	1,193
Supplier B	1,470	*
Supplier C	1,338	*
Supplier D	875	*

* Less than 10%.

Foreign currency risk

RMB is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Group included aggregated amounts of RMB138,489 and RMB77,975 denominated in RMB, as of December 31, 2017 and 2018, respectively.

19. RELATED PARTY TRANSACTIONS

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2018:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
JD, its subsidiaries and affiliates ("JD Group")	Shareholder of the Company
Walmart, its subsidiaries and affiliates ("Walmart Group")	Shareholder of the Company
Co-founder	Executive of the Group

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group entered into the following transactions with the major related parties:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
	<u>RMB</u>	<u>RMB</u>
Revenues		
Services to JD Group ⁽¹⁾	691,002	943,084
Services to Walmart Group ⁽²⁾	*	35,859 ⁽³⁾
Operating expenses		
Operational support services from JD Group	29,986	32,862
Purchases from JD Group	7,191	26,908

(1) The services revenues from JD Group primarily consist of delivery service revenues. The Group fulfills the delivery needs of JD Group by utilizing the Group's network of riders on Dada Now where the Group acts as a principal. Revenues are recognized on a gross basis at a pre-determined amount for each completed delivery with the related volume-discount recorded as a reduction of revenue and the fee is settled monthly or weekly. The service agreement has an initial term of one year, and remains valid till other replacement agreement is signed by both parties.

JD Group also provides certain operational supporting services to the Group, such as cloud server services and customer and rider care services, the service fee is charged based on the actual cost incurred by JD Group as confirmed with the Group on a monthly basis. The service agreements have terms ranging from one to three years and have been renewed upon expiration.

In addition, the Group entered into the purchase agreement with JD Group in August 2016 to purchase goods from JD Group for sale on Dada Now. The purchase agreement has an initial term of one year, and remains valid till other replacement agreement is signed by both parties.

(2) Walmart Group became a related party in August 2018, therefore, only transactions occurred after August 2018 were presented as related party transactions. The services revenues from Walmart Group primarily consist of on-demand retail platform service revenues and delivery service revenues under the business cooperation agreement and service agreement with Walmart Group. The on-demand retail platform service revenues primarily consist of commission fees based on a pre-determined percentage charged to Walmart Group for participating in the Group's online marketplace. The Group also fulfills the delivery needs of Walmart Group on JDDJ where the Group acts as a principal. Revenues are recognized on a gross basis at a pre-determined amount for each completed delivery. The Group entered into the business cooperation agreement with Walmart Group in June 2016, which was amended and restated in August 2018. The amended and restated business cooperation agreement has a term of six years. The service agreement has an initial term of one year, and remains valid till the termination of the business cooperation agreement.

(3) This amount does not include the delivery services revenue paid by consumers for purchases from Walmart stores on JDDJ, which was RMB 53,512 for the period from August to December 2018.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Group had the following balances with the major related parties:

	As of December 31,	
	2017	2018
	RMB	RMB
Current assets:		
Amount due from JD Group	48,232	151,481
Amount due from Walmart Group	—	7,354
Amount due from co-founder	528	528
Total	48,760	159,363
Current liabilities:		
Amount due to JD Group	38,290	32,672
Amount due to Walmart Group	—	21,630
Total	38,290	54,302

The Group provides collection of Cash on Delivery service when performing delivery services for JD Group. Amount due to JD Group includes cash collected from consumers on behalf of JD.COM when merchandises are delivered to them.

Amount due to Walmart includes cash collected from consumers on behalf of Walmart when the Group performs on-demand retail platform services to the Walmart Group.

20. EMPLOYEE BENEFIT

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan based on certain percentages of employees' salaries. The total expenses the Group incurred for the plan were RMB53,404 and RMB85,328 for the years ended December 31, 2017 and 2018, respectively, which are recorded in expenses based on the function of employees.

21. COMMITMENTS AND CONTINGENCIES*Operating lease commitments*

The Group has leased office premises under operating lease agreements for the periods from 2019 to 2024. Future minimum lease payments for non-cancellable operating leases are as follows:

	As of December 31, 2018
	RMB
2019	32,227
2020	21,181
2021	17,958
2022	18,059
2023 and after	32,835
	122,260

21. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease commitments (Continued)

Rental expenses amounted to RMB17,578 and RMB40,519 for the years ended December 31, 2017 and 2018, respectively. Rental expenses are charged to the consolidated statements of operations and comprehensive loss when incurred.

Contingencies

The Group is subject to a number of legal or administrative proceedings that generally arise in the ordinary course of its business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements.

22. SEGMENT INFORMATION

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group does not distinguish among markets or segments for the purpose of internal reports, therefore, has only one operating segment.

23. RESTRICTED NET ASSETS

Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises and local enterprises, the Group's entities in the PRC must make appropriation from after-tax profit to non-distributable reserve funds as determined by the Board of Directors of the Company.

PRC laws and regulations permit payments of dividends by the Company's subsidiaries and VIE incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's subsidiaries and VIE incorporated in the PRC are required to annually appropriate 10% of their net income to the statutory reserve prior to payment of any dividends, unless such reserve has reached 50% of their respective registered capital. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC.

As a result of these PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital, additional paid-in capital and the statutory reserves of the Company's PRC subsidiaries, VIE and VIE's subsidiaries. As of December 31, 2017 and December 31, 2018, the total of restricted net assets were RMB2,724,903 and RMB5,742,656, respectively.

24. SUBSEQUENT EVENT

The subsequent events were evaluated through December 5, 2019, which is the issuance date of the audited consolidated financial statements.

From October to December 2019, the Group granted options to purchase 2,110,000 ordinary shares to the Group's employees with the exercise price of US\$0.80 under the 2015 Plan, of which 25% vest on the anniversary of the grant date each year and can only be exercised upon an IPO condition.

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
DADA NEXUS LIMITED
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED BALANCE SHEETS
(Amounts in thousands, except for share and per share data)

	As of December 31,		
	2017 RMB	2018 RMB	2018 US\$ (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents	1,142,112	1,627,263	227,662
Prepayments and other current assets	22	2,401	337
Total current assets	1,142,134	1,629,664	227,999
Amount due from subsidiaries, VIE and VIE's subsidiaries	624,046	2,763,938	386,689
Investments in subsidiaries, VIE and VIE's subsidiaries	1,426,728	—	—
Intangible assets, net	748,514	638,790	89,370
Total non-current assets	2,799,288	3,402,728	476,059
TOTAL ASSETS	3,941,422	5,032,392	704,058
LIABILITIES			
Amount due to subsidiaries, VIE and VIE's subsidiaries	522,825	—	—
Accrued expenses and other current liabilities	9,869	11,269	1,577
TOTAL LIABILITIES	532,694	11,269	1,577
MEZZANINE EQUITY	5,883,754	9,798,011	1,370,792
SHAREHOLDERS' DEFICIT			
Ordinary shares (US\$0.0001 par value, 1,616,803,191 and 1,499,945,349 shares authorized, 355,105,296 and 362,197,963 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	227	232	32
Additional paid-in capital	1,513,420	1,052,954	147,314
Subscription receivable	(35)	(35)	(5)
Accumulated deficit	(4,091,770)	(5,970,145)	(835,254)
Accumulated other comprehensive income	103,132	140,106	19,602
TOTAL SHAREHOLDERS' DEFICIT	(2,475,026)	(4,776,888)	(668,311)
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT	3,941,422	5,032,392	704,058

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
DADA NEXUS LIMITED
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Amounts in thousands, except for share and per share data)

	Years ended December 31,		
	2017	2018	2018
	RMB	RMB	US\$ (Note 2)
Net Revenues	—	—	—
General and administrative expenses	(209,656)	(197,983)	(27,699)
Interest income	2,111	21,524	3,011
Foreign exchange loss	(13)	(175)	(24)
Fair value change in warrant liabilities	82,467	—	—
Equity in deficits of subsidiaries, VIE and VIE's subsidiaries	(1,323,999)	(1,701,741)	(238,081)
Net loss attributed to Dada Nexus Limited	(1,449,090)	(1,878,375)	(262,793)
Accretion of convertible redeemable preferred shares	(374,246)	(511,646)	(71,582)
Net loss available to ordinary shareholders	(1,823,336)	(2,390,021)	(334,375)
Net Loss	(1,449,090)	(1,878,375)	(262,793)
Other comprehensive income/(loss)			
Foreign currency translation adjustments	(108,449)	36,974	5,173
Total comprehensive loss	(1,557,539)	(1,841,401)	(257,620)

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
DADA NEXUS LIMITED
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF CASHFLOW
(Amounts in thousands, except for share and per share data)

	Years ended December 31,		
	2017 RMB	2018 RMB	2018 US\$ (Note 2)
Cash flows from operating activities:			
Net loss	(1,449,090)	(1,878,375)	(262,793)
<i>Adjustments to reconcile net loss to net cash used in operating activities</i>			
Equity in losses of subsidiaries, VIE and VIE's subsidiaries	1,323,999	1,701,741	238,081
Share-based compensation	60,841	51,185	7,161
Fair value change in warrant liabilities	(82,467)	—	—
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other current assets	1	(2,379)	(333)
Accrued expenses and other current liabilities	7,841	1,400	197
Net cash provided by operating activities	(138,875)	(126,428)	(17,687)
Cash flows from investing activities:			
Investment in subsidiaries, VIE and VIE's subsidiaries	(398,710)	—	—
Cash paid to subsidiaries, VIE and VIE's subsidiaries	(511,374)	(2,791,032)	(390,480)
Proceeds from subsidiaries, VIE VIE's subsidiaries	522,825	—	—
Net cash used in investing activities	(387,259)	(2,791,032)	(390,480)
Cash flows from financing activities:			
Proceeds from issuance of convertible redeemable preferred shares	983,820	3,412,300	477,398
Cash paid for share issuance costs	—	(9,689)	(1,356)
Net cash provided by financing activities	983,820	3,402,611	476,042
Net increase in cash and cash equivalents	457,686	485,151	67,875
Cash and cash equivalents, beginning of the year	684,426	1,142,112	159,787
Cash and cash equivalents, end of the year	<u>1,142,112</u>	<u>1,627,263</u>	<u>227,662</u>

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
DADA NEXUS LIMITED
FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO SCHEDULE I

- 1) Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The Company does not include condensed financial information as to the changes in equity as such financial information is the same as the consolidated statements of changes in shareholders' equity.
- 2) The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and VIE. For the parent company, the Company records its investments in subsidiaries and VIE under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as “Investment in subsidiaries, VIEs and VIEs’ subsidiaries” and the subsidiaries and VIE’s profit or loss as “Equity in losses of subsidiaries, VIEs and VIEs’ subsidiaries” on the Condensed Statements of Operations and Comprehensive Income. Ordinarily under the equity, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries and VIE regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.
- 3) For the years ended December 31, 2017 and 2018, there were no material contingencies, significant provisions of long-term obligations, guarantees of the Company.

DADA NEXUS LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data and otherwise noted)

	Note	As of December 31, 2018 RMB	As of September 30, 2019 RMB	US\$ (Note 2)
ASSETS				
Current assets:				
Cash and cash equivalents		2,744,006	2,361,554	330,394
Short-term investments		721,380	121,858	17,049
Accounts receivable, net of allowance for doubtful accounts of RMB 316 and nil as of December 31, 2018 and September 30, 2019, respectively		30,344	40,807	5,709
Inventories, net		7,887	3,064	429
Amount due from related parties	11	159,363	219,351	30,688
Prepayments and other current assets		96,978	98,871	13,833
Total current assets		3,759,958	2,845,505	398,102
Property and equipment, net		22,545	30,485	4,265
Goodwill		957,605	957,605	133,974
Intangible assets, net	4	900,632	776,166	108,590
Other non-current assets		6,117	5,930	830
Total non-current assets		1,886,899	1,770,186	247,659
TOTAL ASSETS		5,646,857	4,615,691	645,761
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities (including amounts of the consolidated VIE without recourse to the Company. See Note 2.2)				
Accounts payable		8,662	7,568	1,059
Payable to riders		280,097	280,297	39,215
Amount due to related parties	11	54,302	39,750	5,561
Accrued expenses and other current liabilities	5	229,940	294,129	41,153
Total current liabilities		573,001	621,744	86,988
Deferred tax liabilities		52,733	45,959	6,430
Total non-current liabilities		52,733	45,959	6,430
TOTAL LIABILITIES		625,734	667,703	93,418
Commitments and contingencies	12			

DADA NEXUS LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands, except share data and otherwise noted)

	Note	<u>As of December 31,</u> <u>2018</u> RMB	<u>As of September 30,</u> <u>2019</u>	
			RMB	US\$ (Note 2)
MEZZANINE EQUITY	7			
Series A Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 77,000,000 shares authorised, issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		15,260	16,248	2,273
Series B Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 37,748,300 shares authorised, issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		187,316	199,430	27,901
Series C Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 44,286,448 shares authorised, issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		781,399	832,106	116,416
Series D Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 95,524,122 shares authorised, 64,001,162 shares issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		2,209,604	2,348,683	328,593
Series E Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 128,637,939 shares authorised; 93,580,586 shares issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		3,085,171	3,251,445	454,894
Series F Convertible Redeemable Preferred Shares (US\$ 0.0001 par value, 116,857,842 shares authorised, issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		3,519,261	3,727,925	521,556
TOTAL MEZZANINE EQUITY		9,798,011	10,375,837	1,451,633
SHAREHOLDERS' DEFICIT				
Ordinary shares (US\$0.0001 par value, 1,499,945,349 shares authorized, 362,197,963 shares issued and outstanding as of December 31, 2018 and September 30, 2019, respectively)		232	232	32
Additional paid-in capital		1,052,954	512,841	71,749
Subscription receivable		(35)	(35)	(5)
Accumulated deficit		(5,970,145)	(7,098,143)	(993,067)
Accumulated other comprehensive income		140,106	157,256	22,001
TOTAL SHAREHOLDERS' DEFICIT		(4,776,888)	(6,427,849)	(899,290)
TOTAL LIABILITIES, MAZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		5,646,857	4,615,691	645,761

The accompanying notes are an integral part of these condensed consolidated financial statements.

DADA NEXUS LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS AND COMPREHENSIVE LOSS
(Amounts in thousands, except share and per share data and otherwise noted)

	Note	Nine months ended September 30,		
		2018 RMB	2019 RMB	US\$ (Note 2)
Net Revenues (including related-party revenues of RMB666,270 and RMB1,148,605 for the nine months ended September 30, 2018 and 2019, respectively)		1,313,077	1,913,260	267,675
Operating expenses				
Fulfillment expenses		(1,448,729)	(1,762,599)	(246,597)
Selling and marketing expenses		(842,136)	(929,369)	(130,024)
General and administrative expenses		(198,433)	(210,647)	(29,471)
Research and development expenses		(194,090)	(238,562)	(33,376)
Other operating expenses		(64,612)	(33,264)	(4,653)
Total operating expenses		(2,748,000)	(3,174,441)	(444,121)
Other operating income		18,422	70,185	9,819
Loss from operations		(1,416,501)	(1,190,996)	(166,627)
Other income/(expenses)				
Interest income		32,700	69,594	9,737
Interest expenses		(3,122)	—	—
Foreign exchange loss		(2,762)	(13,370)	(1,871)
Fair value change in foreign currency forward contract		13,463	—	—
Total other income		40,279	56,224	7,866
Loss before income tax benefits		(1,376,222)	(1,134,772)	(158,761)
Income tax benefits	9	11,086	6,774	948
Net loss and net loss attributable to the Company		(1,365,136)	(1,127,998)	(157,813)
Accretion of convertible redeemable preferred shares	7	(335,758)	(577,826)	(80,841)
Net loss available to ordinary shareholders		(1,700,894)	(1,705,824)	(238,654)
Net loss per ordinary share available to ordinary shareholders	8			
Basic		(4.73)	(4.71)	(0.66)
Diluted		(4.73)	(4.71)	(0.66)
Weighted average shares used in calculating net loss per ordinary share				
Basic		359,262,170	362,197,963	362,197,963
Diluted		359,262,170	362,197,963	362,197,963
Net Loss		(1,365,136)	(1,127,998)	(157,813)
Other comprehensive income				
Foreign currency translation adjustments		49,317	17,150	2,399
Total comprehensive loss		(1,315,819)	(1,110,848)	(155,414)

The accompanying notes are an integral part of these condensed consolidated financial statements.

DADA NEXUS LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Amounts in thousands, except share data and otherwise noted)

	Note	Ordinary shares (par value US\$0.0001)		Additional paid-in capital RMB	Subscription receivables RMB	Accumulated deficit RMB	Accumulated other comprehensive income RMB	Total shareholders' deficit RMB
		Numbers of Shares	RMB					
Balance as of January 1, 2018		355,105,296	227	1,513,420	(35)	(4,091,770)	103,132	(2,475,026)
Issuance of ordinary shares for vested restricted share units		7,092,667	5	(5)	—	—	—	—
Share-based compensation	6	—	—	40,426	—	—	—	40,426
Net loss		—	—	—	—	(1,365,136)	—	(1,365,136)
Accretion of convertible redeemable preferred shares	7	—	—	(335,758)	—	—	—	(335,758)
Foreign currency translation adjustments		—	—	—	—	—	49,317	49,317
Balance as of September 30, 2018		362,197,963	232	1,218,083	(35)	(5,456,906)	152,449	(4,086,177)
Balance as of January 1, 2019		362,197,963	232	1,052,954	(35)	(5,970,145)	140,106	(4,776,888)
Share-based compensation	6	—	—	37,713	—	—	—	37,713
Net loss		—	—	—	—	(1,127,998)	—	(1,127,998)
Accretion of convertible redeemable preferred shares	7	—	—	(577,826)	—	—	—	(577,826)
Foreign currency translation adjustments		—	—	—	—	—	17,150	17,150
Balance as of September 30, 2019		362,197,963	232	512,841	(35)	(7,098,143)	157,256	(6,427,849)

The accompanying notes are an integral part of these condensed consolidated financial statements.

DADA NEXUS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands and otherwise noted)

	Nine months ended September 30,		
	2018 RMB	2019 RMB	US\$ (Note 2)
Cash flows from operating activities:			
Net loss	(1,365,136)	(1,127,998)	(157,813)
<i>Adjustments to reconcile net loss to net cash used in operating activities</i>			
Depreciation and amortization	157,973	160,935	22,516
Share-based compensation	40,426	37,713	5,276
Foreign exchange loss	2,762	13,370	1,871
Loss from disposal of property and equipment	2,724	953	133
Reversal for doubtful accounts	—	(316)	(44)
Fair value change in foreign currency forward contract	(13,463)	—	—
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable	(6,997)	(10,147)	(1,420)
Inventories	(3,416)	4,823	675
Amount due from related parties	(62,820)	(59,988)	(8,393)
Prepayments and other current assets	(20,879)	(3,195)	(447)
Other non-current assets	(3)	187	26
Accounts payable	5,777	(1,094)	(153)
Amount due to related parties	(16,457)	(14,552)	(2,036)
Payable to riders	(8,359)	200	28
Accrued expenses and other current liabilities	3,174	64,189	8,980
Deferred tax liabilities	(11,128)	(6,774)	(948)
Net cash used in operating activities	(1,295,822)	(941,694)	(131,749)
Cash flows from investing activities:			
Disposal of wealth management product	2,177,510	4,350,922	608,716
Purchase of wealth management product	(2,137,610)	(3,751,400)	(524,840)
Proceeds from disposal of foreign currency forward contract	36,310	—	—
Purchase of property and equipment and intangible assets	(24,152)	(28,330)	(3,963)
Proceeds from disposal of property and equipment	641	292	41
Net cash provided by investing activities	52,699	571,484	79,954
Cash flows from financing activities:			
Cash paid for short-term loan	(354,499)	—	—
Proceeds from issuance of convertible redeemable preferred shares	3,412,300	—	—
Cash paid for share issuance costs	(9,689)	—	—
Net cash provided by financing activities	3,048,112	—	—
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	12,788	(12,242)	(1,712)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,817,777	(382,452)	(53,507)
Cash and cash equivalents and restricted cash, beginning of the period	1,919,268	2,744,006	383,901
Cash and cash equivalents and restricted cash, end of the period	<u>3,737,045</u>	<u>2,361,554</u>	<u>330,394</u>
Supplemental disclosure for cash flow information			
Cash paid for interest	3,122	—	—
Cash paid for income taxes	42	—	—
Supplemental disclosure of non-cash investing and financing activities			
Accretion of convertible redeemable preferred shares	335,758	577,826	80,841

The accompanying notes are an integral part of these condensed consolidated financial statements.

DADA NEXUS LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except share and per share data)

1. ORGANIZATION AND NATURE OF OPERATIONS

Description of Business

Dada Nexus Limited (the “Company”) was incorporated under the laws of the Cayman Islands on July 8, 2014. The Company through its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries (collectively, the “Group”) primarily provides delivery service and marketplace service to its customers through its mobile platforms, websites and mini programs. The Group’s principal operations and geographic markets are in the People’s Republic of China (“PRC”).

As of September 30, 2019, the Company’s major subsidiaries and consolidated VIE are as follows:

<u>Name of Company</u>	<u>Place of incorporation</u>	<u>Date of incorporation /acquisition</u>	<u>Percentage of direct or indirect economic ownership</u>	<u>Principal activities</u>
Subsidiaries				
Dada Wisdom (HK) Limited (“Dada Wisdom”)	Hong Kong	July 24, 2014	100%	Investment holding
Dada Glory Network Technology (Shanghai) Co., Ltd. (“Dada Glory”)	PRC	November 7, 2014	100%	Providing services in connection with on-demand delivery platform (“Dada Now”)
Shanghai JD Daojia Yuanxin Information Technology Co., Ltd. (“Shanghai JDDJ”)	PRC	April 26, 2016	100%	Providing services in connection with on-demand retail platform (“JDDJ”).
VIE				
Shanghai Qusheng Internet Technology Co. Ltd. (“Shanghai Qusheng”)	PRC	July 2, 2014	100%	Holding of value-added telecommunications services license of Dada Now and maintaining Dada Now website
VIE’s Subsidiary				
Shanghai JD Daojia Youheng E-Commerce Information Technology Co., Ltd. (“JDDJ Youheng”)	PRC	December 3, 2015	100%	Holding of value-added telecommunications services license of JDDJ and maintaining JDDJ website

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for the periods presented.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and VIE’s subsidiaries in which it has a controlling financial interest. The results of the subsidiaries, VIE and VIE’s

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

subsidiaries are consolidated from the date on which the Company obtained control and continue to be consolidated until the date that such control ceases. All intercompany balances and transactions between the Group, its subsidiaries, VIE and VIE's subsidiaries have been eliminated in consolidation.

The following amounts and balances of the consolidated VIE were included in the Group's consolidated financial statements after the elimination of intercompany balances and transactions:

	<u>As of December 31,</u> <u>2018</u>	<u>As of September 30,</u> <u>2019</u>
	<u>RMB</u>	<u>RMB</u>
Cash and cash equivalents	28	38
Short-term investments	590	1,838
Accounts receivable, net	4,808	625
Prepayments and other current assets	2,394	3,793
Property and equipment, net	7	6
Intangible assets, net	107	14,572
Total assets	7,934	20,872
Amount due to related parties	32	—
Accrued expenses and other current liabilities	2,580	8,496
Total liabilities	2,612	8,496
	<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2019</u>
	<u>RMB</u>	<u>RMB</u>
Net Revenues	2,368	3,047
Net loss	(13,272)	(25,613)
Net cash used in/(provided by) operating activities	(1,863)	16,017
Net cash used in/(provided by) investing activities	930	(16,007)

The VIE contributed approximately 0.2% and 0.2% of the Group's consolidated net revenues for the nine months ended September 30, 2018 and 2019, respectively. As of December 31, 2018 and September 30, 2019, the VIE accounted for an aggregate of approximately 0.1% and 0.5%, respectively, of the consolidated total assets, and approximately 0.4% and 1.3%, respectively, of the consolidated total liabilities.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Group or its subsidiaries to provide financial support to the VIE. However, if the VIE was ever to need financial support, the Group or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIE through loans to the shareholders of the VIE or entrustment loans to the VIE.

The Group believes that there are no assets held in the consolidated VIE that can be used only to settle obligations of the VIE, except for paid-in capital, additional paid-in capital and the PRC statutory reserves. As the consolidated VIE is incorporated as a limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Group for any of the liabilities of the consolidated VIE.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of their paid-in capital, additional paid-in capital and the PRC statutory reserve, to the Group in the form of loans and advances or cash dividends.

2.3 Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Group's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Group to revise its estimates. Significant accounting estimates reflected in the Group's financial statements mainly include the useful lives of property and equipment and intangible assets, assumptions used to measure the impairment of goodwill, property and equipment and intangible assets, assumptions impacting the valuation of ordinary shares, share options and warrant liabilities, and realization of deferred tax assets.

2.4 Convenience translation

The Group's business is primarily conducted in China and almost all of its revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the then current exchange rates, for the convenience of the readers. Translations of balances in the consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated statements of cash flows from RMB into US dollars as of and for the nine months ended September 30, 2019 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB7.1477 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on September 30, 2019. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on September 30, 2019, or at any other rate.

2.5 Revenue recognition

Disaggregation of revenues

For the nine months ended September 30, 2018 and 2019, all of the Group's revenues were generated in the PRC. The disaggregated revenues by revenue streams were as follows:

	Nine months ended September 30	
	2018 RMB	2019 RMB
Dada Now		
Services	722,215	1,132,012
Sales of goods	37,077	30,837
Subtotal	759,292	1,162,849
JDDJ		
Services	510,738	750,411
Others(1)		
Services	23,402	—
Sales of goods	19,645	—
Subtotal	43,047	—
Total	1,313,077	1,913,260

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue recognition (Continued)

Disaggregation of revenues (Continued)

Note:

(1) Includes net revenues from unmanned retail shelves and front-end warehouses business.

Contract balances

The remaining unsatisfied performance obligation as of December 31, 2018 and September 30, 2019 was immaterial.

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents amounts recognized when the Group has satisfied its performance obligation and has the unconditional right to payment.

The Group receives advance payments from customers pursuant to agreements with certain customers before the service or product is provided, which is recorded as advance for marketing services or goods sale included in the accrued expenses and other current liabilities on the condensed consolidated balance sheets. The opening and closing balances of the Group's advances from customers are as follows:

	<u>Advances from Customers</u> RMB
Opening Balance as of January 1, 2018	331
Increase, net	1,676
Ending Balance as of September 30, 2018	2,007
Opening Balance as of January 1, 2019	3,392
Increase, net	20,994
Ending Balance as of September 30, 2019	24,386

The opening balances of RMB331 and RMB3,392 were recognized in the nine months ended September 30, 2018 and 2019, respectively.

2.6 Stock-based compensation

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployees Share-Based Payment Accounting*. The intention of ASU 2018-07 is to expand the scope of Topic 718 to include share-based payment transactions in exchange for goods and services from nonemployees. These share-based payments will now be measured at grant-date fair value of the equity instrument issued. Upon adoption, only liability-classified awards that have not been settled and equity-classified awards for which a measurement date has not been established should be remeasured through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Group adopted the provisions of this guidance on January 1, 2019 and the adoption of this standard did not have a material impact on the Group's condensed consolidated financial statements. No cumulative-effect adjustment to retained earnings as of January 1, 2019 was made.

2.7 Earnings (Loss) per share

Basic earnings (loss) per share are computed by dividing net income (loss) available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.7 Earnings (Loss) per share (Continued)

The Company's convertible redeemable preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Accordingly, the Company uses the two-class method of computing earnings per share, whereby undistributed net income is allocated on a pro rata basis to each participating share to the extent that each class may share net income for the period. Undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss of the Group.

Diluted earnings (loss) per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had convertible redeemable preferred shares, share options and restricted share units, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted income per share, the effect of the convertible redeemable preferred shares is computed using the as-if-converted method; the effect of the stock options and restricted share units is computed using the treasury stock method.

2.8 Unaudited pro forma loss per share

Pro forma basic and diluted loss per share is computed by dividing net loss available to the Group's ordinary shareholders, by the weighted average number of ordinary shares outstanding for the nine months ended September 30, 2019 plus the number of ordinary shares resulting from the assumed conversion of the outstanding preferred shares into ordinary shares using the conversion ratio of one for one upon completion of a qualified initial public offering.

Pro forma loss per share is not presented because the effect of the conversion of the outstanding convertible preferred shares using a conversion ratio of one for one would not result in any dilution in net losses per share applicable to ordinary shareholders.

3. FAIR VALUE MEASUREMENTS

The Group's financial instruments include cash and cash equivalent, receivables, payables, prepayments and other current assets, amount due from and due to related parties and accrued expenses and other current liabilities. The carrying amounts of these short-term financial instruments approximate their fair value due to their short-term nature.

As of December 31, 2018 and September 30, 2019, the Group's wealth management products that are measured at fair value on a recurring basis subsequent to their initial recognition is RMB 721,380 and RMB 121,858, respectively, using Level 2 inputs based upon significant other observable inputs.

Certain non-financial assets are measured at fair value on a nonrecurring basis, including property, plant, and equipment, goodwill and intangible assets and they are recorded at fair value only when impairment is recognized by applying unobservable inputs such as forecasted financial performance and discount rate to the discounted cash flow valuation methodology that are significant to the measurement of the fair value of these assets. During the nine months ended September 30, 2018 and 2019, there was no asset impairment recognized.

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4. INTANGIBLE ASSETS, NET

Gross carrying amount, accumulated amortization and net book value of the intangible assets are as follows:

	<u>As of December 31,</u> <u>2018</u>	<u>As of September 30,</u> <u>2019</u>
	<u>RMB</u>	<u>RMB</u>
BCA	459,661	473,705
NCC	572,224	589,708
Trademark and domain name	324,161	338,920
Technology	96,000	96,000
Less: Accumulated amortization	(551,414)	(722,167)
Intangible assets, net	<u>900,632</u>	<u>776,166</u>

Amortization expenses related to intangible assets were RMB149,598 and RMB155,248 for the nine months ended September 30, 2018 and 2019, respectively.

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>As of December 31,</u> <u>2018</u>	<u>As of September 30,</u> <u>2019</u>
	<u>RMB</u>	<u>RMB</u>
Salaries and welfare payables	51,287	71,184
Payables to on-demand retail platform retailers (1)	48,192	42,218
Advance for delivery service (2)	33,406	38,242
Accrued marketing expenses	26,510	24,980
Advance for online marketing service (3)	882	23,790
Advance from goods sales	2,510	596
Deposits from retailers and outsourced delivery agency	21,065	21,874
Tax payables	7,753	19,417
Professional fee payables	14,497	16,299
Rental payables	7,333	10,466
Others	16,505	25,063
Total	<u>229,940</u>	<u>294,129</u>

- (1) Payables to on-demand retail platform retailers represent cash collected on behalf of retailers for products sold through the Group's on-demand retail platform.
- (2) Advance for delivery service represents the prepayments for on-demand delivery services. The amount is refundable if no service is provided.
- (3) Advance for online marketing service represents the prepayments from brand owners for advertising services.

6. SHARE-BASED COMPENSATION

In February 2015, the Group adopted the 2015 Incentive Compensation Plan ("2015 Plan"), which permits the granting of share options, restricted share units and other equity incentives to employees, directors and consultants of the Group. The 2015 plan administrator is the Group's board of directors. The board may also authorize one or more of the Group's officers to grant awards under the plan. The Group has authorized 68,698,662 ordinary shares for issuance under the 2015 Plan.

6. SHARE-BASED COMPENSATION (CONTINUED)

Employee options:

Under the 2015 Plan, options granted to employees vest upon satisfaction of a service condition, which is generally satisfied over four years. Additionally, the 2015 Plan includes a condition where employees can only exercise vested options upon the occurrence of the Company's ordinary shares becoming listed securities, which substantially creates a performance condition ("IPO Condition") that has not been met. Therefore, since the adoption of the 2015 Plan, the Group has not recognized any stock-based compensation expenses for options granted, except for the repurchase of 1,199,608 share options recorded as a modification in 2016. The Group granted 3,374,956 and 3,230,000 share options to certain of its employees in the nine months ended September 30, 2018 and 2019, respectively. The options expire in ten years from the date of grant.

Non-employee options:

Under the 2015 Plan, the Group granted 2,000,000 share options to certain non-employees in 2015, which vest over a 4-year service period, including a condition where optionee can only exercise vested options when the Company's ordinary shares become listed securities. Therefore, the Group has not recognized any stock-based compensation expenses for non-employee options granted, except for the repurchase of 716,431 share option recorded as a modification in 2016. The options expire in ten years from the date of grant. The Group did not grant any share options to non-employees for the nine months ended September 30, 2018 and 2019, respectively.

The Group adopted ASU 2018-07 on January 1, 2019 and the stock-based compensation expense for non-employee grants for which a measurement date has not been established is remeasured based on the estimated fair value of the Company's ordinary share of US\$2.26 on January 1, 2019.

In determining the fair value of the stock options, the binomial option pricing model was applied. The key assumptions used to determine the fair value of the options at the respective grant dates in the nine months ended 2019 were as follows:

	<u>Nine months ended September 30</u>	
	<u>2019</u>	
Expected volatility		37%~40%
Risk-free interest rate (per annum)		2.5%~3.6%
Exercise multiples		2.2
Expected dividend yield		0.00%
Fair value of underlying Ordinary Shares	US\$	2.26~3.23
Fair value of share option	US\$	1.59~2.51

The Group estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. The Group estimated the risk-free interest rate based on the yield to maturity of U.S. government bonds at grant date with a maturity period close to the contract term of options, adjusted by country risk differential between U.S. and China. As the Group has had no option exercise history, it estimated exercise multiples based on empirical research on typical employee stock option exercising behavior. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. The Group determined the fair value of ordinary shares underlying each share option grant based on estimated equity value and allocation of it to each element of its capital structure. The assumptions used in share-based compensation expenses recognition represent the Group's best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

6. SHARE-BASED COMPENSATION (CONTINUED)

Non-employee options (Continued):

The following table summarized the Group's share option activities under the Option Plans:

	<u>Number of options</u>	<u>Weighted average exercise price US\$</u>	<u>Weighted average remaining contract life</u>	<u>Weighted average grant date fair value US\$</u>	<u>Aggregate intrinsic value US\$</u>
Outstanding at January 1, 2019	36,159,113	0.29	6.99	0.43	65,356
Granted	3,230,000	0.80		2.31	
Forfeited	(1,764,587)	0.80		1.46	
Outstanding at September 30, 2019	37,624,526	0.31	6.43	0.63	106,391
Vested and expect to vest at September 30, 2019	37,624,526	0.31	6.43	0.63	106,391
Exercisable at September 30, 2019	—	—	—	—	—

As of September 30, 2019, share-based compensation of US\$ 9,771 (RMB 69,109) would be recognised immediately if the IPO Condition had been met. As of September 30, 2019, there was US\$ 23,737 of total unrecognized compensation expense related to options.

Restricted share units

On December 8, 2015, May 27, 2016 and December 4, 2018, the Group granted restricted share units of 14,185,333, 9,348,000 and 3,000,000, respectively, to employees including directors, subject to service vesting schedule of four years under the 2015 Plan. The estimated fair values on the grant date of each restricted share unit were US\$ 1.08 (RMB 6.92), US\$ 1.16 (RMB 7.60), and US\$ 2.26 (RMB 15.58), respectively.

The following table summarized the Group's restricted share unit activities under the 2015 Plan:

	<u>Number of restricted share units</u>	<u>Weighted average grant date fair value US\$</u>
Unvested at January 1, 2019	6,483,833	1.60
Vested	(3,222,250)	1.29
Unvested at September 30, 2019	3,261,583	1.94
Expected to vest at December 31, 2018	3,261,583	

Restricted share units granted to employees are measured based on their grant-date fair values and recognized as compensation cost on a straight-line basis over the requisite service period. Total share-based compensation expenses recognized for these restricted share units in nine months ended September 30, 2018 and 2019 were US\$ 2,873 (RMB 18,781) and US\$ 4,144 (RMB 28,576), respectively. As of September 30, 2019, there were US\$ 6,325 (RMB 44,736) of unrecognized compensation expenses related to unvested restricted share units which is expected to be recognized over a weighted-average period of 2.37 years.

JD's Share Incentive Plan (the "JD Employee Awards")

On April 26, 2016, the Group consummated the acquisition of JDDJ business from JD. The acquisition involved the transfer of certain employees from JD to the Group. These employees were granted with unvested restricted share units by JD (the "JD Employee Awards") when they were employed by JD. The JD Employee Awards which are generally vested annually over six years continued in effect after the acquisition for the employees transferred to the Group, provided that these employees continue their employment with the Group or any subsidiaries of JD.

6. SHARE-BASED COMPENSATION (CONTINUED)

JD's Share Incentive Plan (the "JD Employee Awards") (Continued)

The Group recognizes the entire cost of JD Employee Awards incurred by JD, the Group's shareholder, as compensation cost with a corresponding amount as a capital contribution in accordance with the accounting guidance for non-employee grants. On January 1, 2019, the Group adopted ASU 2018-07. The stock-based compensation expense for which a measurement date has not been established is remeasured based on the fair value of the JD's ordinary share of US\$ 20.93 on January 1, 2019.

Total share compensation amounts recorded were US\$ 1,980 (RMB 12,831) and US\$ 1,331 (RMB 9,137) for the nine months ended September 30, 2018 and 2019, respectively. The total amount of unrecognized compensation expenses based on the fair value of unvested restricted share unit as of January 1, 2019 were US\$ 3,483 (RMB 24,635), and is expected to be recognized over a weighted-average period of 2.79 years.

	Number of restricted share units	Weighted average fair value US\$
Unvested at January 1, 2019	218,825	20.93
Vested	(49,112)	20.93
Forfeited	(3,321)	20.93
Unvested at September 30, 2019	166,392	20.93
Expected to vest at September 30, 2019	166,392	

7. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The following table summarized the rollforward of the carrying amount of the preferred equity for the nine months ended September 30, 2018 and 2019:

	Series A RMB	Series B RMB	Series C RMB	Series D RMB	Series E RMB	Series F RMB	Total RMB
January 1, 2018	14,064	172,655	720,028	2,041,281	2,935,726	—	5,883,754
Issuance	—	—	—	—	—	3,402,611	3,402,611
Accretion	871	10,680	44,700	122,603	108,852	48,052	335,758
September 30, 2018	14,935	183,335	764,728	2,163,884	3,044,578	3,450,663	9,622,123
January 1, 2019	15,260	187,316	781,399	2,209,604	3,085,171	3,519,261	9,798,011
Accretion	988	12,114	50,707	139,079	166,274	208,664	577,826
September 30, 2019	16,248	199,430	832,106	2,348,683	3,251,445	3,727,925	10,375,837

7. CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

As of September 30, 2019, a summary of convertible redeemable preferred shares are as follows:

Series	Average Issue Price per Share	Issuance Date	Shares Issued	Shares Outstanding	Proceeds from Issuance, net of Issuance Costs	Carrying/Redemption Amount
	US\$				US\$	RMB
A	0.2307	11/11/2014	77,000,000	77,000,000	1,777	16,248
B	0.5881	13/02/2015	37,748,300	37,748,300	22,200	199,430
C	2.1451	22/05/2015	44,286,448	44,286,448	95,000	832,106
D	4.1874	23/09/2015	58,508,525	58,508,525	245,000	2,152,579
D	4.1874	05/04/2016	5,492,637	5,492,637	23,000	196,104
E	4.2787	26/04/2016	46,743,137	46,743,137	198,378	1,697,718
E	4.2787	20/10/2016	11,685,784	11,685,784	50,000	423,871
E	4.2787	28/12/2017	35,151,665	35,151,665	150,403	1,129,856
F	4.2787	08/08/2018	116,857,842	116,857,842	498,582	3,727,925
			433,474,338	433,474,338	1,284,340	10,375,837

8. LOSS PER SHARE

Loss per share was computed by dividing net loss available to ordinary shareholders by the weighted average number of ordinary shares outstanding for the nine months ended September 30, 2018 and 2019:

	Nine months ended September 30	
	2018 RMB	2019 RMB
Numerator		
Net loss available to ordinary shareholders of the Company—basic and diluted	(1,700,894)	(1,705,824)
Denominator		
Weighted average number of ordinary shares outstanding	359,262,170	362,197,963
Basic and diluted loss per share	(4.73)	(4.71)

As a result of the Group's net loss for the nine months ended September 30, 2018 and 2019, the weighted average numbers of the Company's preferred shares, share options and restricted share units outstanding in the respective periods were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

	Nine months ended September 30	
	2018 RMB	2019 RMB
Series A convertible redeemable preferred shares	77,000,000	77,000,000
Series B convertible redeemable preferred shares	37,748,300	37,748,300
Series C convertible redeemable preferred shares	44,286,448	44,286,448
Series D convertible redeemable preferred shares	64,001,162	64,001,162
Series E convertible redeemable preferred shares	93,580,586	93,580,586
Series F convertible redeemable preferred shares	22,686,687	116,857,842
Share options	32,664,323	38,879,637
Restricted shares units	5,190,857	5,045,165

9. TAXATION

The current and deferred portion of income tax expenses included in the consolidated statements of operations and comprehensive loss are as follows:

	Nine months ended September 30	
	2018	2019
	RMB	RMB
Current tax expenses	42	—
Deferred tax benefits	(11,128)	(6,774)
Income tax benefits	(11,086)	(6,774)

The effective tax rate is based on expected income and statutory tax rates. For interim financial reporting, the Group estimates the annual tax rate based on projected taxable income for the full year and records a quarterly income tax provision in accordance with the guidance on accounting for income taxes in an interim period. As the year progresses, the Group refines the estimates of the year's taxable income as new information becomes available. This continual estimation process often results in a change to the expected effective tax rate for the year. When this occurs, the Group adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected annual tax rate.

The Group's effective tax rate for the nine months ended September 30, 2018 and 2019 was (0.79%) and (0.60%), respectively.

The deferred tax benefits are related to the amortization of deferred tax liabilities resulting from the intangible assets acquired from the business acquisition of JD.

The Company recorded a full valuation allowance against deferred tax assets of all its consolidated entities because all entities were in a cumulative loss position as of December 31, 2018 and September 30, 2019. No unrecognized tax benefits and related interest and penalties were recorded in any of the periods presented.

10. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, amount due from related parties and prepayments. The Group places its cash and cash equivalents and short-term investments with financial institutions with high-credit ratings and quality. Accounts receivable mainly consist of amounts receivable from merchants, which are all with good collection history. There are no significant concentrations of credit risk. With respect to prepayments, the Group performs on-going credit evaluations of the financial condition of these suppliers and has noted no significant credit risk.

Concentration of customers

The following customers accounted for 10% or more of revenues for the nine months ended September 30, 2018 and 2019, respectively.

	Nine months ended September 30	
	2018	2019
	RMB	RMB
Customer A	630,240	899,605
Customer B	*	249,000

* Less than 10%.

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10. CONCENTRATION OF CREDIT RISK (CONTINUED)

Concentration of customers (Continued)

The following customer accounted for 10% or more of accounts receivable as of December 31, 2018 and September 30, 2019, respectively.

	<u>As of December 31,</u> <u>2018</u>	<u>As of September 30,</u> <u>2019</u>
	RMB	RMB
Customer C	*	12,672
Customer D	*	11,073
Customer E	4,223	6,420
Customer F	4,215	*
Customer G	6,533	*

* Less than 10%.

Concentration of suppliers

The following suppliers accounted for 10% or more of accounts payable as of December 31, 2018 and September 30, 2019, respectively.

	<u>As of December 31,</u> <u>2018</u>	<u>As of September 30,</u> <u>2019</u>
	RMB	RMB
Supplier A	*	1,054
Supplier B	*	940
Supplier C	1,193	*

* Less than 10%.

Foreign currency risk

RMB is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Group included aggregated amounts of RMB 77,975 and RMB 1,596,488 denominated in RMB, as of December 31, 2018 and September 30, 2019, respectively.

11. RELATED PARTY TRANSACTIONS

The table below sets forth the major related parties and their relationships with the Group as of September 30, 2019:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
JD, its subsidiaries and affiliates ("JD Group")	Shareholder of the Company
Walmart, its subsidiaries and affiliates ("Walmart Group")	Shareholder of the Company
Co-founder	Executive of the Group

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group entered into the following transactions with the major related parties:

	Nine months ended September 30	
	2018	2019
	RMB	RMB
Revenues		
Services to JD Group ⁽¹⁾	630,240	899,605
Services to Walmart Group ⁽²⁾	15,703 ⁽³⁾	125,175 ⁽³⁾
Operating expenses:		
Operational support services from JD Group	24,257	25,596
Purchases from JD Group	14,688	33,597

(1) The services revenues from JD Group primarily consist of delivery service revenues. The Group fulfills the delivery needs of JD Group by utilizing the Group's network of riders on Dada Now where the Group acts as a principal. Revenues are recognized on a gross basis at a pre-determined amount for each completed delivery with the related volume-discount recorded as a reduction of revenue and the fee is settled monthly or weekly. The service agreement has an initial term of one year, and remains valid till other replacement agreement is signed by both parties.

JD Group also provides certain operational supporting services to the Group, such as cloud server services and customer and rider care services, the service fee is charged based on the actual cost incurred by JD Group as confirmed with the Group on a monthly basis. The service agreements have terms ranging from one to three years and have been renewed upon expiration.

In addition, the Group entered into the purchase agreement with JD Group in August 2016 to purchase goods from JD Group for sale on Dada Now. The purchase agreement has an initial term of one year, and remains valid till other replacement agreement is signed by both parties.

(2) Walmart Group became a related party in August 2018, therefore, only transactions occurred after August 2018 were presented as related party transactions. The services revenues from Walmart Group primarily consist of on-demand retail platform service revenues and delivery service revenues under the business cooperation agreement and service agreement with Walmart Group. The on-demand retail platform service revenues primarily consist of commission fees based on a pre-determined percentage charged to Walmart Group for participating in the Group's online marketplace. The Group also fulfills the delivery needs of Walmart Group on JDDJ where the Group acts as a principal. Revenues are recognized on a gross basis at a pre-determined amount for each completed delivery. The Group entered into the business cooperation agreement with Walmart Group in June 2016, which was amended and restated in August 2018. The amended and restated business cooperation agreement has a term of six years. The service agreement has an initial term of one year, and remains valid till the termination of the business cooperation agreement.

(3) This amount does not include the delivery services revenue paid by consumers for purchases from Walmart stores on JDDJ, which was RMB20,327 and RMB 123,825 for the period from August through September 2018 and the nine months ended September 30, 2019, respectively.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Group had the following balances with the major related parties:

	<u>As of December 31,</u> 2018 RMB	<u>As of September 30,</u> 2019 RMB
Current assets:		
Amount due from JD Group	151,481	167,710
Amount due from Walmart Group	7,354	51,113
Amount due from co-founder	528	528
Total	<u>159,363</u>	<u>219,351</u>
Current liabilities:		
Amount due to JD Group	32,672	7,276
Amount due to Walmart Group	21,630	32,474
Total	<u>54,302</u>	<u>39,750</u>

The Group provides collection of Cash on Delivery service when performing delivery services for JD Group. Amount due to JD Group includes cash collected from consumers on behalf of JD.COM when merchandises are delivered to them.

Amount due to Walmart includes cash collected from consumers on behalf of Walmart when the Group performs on-demand retail platform services to the Walmart Group.

12. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has leased office premises under operating lease agreements for the periods from 2019 to 2024. Future minimum lease payments for non-cancellable operating leases are as follows:

	<u>As of September 30, 2019</u> RMB
2019*	8,181
2020	28,291
2021	20,137
2022	18,049
2023 and after	32,916
	<u>107,574</u>

* Represents the three months ended December 31, 2019.

Rental expenses amounted to RMB 34,727 and RMB 29,382 for the nine months ended September 30, 2018 and 2019, respectively.

Contingencies

The Group is subject to a number of legal or administrative proceedings that generally arise in the ordinary course of its business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements.

13. SEGMENT INFORMATION

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group does not distinguish among markets or segments for the purpose of internal reports, therefore, has only one operating segment.

14. RESTRICTED NET ASSETS

As a result of these PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital, additional paid-in capital and the statutory reserves of the Company's PRC subsidiaries, VIE and VIE's subsidiaries. As of December 31, 2018 and September 30, 2019, the total restricted net assets were RMB 5,742,656 and RMB 5,772,656, respectively.

15. SUBSEQUENT EVENT

The subsequent events were evaluated through December 5, 2019, which is the issuance date of the condensed consolidated financial statements.

From October to December 2019, the Group granted options to purchase 2,110,000 ordinary shares to the Group's employees with the exercise price of US\$0.80 under the 2015 Plan, of which 25% vest on the anniversary of the grant date each year and can only be exercised upon an IPO conditions.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements, the form of which is filed as Exhibit [10.2] to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

In the past three years, we have issued the following securities (including options to acquire our ordinary shares and restricted share units). We believe that each of the following issuances was exempt from registration under the Securities Act pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Ordinary shares			
JD Sunflower Investment Limited	April 26, 2016	286,832,885	Certain business cooperation, business acquisition, and issuance of warrant
A consultant of the Company	May 31, 2016	716,413	US\$8,625
Pleasant Lake Limited	April 23, 2018	5,319,500	Vest of restricted share units
	December 8, 2019	5,319,500	Vest of restricted share units
High Altitude Limited	April 23, 2018	1,773,167	Vest of restricted share units
	December 8, 2019	1,773,166	Vest of restricted share units
Series E-1 preferred shares			
JD Sunflower Investment Limited	April 26, 2016	46,743,137	US\$200 million
	December 28, 2017	35,151,665	US\$150 million
Azure Holdings S.a.r.l.	October 20, 2016	11,685,784	US\$50 million
Series F preferred shares			
JD Sunflower Investment Limited	August 8, 2018	42,106,530	US\$180 million
Azure Holdings S.a.r.l.	August 8, 2018	74,751,312	US\$320 million
Options and restricted share units			
Certain directors, executive officers and employees as a group	February 22, 2016 to October 1, 2019	25,595,607	Past and future services to us

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index beginning on page [II-3] of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of “materiality” that are different from “materiality” under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Dada Nexus Limited

Exhibit Index

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Seventh Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2*	Eighth Amended and Restated Memorandum and Articles of Association of the Registrant, effective immediately prior to the closing of this offering
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement, among the Registrant, the depository and the holders and beneficial owners of American Depositary Shares issued thereunder
4.4†	Sixth Amended and Restated Shareholders Agreement between the Registrant and other parties thereto dated August 8, 2018
5.1*	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1*	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2	Opinion of Commerce & Finance Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)
10.1	Amended and Restated 2015 Equity Incentive Plan
10.2*	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.3*	Form of Employment Agreement between the Registrant and its executive officers
10.4	Form of Share Pledge Agreement by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Shanghai Qusheng Internet Technology Co., Ltd., and each shareholder of Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017
10.5	Exclusive Option Agreement, by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Mr. Philip Jiaqi Kuai and Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017
10.6	Exclusive Option Agreement, by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Mr. Jun Yang and Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017
10.7	Exclusive Option Agreement, by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Jiangsu Jingdong Bangneng Investment Management Co., Ltd. and Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017
10.8	Exclusive Option Agreement, by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Lhasa Heye Investment Management Co., Ltd. and Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017
10.9	Exclusive Option Agreement, by and among Dada Glory Network Technology (Shanghai) Co., Ltd., Shanghai Jinglinxiyu Investment Center L.P. and Shanghai Qusheng Internet Technology Co., Ltd., dated February 20, 2017

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.10	Exclusive Business Cooperation Agreement, by and between Dada Glory Network Technology (Shanghai) Co., Ltd. and Shanghai Qusheng Internet Technology Co., Ltd., dated November 14, 2014
10.11	Form of Power of Attorney, from each shareholder of Shanghai Qusheng Internet Technology Co., Ltd. to Dada Glory Network Technology (Shanghai) Co., Ltd., dated February 20, 2017
10.12††	English translation of Business Cooperation Agreement, by and between JD.com, Inc. and Dada Nexus Limited, dated April 26, 2016
10.13††	Amended and Restated Business Cooperation Agreement, by and between Walmart (China) Investment Co., Ltd. and Dada Nexus Limited, dated August 8, 2018
16.1*	Letter from PricewaterhouseCoopers Zhong Tian LLP to the Securities and Exchange Commission
21.1	List of Significant Subsidiaries and VIE of the Registrant
23.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm
23.2*	Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3	Consent of Commerce & Finance Law Offices (included in Exhibit 99.2)
24.1*	Powers of Attorney (included on signature page)
99.1*	Code of Business Conduct and Ethics of the Registrant
99.2	Opinion of Commerce & Finance Law Offices regarding certain PRC law matters
99.3	Consent of iResearch Consulting Group

* To be filed by amendment.
† Exhibit A contained in this agreement is an English translation, whereas the rest of the original agreement is in English.
†† Portions of this exhibit have been omitted in reliance of the revised Item 601 of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted portions upon request by the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Shanghai, China, on _____, 2020.

Dada Nexus Limited

By: _____
Name: Philip Jiaqi Kuai
Title: Chairman of the Board of Directors and
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Philip Jiaqi Kuai and Beck Zhaoming Chen as attorney-in-fact with full power of substitution for him or her in any and all capacities to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the “Securities Act”), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the “Shares”), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the “Registration Statement”) to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on _____, 2019.

<u>Signature</u>	<u>Title</u>
Philip Jiaqi Kuai	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)
Kui Zhou	Director
Zhenhui Wang	Director
Ran Xu	Director
Wern Yuen Tan	Director
Beck Zhaoming Chen	Chief Financial Officer (Principal Financial and Accounting Officer)

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Dada Nexus Limited, has signed this registration statement or amendment thereto in _____ on _____.

Authorized U.S. Representative

By: _____
Name:
Title:

THE COMPANIES LAW (REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SEVENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES

OF

ASSOCIATION

OF

Dada Nexus Limited

(adopted by a special resolution passed on August 8, 2018)

THE COMPANIES LAW (REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

Dada Nexus Limited

(adopted by a special resolution passed on August 8, 2018)

1. The name of the Company is Dada Nexus Limited.
2. The Registered Office of the Company shall be at Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands, or at such other place in the Cayman Islands as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The Company has unrestricted corporate capacity. Without limitation to the foregoing, as provided by Section 27(2) of the Companies Law (Revised), the Company has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit. Without in any way limiting the unrestricted nature of its objects, the Company may accept mortgages over land or any other property irrespective of location.
5. Nothing in any of the preceding paragraphs permits the Company to carry on any of the following businesses without being duly licensed, namely:
 - a. the business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Law (Revised); or
 - b. insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Law (Revised); or
 - c. the business of company management without being licensed in that behalf under the Companies Management Law (Revised).
6. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.

7. The authorized share capital of the Company is US\$200,000 divided into 2,000,000,000 Shares, consisting of: (i) a total of 1,499,945,349 Ordinary Shares, each with a par value of US\$ 0.0001 per share; (ii) 77,000,000 Series A Preferred Shares of par value US\$0.0001 each (the “**Series A Preferred Shares**”); (iii) 37,748,300 Series B Preferred Shares of par value US\$0.0001 each (the “**Series B Preferred Shares**”); (iv) 44,286,448 Series C Preferred Shares of par value US\$0.0001 each (the “**Series C Preferred Shares**”); (v) 68,060,937 Series D-1 Preferred Shares of par value US\$0.0001 each (the “**Series D-1 Preferred Shares**”); (vi) 27,463,185 Series D-2 Preferred Shares of par value US\$0.0001 each (the “**Series D-2 Preferred Shares**”, together with Series D-1 Preferred Shares, the “**Series D Preferred Shares**”); (vii) 93,580,586 Series E-1 Preferred Shares of par value US\$0.0001 each (the “**Series E-1 Preferred Shares**”); (viii) 35,057,353 Series E-2 Preferred Shares of par value US\$0.0001 each (the “**Series E-2 Preferred Shares**”, together with Series E-1 Preferred Shares, the “**Series E Preferred Shares**”); and (ix) 116,857,842 Series F Preferred Shares of par value US\$0.0001 each (the “**Series F Preferred Shares**”).
8. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 206 of the Companies Law (Revised) and, subject to the provisions of the Companies Law (Revised) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
9. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

THE SEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

Dada Nexus Limited

(adopted by a special resolution passed on August 8, 2018)

INTERPRETATION

1. In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Additional Director”	shall have the meaning set forth in Article 62 hereof.
“Additional Series E-1 Issue Date”	means October 20, 2016, being the date of the second issuance of a Series E-1 Preferred Share.
“Adverse Person”	means (i) Alibaba Group Holding Ltd. and its Affiliates; (ii) the Person that owns the tradename of “蚂蚁金服” or “Ant Financial” or domain name www.antgroup.com or www.antfin.com and the Internet Content Provider License for the operation of such domain name (currently known as “浙江蚂蚁小微金融服务集团股份有限公司”) and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (iii) Baidu, Inc. and its Affiliates; (iv) Internet Plus Holdings Ltd. and its Affiliates; (v) Rajax Holding and its Affiliates; (vi) Yunfeng Capital (云峰基金) and its Affiliates; (vii) Cainiao Smart Logistics Network Limited (菜鸟) and its Affiliates, (viii) Suning (苏宁易购) and its Affiliates, (ix) Jack Yun MA (马云), his family funds and their respective Affiliates; (x) Joseph C. TSAI (蔡崇信), his family funds and their respective Affiliates; and (xi) Best Logistic (百世物流) and its Affiliates; and, solely with respect to a transfer or other disposal of Shares by the Principal, the Principal HoldCo, any of the Co-Founder Parties, or any Affiliates or Permitted Transferees (as defined under the Right of First Refusal & Co-Sale Agreement) of the Principal, the Principal HoldCo or any Co-Founder Parties, means (i) the foregoing entities and (ii) to the best knowledge of the Principal, the Principal HoldCo, the Co-Founder Parties, or their Affiliates or Permitted Transferees, after due inquiry, any Person in which any of the foregoing entities holds at least thirty-three percent (33%) of the issued share capital thereof (each capitalized term in this definition shall have the meaning given to it in the Shareholders Agreement, if not otherwise specified or defined in these Articles).

“Affiliate”

with respect to any individual, corporation, partnership, association, trust, or any other entity (in each case, a **“Person”**), any Person which, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, including, without limitation any member, general partner, officer or director of such Person and any venture capital fund now or hereafter existing which is controlled by or under common control with one or more general partners or shares the same management company with such Person. Notwithstanding the foregoing, the Parties acknowledge and agree that (a) the name “Sequoia Capital” is commonly used to describe a variety of entities (collectively, the **“Sequoia Entities”**) that are affiliated by ownership or operational relationship and engaged in a broad range of activities related to investing and securities trading and (b) notwithstanding any other provision of these Articles to the contrary, these Articles shall not be binding on, or restrict the activities of, any (i) Sequoia Entity outside of the Sequoia China Sector Group or (ii) entity primarily engaged in investment and trading in the secondary securities market; in each case, unless such Sequoia Entity or entity (as applicable) becomes a Member. For purposes of the foregoing, the **“Sequoia China Sector Group”** means all Sequoia Entities (whether currently existing or formed in the future) that are principally focused on companies located in, or with connections to, the People’s Republic of China.

“Associate”

means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five (5) percent or more of the then outstanding Equity Securities of such corporation or organization (on a fully-diluted and as-converted basis), (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, (3) such Person’s Immediate Family (as defined in the general commentary to Section 303A.02(b) of the Listed Company Manual of the New York Stock Exchange).

“Articles”	means these articles of association of the Company as originally adopted or as from time to time altered by Special Resolution.
“Auditor”	means the Person for the time being performing the duties of auditor of the Company (if any).
“Automatic Conversion”	shall have the meaning set forth in Article 8.3(C).
“BCA Redemption Condition”	shall have the meaning set forth in Article 8.5(B).
“BCA Redemption Price”	shall have the meaning set forth in Article 8.5(B).
“BCA Redemption Price Payment Date”	shall have the meaning set forth in Article 8.5(B).
“BCA Redemption Shares”	shall have the meaning set forth in Articles 8.5(C)(1)(a).
“Board” or “Board of Directors”	means the board of directors of the Company.
“Business Day”	means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law or executive order to be closed in the PRC, Hong Kong, the Cayman Islands, Mauritius, or the United States of America.
“Change of Control Transaction”	means any of the following: (i) a transaction or series of related transactions (including, without limitation, any consolidation, amalgamation, merger, recapitalization, share exchange, liquidation, winding up, scheme of arrangement or other reorganization or similar business combination) in which (x) any Person or group directly or indirectly acquires any Equity Securities of the Company such that, immediately after such transaction or series of related transactions, such Person or group directly or indirectly holds Equity Securities of the Company representing more than fifty percent (50%) of the then outstanding voting power of the Company, or (y) any Person or group acquires the power to appoint and/or remove all or a majority of the members of the Board or otherwise acquires the right to direct the management of the Company, in each case, whether obtained directly or indirectly, and whether obtained by ownership of capital, the possession of voting rights, contract or otherwise; (ii) any sale, lease, license, exchange, transfer or other disposition which would result in any Person or group (including any Shareholder of the Company (or any Affiliate of any Shareholder of the Company, which for the avoidance of doubt does not include any Group Company)) acquiring assets, individually or in the aggregate, constituting all or substantially all of the assets of the Group Companies (taken as a whole); (iii) any Deemed Liquidation Event; provided, however, that no exercise by JD of its Preemptive Right or right of first refusal or any other purchase by JD of Equity Securities in accordance with the Shareholders Agreement or the Right of First Refusal & Co-Sale Agreement, shall constitute a Change of Control Transaction (each capitalized term in this proviso shall have the meaning given to it in the Shareholders Agreement, unless otherwise defined or specified in these Articles).

“Charter Documents”	means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.
“Company”	means the above named company.
“Company Industry Segment”	shall have the meaning set forth in Article 117.
“Control”	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.
“Conversion Shares”	means Ordinary Shares issuable upon conversion of any Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares.
“Convertible Securities”	shall have the meaning set forth in Article 8.3(E)(5)(a)(ii) hereof.
“Co-Founder”	means Mr. YANG Jun (杨骏).

“Deemed Liquidation Event”

means any of the following events:

- (1) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other Person or other reorganization in which the Members or shareholders of the Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of the Company’s voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company’s voting power is transferred;
- (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group Companies (taken as a whole) (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of the Group Companies (taken as a whole)), except where such sale, transfer, lease or other disposition is to a wholly-owned subsidiary of the Company; or
- (3) the licensing of all or substantially all of the Group Companies’ intellectual property (taken as a whole) to a third party.

provided, however, that a Deemed Liquidation Event shall not include (i) any transaction or series of related transactions only for bona fide equity financing purposes of the Company in which the Company is the surviving corporation, (y) any transactions contemplated by the JD Purchase Agreement (including the Warrant (as defined in the JD Purchase Agreement) and any exercise of the Warrant by JD), or (z) any exercise by JD of its Preemptive Right or right of first refusal or any other purchase by JD of Equity Securities of the Company in accordance with the Shareholders Agreement or the Right of First Refusal & Co-Sale Agreement; except that any proceeds in connection with such a Change of Control Transaction resulting from an exercise of the JD right of first refusal shall be distributed in accordance with Article 8.2(A) as if such transaction was a Deemed Liquidation Event pursuant to Article 8.2(B) of these Articles (each capitalized term in this proviso shall have the meaning given to it in the Shareholders Agreement, unless otherwise defined or specified in these Articles).

“Director”

means a director serving on the Board for the time being of the Company and shall include an alternate Director appointed in accordance with these Articles.

“DST”	means collectively, DST Asia IV, DST Asia V, DST China EC XII and DST Global IV Co-Invest Ltd.
“Electronic Record”	has the same meaning as given in the Electronic Transactions Law (Revised).
“Equity Securities”	means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing.
“Excluded Opportunity”	means any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of any holder of Preferred Shares or any Affiliate, partner, member, director, stockholder, employee, agent or other related person of any such holder, other than someone who is an employee of the Company or any of its Subsidiaries (collectively, “Covered Persons”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and exclusively in such Covered Person’s capacity as a Director of the Company.
“Exempted Distribution”	means (a) a dividend payable solely in Ordinary Shares, (b) the purchase, repurchase or redemption of Ordinary Shares by the Company at the lower of fair market value or cost from terminated employees, officers or consultants in accordance with the ESOP or the Restricted Share Agreement, or pursuant to the exercise of a contractual right of first refusal held by the Company, if any, or pursuant to written contractual arrangements with the Company approved by the Board (so long as such approval includes the approval of at least one (1) then incumbent Preferred Director), and (c) the purchase, repurchase or redemption of the Preferred Shares pursuant to these Articles (including in connection with the conversion of such Preferred Shares into Ordinary Shares).
“ESOP”	means the applicable employee share incentive plan of the Company, as amended by the Company pursuant to Article 8.4(B) for the benefit of employees, officers, directors, or consultants of a Group Company.
“Founder Directors”	shall have the meaning set forth in Article 62 hereof.
“Greenwoods”	means Merit Success Investments Limited.

“Greenwoods Series B Issue Price”	means US\$0.60, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B Preferred Shares issued to Merit Success Investments Limited, Kunlun Group Limited (昆仑集团有限公司), formerly known as Koram Games limited (昆仑在线(香港)股份有限公司), Gabor Forgacs, Andras Forgacs and PENSCO Trust Company Cust. FBO Andras Forgacs Roth IRA respectively.
“Governmental Authority”	means any government of any nation, 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 the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.
“Group Company”	means each of the Company and all of its direct or indirect Subsidiaries (including current and to be established in future), together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.
“Indebtedness”	shall have the meaning given to it under the Shareholders Agreement.
“Interested Transaction”	shall have the meaning set forth in Article 81 hereof.
“JD”	means JD Sunflower Investment Limited, a company incorporated under the laws of the British Virgin Islands.
“JD Ordinary Director”	shall have the meaning set forth in Article 62 hereof.
“JD Preferred Director”	shall have the meaning set forth in Article 62 hereof.
“JD Purchase Agreement”	the Share Purchase Agreement by and among the Company, JD and certain other parties thereto dated as of April 15, 2016.
“Lien”	shall have the meaning given to it in the Shareholders Agreement.
“Majority Shareholders”	means, collectively, (i) the holders holding at least fifty percent (50%) of the then outstanding Preferred Shares, voting together as a single class and on an as-converted basis, (ii) the Principal for so long as the Principal holds any Shares, and (iii) JD for so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the Series F Issue Date.

“Member”

shall have the same meaning as in the Statute.

“Memorandum”

means the memorandum of association of the Company, as original adopted and as from time to time altered by Special Resolution.

“New Securities”

mean any Shares issued after the Series F Issue Date, except for:

- (i) up to 75,791,329 (such number can be increased from time to time as approved in accordance with these Articles) Ordinary Shares (as adjusted in connection with share splits or share consolidation, reclassification or other similar event) and/or options or warrants therefor issued to employees, officers, directors, contractors, advisors or consultants of the Group Companies pursuant to the ESOP duly approved by the Board and Majority Shareholders in accordance with these Articles;
- (ii) any Shares issued in connection with any share split, share dividend, reclassification or other similar event as approved by the Board and Majority Shareholders (so long as such approval includes the consent of at least one (1) Preferred Director) in accordance with these Articles;
- (iii) any Shares issued pursuant to an initial public offering by the Company of its Shares duly approved by the Company in accordance with these Articles (it being agreed that if the Company undertakes an initial public offering that does not meet the requirement of a Qualified IPO, with respect to holders of Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, the Shares issued pursuant to such offering shall be deemed as New Securities and the Series D Conversion Price, the Series E Conversion Price and Series F Conversion Price shall be adjusted and determined pursuant to the Article 8.3(E)(5)(d));
- (iv) any Shares issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or a series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity, in any case, duly approved in accordance with these Articles; and

	(v) any Ordinary Shares issued upon the conversion of the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and Series F Preferred Shares.
“New Securities Price”	shall have the meaning set forth in Article 8.3(E)(5)(d).
“Observers”	shall have the meaning set forth in Article 70 hereof.
“Options”	shall have the meaning set forth in Article 8.3(E)(5)(a)(i) hereof.
“Ordinary Director” or “Ordinary Directors”	shall have the meaning set forth in Article 62 hereof.
“Ordinary Resolution”	means a resolution of a duly constituted general meeting of the Company passed by a simple majority of the votes cast by, or on behalf of, the Members entitled to vote present in person or by proxy and voting at the meeting, or a unanimous written resolution as provided in Article 40.
“Ordinary Share”	means an ordinary share of US\$0.0001 par value per share in the capital of the Company having the rights attaching to it as set out herein.
“Original Series E-1 Issue Date”	means April 26, 2016 being the date of the first issuance of a Series E-1 Preferred Share.
“Person”	means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.
“PRC”	means the People’s Republic of China, but solely for the purposes hereof excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.
“Preferred Director” or “Preferred Directors”	shall have the meaning set forth in Article 62.
“Preferred Shares”	means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and Series F Preferred Shares.

“Principal”	means Mr. KUAI Jiaqi (蒯佳祺).
“Qualified IPO”	means a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, with an offering price (net of underwriting commissions and expenses) per share of at least (i) during the 24 months immediately following the Series F Issue Date, one point one (1.1) multiplied by the Series F Issue Price (as adjusted) or (ii) at all other times, one point four (1.4) multiplied by the Series F Issue Price (as adjusted), and that results in gross proceeds to the Company in excess of US\$300,000,000, or in a public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the Relevant Majority, so long as such offering satisfies the foregoing per share price and gross proceeds requirements.
“Redeeming Preferred Share”	shall have the meaning set forth in Articles 8.5(A).
“Redeeming Preferred Shareholder”	shall have the meaning set forth in Articles 8.5(A).
“Redeeming Series A Shareholders”	shall have the meaning set forth in Articles 8.5(C)(5).
“Redeeming Series A Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(5).
“Redeeming Series B Shareholders”	shall have the meaning set forth in Articles 8.5(C)(4).
“Redeeming Series B Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(4).
“Redeeming Series C Shareholders”	shall have the meaning set forth in Articles 8.5(C)(3).
“Redeeming Series C Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(3).
“Redeeming Series E and Series D Shareholders”	shall have the meaning set forth in Articles 8.5(C)(1)(b).
“Redeeming Series E and Series D Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(1)(b).
“Redeeming Series F Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(1)(a).

“Redeeming Series F Shareholders”	shall have the meaning set forth in Articles 8.5(C)(1)(a).
“Redeeming Series F, Series E and Series D Preferred Shares”	shall have the meaning set forth in Articles 8.5(C)(2).
“Redeeming Series F, Series E and Series D Shareholders”	shall have the meaning set forth in Articles 8.5(C)(2).
“Redemption Notice”	shall have the meaning set forth in Articles 8.5(A).
“Redemption Price”	shall have the meaning set forth in Articles 8.5(A).
“Redemption Price Payment Date”	shall have the meaning set forth in Articles 8.5(A).
“Register of Members”	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
“Registered Office”	means the registered office for the time being of the Company.
“Related Party”	means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Associate of any of the foregoing.
“Relevant Majority”	means, collectively, (i) (x) the holders holding at least forty percent (40%) of the then outstanding Preferred Shares, or (y) in the event that JD holds forty percent (40%) or more of the then outstanding Preferred Shares, fifty percent (50%) of the then outstanding Preferred Shares, in each case voting together as a single class and on an as-converted basis, and (ii) the Principal for so long as the Principal holds any Shares.
“Relevant Majority Reserved Matters”	shall have the meaning set forth in Article 8.4(B)(2) hereof.
“Revised Business Cooperation Agreement”	means the Amended and Restated Business Cooperation Agreement by and between Walmart (China) Investment Co., Ltd. and Dada Nexus Limited dated as of August 8, 2018.
“Senior Preference Amount”	shall have the meaning set forth in Article 8.2(A).
“Senior Preferred Shares”	shall have the meaning set forth in Article 8.2(A).
“Sequoia”	means SCC Venture V Holdco I, Ltd., SCC Growth I Holdco A, Ltd., Sequoia Capital China GF Holdco III-A, Ltd., and SC China Growth III Co-Investment 2015-A, L.P.

“Sequoia Preferred Director”	shall have the meaning set forth in Article 62 hereof.
“Sequoia Series B Issue Price”	means, with respect to the aggregate 9,847,160 Series B Preferred Shares issued to Sequoia, US\$0.60 per share for 6,666,662 Series B Preferred Shares, and US\$0.49 per share for 3,180,498 Series B Preferred Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B Preferred Shares issued to Sequoia.
“Series A Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series A Issue Date”	means the date of the first issuance of a Series A Preferred Share.
“Series A Issue Price”	means US\$0.02307, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A Preferred Shares.
“Series A Preference Amount”	shall have the meaning set forth in Article 8.2(A).
“Series A Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series B Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series B Issue Date”	means the date of the first issuance of a Series B Preferred Share.
“Series B Issue Price”	means the Greenwoods Series B Issue Price, or the Sequoia Series B Issue Price, or the Victory Faith Series B Issue Price, as the case may be.
“Series B Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series C Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series C Issue Date”	means the date of the first issuance of a Series C Preferred Share.
“Series C Issue Price”	means US\$2.1451, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series C Preferred Shares.
“Series C Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series D Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.

“Series D Issue Price”	means the Series D-1 Issue Price, or the Series D-2 Issue Price, as the case may be.
“Series D Issue Date”	means the Series D-1 Issue Date or the Series D-2 Issue Date, as the case may be.
“Series D Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series D-1 Issue Date”	means the date of the first issuance of a Series D-1 Preferred Share.
“Series D-1 Issue Price”	means US\$4.187424, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series D-1 Preferred Shares.
“Series D-1 Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series D-2 Issue Date”	means the date of the first issuance of a Series D-2 Preferred Share.
“Series D-2 Issue Price”	means the per share issue price of the Series D-2 Preferred Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series D-2 Preferred Shares.
“Series D-2 Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series E Conversion Price”	means the Series E-1 Conversion Price, or the Series E-2 Conversion Price, as the case may be.
“Series E Issue Price”	means the Series E-1 Issue Price, or the Series E-2 Issue Price, as the case may be.
“Series E Issue Date”	means the Original Series E-1 Issue Date, the Additional Series E-1 Issue Date, or the Series E-2 Issue Date, as the case may be.
“Series E Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series E-1 Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series E-1 Issue Price”	means US\$4.2787030, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series E-1 Preferred Shares.
“Series E-1 Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.

“Series E-2 Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series E-2 Issue Date”	means the date of the first issuance of a Series E-2 Preferred Share.
“Series E-2 Issue Price”	means the per share issue price of the Series E-2 Preferred Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series E-2 Preferred Shares.
“Series E-2 Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Series F Conversion Price”	shall have the meaning set forth in Articles 8.3(A).
“Series F Issue Date”	means the date of the first issuance of a Series F Preferred Share.
“Series F Issue Price”	means US\$4.2787030, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to Series F Preferred Shares.
“Series F Preferred Shares”	shall have the meaning set forth in <u>Section 7</u> of the Memorandum.
“Seal”	means the common seal of the Company and includes every duplicate seal.
“Share” and “Shares”	means a share or shares in the capital of the Company and includes a fraction of a share.
“Shareholder”	means a holder of any Shares.
“Shareholders Agreement”	means the Sixth Amended and Restated Shareholders Agreement entered into by and among the Company and certain parties thereto as of the date hereof.
“Special Majority”	shall have the meaning set forth in Article 8.4(B)(2) hereof.
“Special Resolution”	shall have the same meaning as in the Statute and includes a unanimous written resolution of all Members entitled to vote and expressed to be a special resolution.
“Statute”	means the Companies Law (2018 Revision) of the Cayman Islands and every statutory modification or re-enactment thereof for the time being in effect.
“Subsidiary”	means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.
“Victory Faith”	means Victory Faith Consultants Limited.

“Victory Faith Series B Issue Price”

means, with respect to the aggregate 4,234,471 Series B Preferred Shares issued to Victory Faith, US\$0.60 per share for 3,333,331 Series B Preferred Shares, and US\$0.49 per share for 901,140 Series B Preferred Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B Preferred Shares issued to Victory Faith.

“Walmart”

means Azure Holdings S.a.r.l.

2. In the Articles:

- 2.1 words importing the singular number include the plural number and vice-versa;
- 2.2 words importing the masculine gender include the feminine gender;
- 2.3 “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- 2.4 references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- 2.5 any phrase introduced by the terms “including,” “include,” “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- 2.6 the term “voting power” refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles;
- 2.7 the term “or” is not exclusive;
- 2.8 the term “including” will be deemed to be followed by, “but not limited to”;
- 2.9 the terms “shall”, “will”, and “agrees” are mandatory, and the term “may” is permissive;
- 2.10 the term “day” means “calendar day” (unless the term “Business Day” is used), and “month” means calendar month;
- 2.11 the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning;
- 2.12 references to any documents shall be construed as references to such document as the same may be amended, supplemented or novated from time to time;
- 2.13 all references to dollars or to “US\$” are to currency of the United States of America and all references to RMB are to currency of the PRC (and each shall be deemed to include reference to the equivalent amount in other currencies); and
- 2.14 headings are inserted for reference only and shall be ignored in construing these Articles.

3. For the avoidance of doubt, each other Article herein is subject to the provisions of Articles 8 and 62, and, subject to the requirements of the Statute, in the event of any conflict, the provisions of Articles 8 and 62 shall prevail over any other Article herein.

COMMENCEMENT OF BUSINESS

4. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit notwithstanding that any part of the Shares may not have been allotted. The Company shall have perpetual existence until wound up or struck off in accordance with the Statute and these Articles.
5. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

ISSUE OF SHARES

6. Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in a general meeting) and to the provisions of the Articles (including Article 8) and without prejudice to any rights, preferences and privileges attached to any existing Shares, (a) the Directors may allot, issue, grant options or warrants over or otherwise dispose of two classes of Shares to be designated, respectively, as Ordinary Shares and Preferred Shares; (b) the Preferred Shares may be allotted and issued from time to time in one or more series; and (c) the series of Preferred Shares shall be designated prior to their allotment and issue. In the event that any Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, or Series F Preferred Shares shall be converted pursuant to Article 8.3 hereof, the Preferred Shares so converted shall be cancelled. Further, any Preferred Shares acquired by the Company by reason of redemption, repurchase, conversion or otherwise shall be cancelled.
7. The Company shall not issue Shares to bearer.

RIGHTS, PREFERENCES AND PRIVILEGES OF SHARES

8. Certain rights, preferences and privileges of the Shares of the Company are as follows:

8.1 Dividends Rights.

- (A) **Preference.** Each holder of a Preferred Share shall be entitled to receive dividends at the rate of eight percent (8%) of the applicable Series A Issue Price, Series B Issue Price, Series C Issue Price, Series D Issue Price, Series E Issue Price or Series F Preferred Shares, as the case may be, per annum for each such Share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other, prior and in preference to, and satisfied before, any dividend on any other class or series of shares (except for applicable Exempted Distributions and except for a distribution pursuant to Article 8.2). Such dividends shall be payable only when, as, and if declared by the Board of Directors and shall be non-cumulative.
- (B) **Restrictions; Participation.** Except for an Exempted Distribution and except for a distribution pursuant to Article 8.2, no dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to the Ordinary Shares at any time unless (i) all accrued but unpaid dividends on the Preferred Shares set forth in Article 8.1(A) (if any) have been paid in full, and (ii) a dividend or distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each outstanding Preferred Share such that the dividend or distribution declared, paid, set aside or made to the holder thereof shall be equal to the dividend or distribution that such holder would have received pursuant to this Article 8.1(B) if such Preferred Share had been converted into Ordinary Shares immediately prior to the record date for such dividend or distribution, or if no such record date is established, the date such dividend or distribution is made, and if such share then participated in and the holder thereof received such dividend or distribution.

Liquidation Rights.

(A) **Liquidation Preferences.** In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the Members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the Members of the Company as follows:

(a) First, the holders of Series F Preferred Shares, Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares and Series B Preferred Shares (collectively, the "**Senior Preferred Shares**") shall be entitled to receive for each Senior Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the applicable Series B Issue Price, Series C Issue Price, Series D Issue Price, Series E Issue Price or Series F Preferred Shares (as applicable), plus all declared but unpaid dividends on such Senior Preferred Shares (collectively, the "**Senior Preference Amount**"). If the assets and funds thus distributed among the holders of the Senior Preferred Shares shall be insufficient to permit the payment to such holders of Senior Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Senior Preferred Shares in proportion to the aggregate Senior Preference Amount each such holder is otherwise entitled to receive pursuant to this subparagraph (a).

(b) If there are any assets or funds remaining after the aggregate Senior Preference Amount has been distributed or paid in full to the applicable holders of Senior Preferred Shares pursuant to subparagraph (a) above, the holders of the Series A Preferred Shares shall be entitled to receive for each Series A Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the Series A Issue Price (the "**Series A Preference Amount**"). If the assets and funds thus distributed among the holders of the Series A Preferred Shares shall be insufficient to permit the payment to such holders of the full Series A Preference Amount, then the entire assets and funds of the Company legally available for distribution to the Series A Preferred Shares shall be distributed ratably among the holders of the Series A Preferred Shares in proportion to the aggregate Series A Preference Amount each such holder is otherwise entitled to receive pursuant to this subparagraph (b).

(c) If there are any assets or funds remaining after the aggregate Senior Preference Amount and the aggregate Series A Preference Amount has been distributed or paid in full to the applicable holders of Preferred Shares pursuant to subparagraph (a) and (b) above, the remaining assets and funds of the Company available for distribution to the Members shall be ratably distributed among all Members according to the relative number of Ordinary Shares held by such Member (including the holders of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares) (treating for this subparagraph (c) all Series A Preferred Shares, and Senior Preferred Shares as if they had been converted to Ordinary Shares immediately prior to such liquidation, dissolution or winding up of the Company).

(B) Deemed Liquidation. A Deemed Liquidation Event shall be deemed to be a liquidation, dissolution or winding up of the Company for purposes of Article 8.2, and any proceeds, whether in cash or properties, resulting from a Deemed Liquidation Event shall be distributed in accordance with the terms of Article 8.2(A).

(C) Valuation of Properties. In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company pursuant to Article 8.2(A) or any Deemed Liquidation Event pursuant to Article 8.2(B), the value of the assets to be distributed to the Members shall be determined in good faith by the Board (including the Preferred Directors); provided that any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

- (1) If traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;
- (2) If traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and
- (3) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board (including the Preferred Directors);

provided further that the method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (1), (2) or (3) to reflect the fair market value thereof as determined in good faith by the Board (including the Preferred Directors).

Regardless of the foregoing, any holder of Preferred Shares shall have the right to challenge any determination by the Board of value pursuant to this Article 8.2(C), in which case the determination of value shall be made by an independent appraiser selected jointly by the Board and such holder of Preferred Shares, with the cost of such appraisal to be equally borne by the Company, on one hand, and the challenging holder, on the other hand.

- (D) **Notices.** In the event that the Company shall propose at any time to consummate a liquidation, dissolution or winding up of the Company or a Deemed Liquidation Event, then, in connection with each such event, subject to any necessary approval required in the Statute and these Articles, the Company shall send to the holders of Preferred Shares at least twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the foregoing notice periods may be shortened or waived with the vote or written consent of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares.
- (E) **Enforcement.** In the event the requirements of this Article 8.2 are not complied with, the Company shall, subject to the Statute, forthwith either (i) cause the closing of the applicable transaction to be postponed until such time as the requirements of this Article 8.2 have been complied with, or (ii) cancel such transaction.

8.3 **Conversion Rights.**

The holders of the Preferred Shares shall have the rights described below with respect to the conversion of the Preferred Shares into Ordinary Shares:

- (A) **Conversion Ratio.** Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the applicable Series A Issue Date, Series B Issue Date, Series C Issue Date, Series D Issue Date, Series E Issue Date or Series F Issue Date into such number of fully paid and non-assessable Ordinary Shares as determined by dividing the applicable Series A Issue Price by the then-effective Series A Conversion Price, the applicable Series B Issue Price by the then-effective Series B Conversion Price, the applicable Series C Issue Price by the then-effective Series C Conversion Price, the applicable Series D Issue Price by the then-effective Series D Conversion Price, the applicable Series E Issue Price by the then-effective Series E Conversion Price, or the applicable Series F Issue Price by the then-effective Series F Conversion Price (as applicable). The “**Series A Conversion Price**” shall initially be the Series A Issue Price, resulting in an initial conversion ratio for the Series A Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series B Conversion Price**” shall initially be the applicable Series B Issue Price, resulting in an initial conversion ratio for the Series B Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series C Conversion Price**” shall initially be the Series C Issue Price, resulting in an initial conversion ratio for the Series C Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series D Conversion Price**” shall initially be US\$4.171372, resulting in an initial conversion ratio for the Series D Preferred Shares of 0.99617:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series E-1 Conversion Price**” shall initially be ninety-five percent (95%) of the applicable Series E-1 Issue Price, resulting in an initial conversion ratio for the Series E-1 Preferred Shares of 19:20 (i.e., 19 Series E-1 Preferred Shares shall initially convert into 20 Ordinary Shares), and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series E-2 Conversion Price**” shall initially be the applicable Series E-2 Issue Price, resulting in an initial conversion ratio for the Series E-2 Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided. The “**Series F Conversion Price**” shall initially be the applicable Series F Issue Price, resulting in an initial conversion ratio for the Series F Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided.

- (B) **Optional Conversion.** Subject to the Statute and these Articles, any Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non-assessable Ordinary Shares based on the applicable then-effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price.
- (C) **Automatic Conversion.** Each Preferred Share shall automatically be converted by way of repurchase of such Preferred Share and the issuance of the corresponding number of Ordinary Shares, based on the applicable then-effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price, without the payment of any additional consideration, into fully-paid and non-assessable Ordinary Shares upon the earlier of (i) the closing of a Qualified IPO and (ii) the date specified by written consent or agreement of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares. Any conversion pursuant to this Article 8.3(C) shall be referred to as an “**Automatic Conversion**”.
- (D) **Conversion Mechanism.** The conversion hereunder of the Preferred Shares shall be effected in the following manner:
- (1) Except as provided in Articles 8.3(D)(2) and 8.3(D)(3) below, before any holder of any Preferred Shares shall be entitled to convert the same into Ordinary Shares, such holder shall surrender the certificate or certificates therefor duly endorsed (or in lieu thereof shall deliver an affidavit of lost certificate and indemnity therefor) (if any), at the office of the Company or of any transfer agent for such share to be converted and shall give notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Ordinary Shares are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Shares, or to the nominee or nominees of such holder, a certificate or certificates (if applicable) for the number of Ordinary Shares to which such holder shall be entitled as aforesaid, and such conversion shall be deemed to have been made immediately prior to the close of business on the date of such notice and such surrender of the Preferred Shares to be converted, the Register of Members of the Company shall be updated accordingly to reflect the same, and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares as of such date.

- (2) If the conversion is in connection with an underwritten public offering of securities, the conversion will be conditioned upon the closing with the underwriter(s) of the sale of securities pursuant to such offering and the Person(s) entitled to receive the Ordinary Shares issuable upon such conversion shall not be deemed to have converted the applicable Preferred Shares until immediately prior to the closing of such sale of securities.
- (3) Upon the occurrence of an event of Automatic Conversion, all holders of Preferred Shares to be automatically converted will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of a Qualified IPO be the latest practicable date immediately prior to the closing of a Qualified IPO) and the place designated for automatic conversion of all such Preferred Shares pursuant to this Article 8.3(D). Such notice shall be given pursuant to Articles 106 through 110 to each record holder of such Preferred Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, each holder of such Preferred Shares shall surrender the applicable certificate or certificates duly endorsed (or in lieu thereof shall deliver an affidavit of lost certificate and indemnity therefor) (if any) for all such shares to the Company at the place designated in such notice. On the date fixed for conversion, the Company shall promptly effect such conversion and update its Register of Members to reflect such conversion, and all rights with respect to such Preferred Shares so converted will terminate, with the exception of the right of a holder thereof to receive the Ordinary Shares issuable upon conversion of such Preferred Shares, and upon surrender of the certificate or certificates therefor duly endorsed (or in lieu thereof upon delivery of an affidavit of lost certificate and indemnity therefor) (if any), to receive certificates (if applicable) for the number of Ordinary Shares into which such Preferred Shares have been converted. All certificates evidencing such Preferred Shares shall, from and after the date of conversion, be deemed to have been returned and cancelled and the Preferred Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date.
- (4) The Company may effect the conversion of Preferred Shares in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and applying the proceeds thereof towards payment for the new Ordinary Shares. For purposes of the repurchase or redemption, the Company may, subject to the Company being able to pay its debts as they fall due in the ordinary course of business, make payments out of its capital or share premium account.

- (5) No fractional Ordinary Shares shall be issued upon conversion of any Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall at the discretion of the Board of Directors either (i) pay cash equal to such fraction multiplied by the fair market value for the applicable Preferred Share as determined and approved by the Board of Directors (so long as such approval includes the approval of at least one (1) Preferred Director), or (ii) issue one whole Ordinary Share for each fractional share to which the holder would otherwise be entitled.
- (6) Upon conversion, all declared but unpaid share dividends on the applicable Preferred Shares shall be paid in shares and all declared but unpaid cash dividends on the applicable Preferred Shares shall be paid either in cash or by the issuance of such number of further Ordinary Shares as equal to the value of such cash amount divided by the applicable conversion price, at the option of the holders of the applicable Preferred Shares.
- (E) **Adjustment of Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price.** Adjustment of Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price shall be adjusted and re-adjusted from time to time as provided below:
- (1) **Adjustment for Share Splits and Combinations.** If the Company shall at any time, or from time to time, effect a subdivision of the outstanding Ordinary Shares, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, or the Series F Conversion Price in effect immediately prior to such subdivision shall be proportionately decreased. Conversely, if the Company shall at any time, or from time to time, combine the outstanding Ordinary Shares into a smaller number of shares, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, or the Series F Conversion Price in effect immediately prior to such combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.
- (2) **Adjustment for Ordinary Share Dividends and Distributions.** If the Company makes (or fixes a record date for the determination of holders of Ordinary Shares entitled to receive) a dividend or other distribution to the holders of Ordinary Shares payable in additional Ordinary Shares, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, or the Series F Conversion Price then in effect shall be decreased as of the time of such issuance (or in the event such record date is fixed, as of the close of business on such record date) by multiplying such conversion price by a fraction (i) the numerator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Ordinary Shares issuable in payment of such dividend or distribution.

(3) **Adjustment for Other Dividends.** If the Company at any time, or from time to time, makes (or fixes a record date for the determination of holders of Ordinary Shares entitled to receive) a dividend or other distribution to the holders of Ordinary Shares payable in securities of the Company other than Ordinary Shares or payable in any other asset or property (other than cash), then, and in each such event, subject to compliance with Article 8.1(B) and to the extent not duplicative with Article 8.1(B), provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive, in addition to the number of Ordinary Shares issuable thereon, the amount of securities of the Company or other asset or property which the holder of such share would have received in connection with such event had the Preferred Shares been converted into Ordinary Shares immediately prior to such event.

(4) **Adjustment for Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions.** If at any time, or from time to time, any capital reorganization or reclassification of the Ordinary Shares (other than as a result of a share dividend, subdivision, split or combination otherwise treated above) occurs or the Company is consolidated, merged or amalgamated with or into another Person (other than a consolidation, merger or amalgamation treated as a liquidation in Article 8.2(B)), then in any such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive the kind and amount of shares and other securities and property which the holder of such shares would have received in connection with such event had the relevant Preferred Shares been converted into Ordinary Shares immediately prior to such event.

(5) **Adjustment of Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price for Dilutive Issuance.**

(a) **Special Definition.** For purpose of this Article 8.3(E)(5), the following definitions shall apply:

(i) “**Options**” mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.

(ii) “**Convertible Securities**” shall mean any Indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.

(b) **Waiver of Adjustment.** No adjustment in the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price shall be made as the result of the issuance or deemed issuance of New Securities if the Company receives written notice from the holders of a majority of Series A Preferred Shares then outstanding (in the case of Series A Conversion Price), the holders of at least sixty percent (60%) of Series B Preferred Shares then outstanding (in the case of Series B Conversion Price), the holders of at least fifty percent (50%) of Series C Preferred Shares then outstanding (in the case of Series C Conversion Price), the holders of at least fifty percent (50%) of Series D Preferred Shares then outstanding (in the case of Series D Conversion Price), the holders of at least fifty percent (50%) of Series E-1 Preferred Shares then outstanding (in the case of Series E-1 Conversion Price), the holders of at least fifty percent (50%) of Series E-2 Preferred Shares then outstanding (in the case of Series E-2 Conversion Price), or the holders of at least fifty percent (50%) of Series F Preferred Shares then outstanding (in the case of Series F Conversion Price) agreeing that no such adjustment shall be made as a result of the issuance or deemed issuance of such New Issuance.

(c) Deemed Issuance of New Securities. In the event the Company at any time or from time to time after the Series F Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any series or class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number for anti-dilution adjustments) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities or the exercise of such Options, shall be deemed to be New Securities issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which New Securities are deemed to be issued:

- (i) no further adjustment in the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price the Series E Conversion Price, or the Series F Conversion Price shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities or upon the subsequent exercise of Options for Convertible Securities or Ordinary Shares;
- (ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Company, or change in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the then effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) no readjustment pursuant to Article 8.3(E)(5)(c)(ii) shall have the effect of increasing the then effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price to an amount which exceeds the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price that would have been in effect had no adjustments in relation to the issuance of such Options or Convertible Securities as referenced in Article 8.3(E)(5)(c)(ii) been made;

(iv) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities that have not been exercised, the then effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, or Series F Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(x) in the case of Convertible Securities or Options for Ordinary Shares, the only New Securities issued were the Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of such exercised Options plus the consideration actually received by the Company upon such exercise or for the issue of all such Convertible Securities that were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(y) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the New Securities deemed to have been then issued was the consideration actually received by the Company for the issue of such exercised Options, plus the consideration deemed to have been received by the Company (determined pursuant to Article 8.3(E)(5)(e)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised; and

(v) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price shall be adjusted pursuant to this Article 8.3(E)(5)(c) as of the actual date of their issuance.

(d) **Adjustment of Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price upon Issuance of New Securities.**

In the event of an issuance of New Securities, at any time after the Series F Issue Date, for a consideration per Ordinary Share received by the Company (net of any selling concessions, discounts or commissions) (the “**New Securities Price**”) less than the Series A Conversion Price for any Series A Preferred Shares, less than the Series B Conversion Price for any Series B Preferred Shares, less than the Series C Conversion Price for any Series C Preferred Shares, less than the Series D Conversion Price for any Series D Preferred Shares, less than the Series E Conversion Price for any Series E Preferred Shares, or less than the Series F Conversion Price for any Series F Preferred Shares in effect immediately prior to such issue, then and in such event, the applicable Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price for such series shall be reduced, concurrently with such issue, to a price determined as set forth below:

$$CP_2 = CP_1 * (A+B) / (A+C)$$

Where

CP₂ = Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price in effect immediately after the issuance of the New Securities

CP₁ = Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price in effect immediately prior to the issuance of the New Securities

A = Number of Ordinary Shares deemed to be outstanding immediately prior to the issuance of the New Securities (including all Ordinary Shares, all Preferred Shares on an as-converted basis, plus Ordinary Shares issuable upon conversion of the outstanding Convertible Securities and exercise of outstanding Options)

B= Aggregate consideration received by the Company with respect to the issuance of the New Securities divided by CP₁

C= Number of the New Securities issued or sold

(e) **Determination of Consideration**. For purposes of this Article 8.3(E)(5), the consideration received by the Company for the issuance of any New Securities shall be computed as follows:

(i) **Cash and Property**. Such consideration shall:

(1) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(2) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined and approved in good faith by the Board of Directors (so long as such approval includes the approval of at least one (1) Preferred Director); provided, however, that no value shall be attributed to any services performed by any employee, officer or director of any Group Company;

(3) in the event New Securities are issued together with other Shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received which relates to such New Securities, computed as provided in clauses (1) and (2) above, as reasonably determined in good faith by the Board of Directors including the approval of at least one (1) Preferred Director.

(6) **Options and Convertible Securities**. The consideration per Ordinary Share received by the Company for New Securities deemed to have been issued pursuant to Article 8.3(E)(5)(c) hereof relating to Options and Convertible Securities, shall be determined by dividing (x) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities (determined in the manner described in paragraph (i) above), plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by (y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(7) **Other Dilutive Events.** In case any event shall occur as to which the other provisions of this Article 8.3(E) are not strictly applicable, but the failure to make any adjustment to the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price would not fairly protect the conversion rights of the holders of the Preferred Shares in accordance with the essential intent and principles hereof, then, in each such case, the Company, in good faith, shall determine the appropriate adjustment to be made, on a basis consistent with the essential intent and principles established in this Article 8.3(E), necessary to preserve, without dilution, the conversion rights of the holders of such Preferred Shares.

(8) **No Impairment.** The Company will not, by amendment of these Articles or through any reorganization, recapitalization, transfer of assets, consolidation, merger, amalgamation, scheme of arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 8.3 and in the taking of all such action as may be necessary or appropriate to protect the conversion rights of the holders of Preferred Shares against impairment.

(9) **Certificate of Adjustment.** In the case of any adjustment or readjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price, the Company, at its sole expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall deliver such certificate by notice to each registered holder of Preferred Shares, at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any New Securities issued or sold or deemed to have been issued or sold, (ii) the number of New Securities issued or sold or deemed to be issued or sold, (iii) the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price in effect before and after such adjustment or readjustment, and (iv) the type and number of Equity Securities of the Company, and the type and amount, if any, of other property which would be received upon conversion of Preferred Shares after such adjustment or readjustment.

(10) **Notice of Record Date.** In the event the Company shall propose to take any action of the type or types requiring an adjustment set forth in this Article 8.3(E), the Company shall give notice to the holders of the relevant Preferred Shares, which notice shall specify the record date, if any, with respect to any such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable upon the occurrence of such action or deliverable upon the conversion of the relevant Preferred Shares. In the case of any action which would require the fixing of a record date, such notice shall be given at least twenty (20) days prior to the date so fixed, and in the case of all other actions, such notice shall be given at least thirty (30) days prior to the taking of such proposed action.

(11) **Reservation of Shares Issuable Upon Conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares. If at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holders of Preferred Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purpose.

(12) **Notices.** Any notice required or permitted pursuant to this Article 8.3 shall be given in writing and shall be given in accordance with Articles 106 through 110.

(13) **Payment of Taxes.** The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of Ordinary Shares upon conversion of the Preferred Shares, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of Ordinary Shares in a name other than that in which such Preferred Shares so converted were registered.

8.4 **Voting Rights.**

(A) **General Rights.** Subject to the provisions of the Memorandum and these Articles (including any Article providing for special voting rights), at all general meetings of the Company: (a) the holder of each Ordinary Share issued and outstanding shall have one vote in respect of each Ordinary Share held, and (b) the holder of a Preferred Share shall be entitled to such number of votes as equals the whole number of Ordinary Shares into which such holder's collective Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company's Members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company's Members is first solicited. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all shares into which the Preferred Shares held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). To the extent that the Statute or the Articles allow the Preferred Shares to vote separately as a class or series with respect to any matters, the Preferred Shares, shall have the right to vote separately as a class or series with respect to such matters.

(B) Protective Provisions.

(1) Approval by the Majority Shareholders. Regardless of any contrary provision contained in any Charter Documents of any Group Company, the Company shall not take, permit to occur, approve, authorize, or agree or commit to do any of the following, and each Member shall procure the Company not to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Company shall not permit any other Group Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by (a) the Majority Shareholders and (b) solely with respect to any act listed in clauses (a) through (f), (l), (m), (s) and (t) below, the holders holding at least seventy percent (70%) of the then outstanding Preferred Shares (voting as a single class on an as-converted basis, but disregarding any Preferred Shares held by JD for all purposes of determining the foregoing threshold) in advance:

- (a) creation, authorization or issuance of any Equity Securities of any Group Company (other than the Company);
- (b) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions applicable to the Preferred Shares, or other rights, preferences or privileges of the Preferred Shares;
- (c) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with the Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption or otherwise;
- (d) any purchase, repurchase, redemption or retirements of any Equity Security of any Group Company other than pursuant to each Share Restriction Agreement (as defined in the Shareholders Agreement) or any equity incentive agreement with service providers giving the Company the right to repurchase Equity Security upon the termination of services;
- (e) any amendment or modification to any of the Charter Documents of any Group Company, the Memorandum and Articles, the Shareholders Agreement, the Right of First Refusal & Co-Sale Agreement the Share Restriction Agreements or the VIE Documents (each as defined in the Shareholders Agreement) (unless the amendment or modification to the VIE Documents is in accordance with the JD Purchase Agreement), other than any customary amendment or modification (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Article 8.4(B)(2);
- (f) any declaration, set aside or payment of a dividend or other distribution by any Group Company except for any distribution or dividend with respect to which the sole recipient of any proceeds therefrom is the Company or any wholly-owned Subsidiary of the Company, or the adoption of, or any change to, the dividend policy of any Group Company;

- (g) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any substantial part of the assets (including any intellectual property) of any Group Company or the grant of exclusive license of any material intellectual property of any Group Company to a third party, other than any sale, transfer or other disposal of all or substantial of all assets of any Group Company or the grant of exclusive license of all or substantially all intellectual property of any Group Company (as reasonably determined by a majority of the Directors) necessary for effecting any Change of Control Transaction that has been approved pursuant to Article 8.4(B)(2)(b);
- (h) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or arrangement of any of the Group Companies under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;
- (i) any change of the size or composition or the manner in which the directors are appointed of the board of directors of any Group Company, other than (x) any changes pursuant to and in compliance with these Articles, or (y) any customary changes (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Articles 8.4(B)(2)(a), (b) or (d);
- (j) any investment in, or divestiture or sale by any Group Company of an interest in another Person in excess of US\$10,000,000, other than any investment or divestiture or sale of an interest (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Articles 8.4(B)(2)(a) or any Deemed Liquidation Event that has been approved pursuant to Article 8.4(B)(2)(b) (for the avoidance of doubt, excluding any divestiture or sale of the Daojia Business (as defined in the JD Purchase Agreement));
- (k) acquisition of any business or assets in excess of US\$15,000,000, individually or in the aggregate in a twelve (12) month period, other than any acquisition (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Articles 8.4(B)(2)(a) or (b);
- (l) any increase or decrease in the authorized number of Preferred Shares, or any series thereof, or the authorized number of Ordinary Shares, other than any increase (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Articles 8.4(B)(2)(a), (b) or (d);
- (m) the adoption, material amendment or termination of the ESOP or any other equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies, and any increase of the total number of Equity Securities reserved for issuance thereunder, other than adoption, material amendment or termination of the ESOP or any increase of the total number of Equity Securities reserved for issuance thereunder (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Articles 8.4(B)(2)(a) or (d);

- (n) the appointment or removal of the Auditor for any Group Company or any material changes in the accounting or financial policies or procedures of any Group Company;
- (o) the investment by any Group Company in any Subsidiaries, joint ventures or material alliance in excess of US\$15,000,000, other than any investment (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to 8.4(B)(2)(a), (b) or (d);
- (p) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party in excess of US\$15,000,000, including without limitation, any transaction with any employee or Affiliates or major Shareholder of any Group Company outside the ordinary course of business, including loans to the Principal, the Co-Founder, officer, or director of any Group Company or Affiliates thereof; in each case, other than (i) the Revised Business Cooperation Agreement and any transactions and agreements contemplated thereunder, (ii) the Business Cooperation Agreement (as defined in the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, (iii) the Transition Service Agreement (as defined in the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, and (iv) any transaction with a major Shareholder arising out of the ordinary course of business of any Group Company;
- (q) cessation of any business line of any Group Company as now conducted including, for the avoidance of doubt, the Daojia Business, or any material change to the business scope or nature of business of any Group Company;
- (r) initiate or settle any material litigation, arbitration or other legal proceeding;
- (s) any action that would hurt the rights or interests of the holder of Preferred Shares (based on the reasonable judgment of the holder of Preferred Shares);
- (t) any public offering of any Equity Securities of any Group Company (including determination of the listing venue, timing, valuation or other material terms of a public offering), other than a Qualified IPO; or

- (u) any action by a Group Company to authorize, approve or enter into any agreement or obligation, or make any commitment to do so with respect to any action listed above.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) to (u) requires a Special Resolution of the Members in accordance with the Statute, and if the Members vote in favor of such act but the approval of the Majority Shareholders has not yet been obtained, the Majority Shareholders shall have, in such vote at all meetings of the Members, the voting rights equal to the aggregate voting power of all the Members who voted in favor of the resolution plus one.

- (2) **Approval by the Relevant Majority.** Regardless of any contrary provision contained in any Charter Documents of any Group Company, the Company shall not take, permit to occur, approve, authorize, or agree or commit to do any of the following, and each Member shall procure the Company not to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Company shall not permit any other Group Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following (the “**Relevant Majority Reserved Matters**”), whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the Relevant Majority in advance:
 - (a) creation, authorization or issuance of (A) any class or series of Equity Securities having rights, preferences, privileges or powers superior to or on a parity with the Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise, or any Equity Securities convertible into, exchangeable for, or exercisable into any Equity Securities having rights, preferences, privileges or powers superior to or on a parity with any series of Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption or otherwise, (B) any additional Preferred Shares, or (C) any other Equity Securities of the Company, except for the Conversion Shares or the issuance of Ordinary Shares under the ESOP approved by the Board and Majority Shareholders;
 - (b) any Deemed Liquidation Event or any Change of Control Transaction or any merger, amalgamation, scheme of arrangement or consolidation of any Group Company with any Person, or the purchase or other acquisition by any Group Company of all or substantially all of the assets, equity or business of another Person;
 - (c) expanding or altering the business of any Group Company from what is provided in the annual budget and business plan of the Group as duly approved in accordance with this Article 8.4(B);
 - (d) any public offering that is a Qualified IPO;

- (e) any entry into business that is outside the Business (as defined in the Shareholders Agreement); or
- (f) any action by a Group Company to authorize, approve or enter into any agreement or obligation, or make any commitment to do so with respect to any action listed above.

provided, however, that in the event that the approval by the Relevant Majority has not been obtained for any of the above-listed Relevant Majority Reserved Matters which have been presented by the Board for approval, the relevant Group Company may take, permit to occur, approve, authorize, or agree or commit to do any of the above, with the approval of the holders holding at least seventy percent (70%) (the “**Special Majority**”) of the then outstanding Shares (voting together as a single class and on a fully-diluted and as-converted basis, but disregarding any Shares held by the Principal and the Co-Founder for all purposes of calculating the foregoing threshold), including the approval of at least three Shareholders of DST, Sequoia, Walmart and JD.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) to (f) requires a Special Resolution of the Members in accordance with the Statute, and if the Members vote in favor of such act but neither the approval of the Relevant Majority nor the approval by the Special Majority has been obtained, the Relevant Majority shall have, in such vote at all meetings of the Members, the voting rights equal to the aggregate voting power of all the Members who voted in favor of the resolution plus one.

(3) Approval by the Preferred Directors. Subject to any additional requirements imposed by the applicable law, except as provided in these Articles, the Company shall ensure that no Group Company shall, without the affirmative consent or approval by a majority of the Directors (which majority shall include at least one then incumbent Preferred Director for so long as any holder of Preferred Shares has the right to appoint any Preferred Director, and solely with respect to any act listed in clauses (a) and (b) below, shall include the Principal for so long as the Principal serves as a Director), take, permit to occur, approve, authorize or agree or commit to do any of the following actions, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation or otherwise:

- (a) appointment, removal or replacement of, or approval of the remuneration package (in cash or equity) for, the chief executive officer, the chief operating officer, the chief technology officer, the chief financial officer and president of any Group Company;
- (b) the approval of, or any material deviation from or material amendment of, the annual budget and business plan of any Group Company;
- (c) any increase in compensation of any employee of any Group Company with monthly salary of at least RMB450,000 by more than forty percent in a twelve (12) month period;

- (d) incurrence of any capital commitment or expenditure outside of the annual budget in excess of US\$3,000,000 per month, individually or in the aggregate;
- (e) the issuance of any debt in excess of US\$15,000,000;
- (f) incurrence, extension, cancellation or waiver of any loan or guarantee for Indebtedness in excess of US\$15,000,000, individually or in the aggregate to any third party other than approved in the annual budget and business plan of any Group Company;
- (g) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party in excess of US\$1,500,000, including without limitation, any transaction with any employee or Affiliates or major Shareholder of any Group Company outside the ordinary course of business, including loans to the Principal, the Co-Founder, officer, or director of any Group Company or Affiliates thereof; in each case, other than (i) the Revised Business Cooperation Agreement and any transactions and agreements contemplated thereunder, (ii) the Business Cooperation Agreement (as defined in the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, (iii) the Transition Service Agreement (as defined in the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, and (iv) any transaction with a major Shareholder arising out of the ordinary course of business of any Group Company; or
- (h) any single action or transaction in excess of US\$15,000,000 other than as approved in the annual budget and business plan of any Group Company.

Notwithstanding anything to the contrary contained herein, solely with respect to any act listed in clauses (a) and (b) above, in the event that such act has been approved by the Board in accordance with these Articles and (x) the Relevant Majority or (y) in the event that the approval by the Relevant Majority has not been obtained for such matters which have been presented by the Board for approval, the Special Majority, the relevant Group Company may take, permit to occur, approve, authorize or agree or commit to such act, regardless of whether the majority of the Directors approving such act includes the affirmative approval of at least one then incumbent Preferred Director or the Principal.

(4) **Voting.** In furtherance of the foregoing Articles 8.4(B)(1) and 8.4(B)(2), where any Company act requires a resolution of the Shareholders in accordance with the Companies Law (2018 Revision) of the Cayman Islands and if the approval by the Majority Shareholders, Relevant Majority or other applicable voting threshold required under these Articles has not yet been obtained, the Parties shall vote their Shares against such act in all meetings of the Shareholders unless and until Shareholders with sufficient voting power as is required to meet the applicable threshold under these Articles have otherwise voted in favor of such act.

8.5 **Redemption Rights.**

(A) **General Redemption.** At any time after the earliest of (i) the fifth (5th) anniversary of the Series F Issue Date, if a Qualified IPO has not been consummated by then, (ii) the date that the Company and the Principal are engaged in any material fraudulent activities aiming at the holders of Preferred Shares, (iii) any important license, permit or government approvals necessary for the business of any Group Company being suspended, rejected to be issued or renewed or revoked, to the extent that the Company's main business is materially and adversely affected as a result of such suspension, rejection or revocation, (iv) the validity, legality or enforceability of the VIE Documents being outlawed by the PRC law, and (v) the date that any Governmental Authority prohibits any Group Company from distributing all or any part of its distributable earnings or cash or other assets thereof to an offshore shareholder of any Group Company, the Company shall, at the written request (the "**Redemption Notice**") of any holder of Preferred Shares (such requesting holder and any other holder of record of the Preferred Shares which requests for redemption after receipt of such Redemption Notice from the Company, the "**Redeeming Preferred Shareholder**"), (A) deliver such Redemption Notice to each other holder of record of the Preferred Shares within five (5) Business Days after receipt of such Redemption Notice, and (B) redeem all or part of the outstanding Preferred Shares (the "**Redeeming Preferred Share**") held by such Redeeming Preferred Shareholder or any other holder of record of the Preferred Shares which requests for redemption after receipt of such Redemption Notice from the Company, at a price per Preferred Share (the "**Redemption Price**") equal to one hundred percent (100%) of the Series A Issue Price (in the case of Series A Preferred Shares), one hundred percent (100%) of the applicable Series B Issue Price (in the case of Series B Preferred Shares), one hundred percent (100%) of the applicable Series C Issue Price (in the case of Series C Preferred Shares), one hundred percent (100%) of the applicable Series D Issue Price (in the case of Series D Preferred Shares), one hundred percent (100%) of the applicable Series E Issue Price (in the case of Series E Preferred Shares), or one hundred percent (100%) of the applicable Series F Issue Price (in the case of Series F Preferred Shares) with an eight percent (8%) compound per annum return (if the period is less than one year, such return shall be calculated pro rata) calculating from the applicable Series A Issue Date, Series B Issue Date, Series C Issue Date, Series D Issue Date, Series E Issue Date or Series F Issue Date (as the case may be) to the Redemption Price Payment Date (as defined below), plus any accrued but unpaid dividends on such Share and shall be exclusive of any liquidity or minority ownership discount, with payment on the twentieth (20th) Business Day after the date of written request by the holders of Preferred Shares (the "**Redemption Price Payment Date**").

(B) **Walmart Redemption Right.** In the case of the Series E-1 Preferred Shares and the Series F Preferred Shares owned by Walmart, without limitation of any other rights of redemption of the Series E-1 Preferred Shares or Series F Preferred Shares hereunder, in the event of an uncured Key Breach (as defined in the Revised Business Cooperation Agreement) by any Group Company of the Revised Business Cooperation Agreement as determined in accordance with the terms thereof (the “**BCA Redemption Condition**”), so long as the Redemption Conditions (as defined in the Revised Business Cooperation Agreement) are satisfied, the Company shall, at the written request of Walmart, redeem all or part of the outstanding Preferred Shares held by Walmart and/or its Affiliates, at a price per Preferred Share (the “**BCA Redemption Price**”) equal to one hundred percent (100%) of the applicable Series E-1 Issue Price (in the case of Series E-1 Preferred Shares) or one hundred percent (100%) of the applicable Series F Issue Price (in the case of Series F Preferred Shares), plus any accrued but unpaid dividends on such Share and shall be exclusive of any liquidity or minority ownership discount, with payment on the twentieth (20th) Business Day after the date of written request by Walmart (the “**BCA Redemption Price Payment Date**”).

(C) **Insufficient Funds.**

(1) If both the general redemption and the Walmart redemption right pursuant to Article 8.5(A) and Article 8.5(B) above are triggered, and the Company fails to pay on the Redemption Price Payment Date the full Redemption Price in respect of each Redeeming Preferred Share to be redeemed on such date because it has inadequate assets or funds legally available therefor or for any other reason, the assets or funds that are legally available shall be used to the extent permitted by applicable law to,

(a) first, pay Walmart, to redeem its Series E-1 Preferred Shares and Series F Preferred Shares pursuant to the BCA Redemption Condition (the “**BCA Redemption Shares**”), and the Redeeming Preferred Shareholders (other than Walmart and its Affiliates) that request the Company to redeem the Series F Preferred Shares (the “**Redeeming Series F Preferred Shares**”) held by such Redeeming Preferred Shareholders (other than Walmart and its Affiliates) (the “**Redeeming Series F Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to Walmart pursuant to Article 8.5(B) and each such Redeeming Series F Shareholder pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such BCA Redemption Share and each Redeeming Series F Preferred Share held by Redeeming Series F Shareholders in accordance with the relative remaining amounts owed thereon, such that, in any case, the full BCA Redemption Price (with respect to Walmart and its Affiliates) or Redemption Price (with respect to the Series F Redeeming Shareholders) (as applicable) shall not be deemed to have been paid in respect of any BCA Redemption Share or any Redeeming Series F Preferred Share held by Redeeming Series F Shareholders (as applicable) and the redemption shall not be deemed to have been consummated in respect of any such BCA Redemption Share and Redeeming Series F Preferred Share on the BCA Redemption Price Payment Date or Redemption Price Payment Date (as applicable), and Walmart and the Redeeming Series F Shareholders shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each BCA Redemption Share and applicable Redeeming Series F Preferred Share, respectively, and each of the BCA Redemption Shares and the Redeeming Series F Preferred Shares held by Redeeming Series F Shareholders shall remain “outstanding” for the purposes of these Articles, until such time as the BCA Redemption Price or Redemption Price (as applicable) in respect of each BCA Redemption Share and Redeeming Series F Preferred Share (as applicable) has been paid in full whereupon all such rights shall automatically cease. Any portion of the BCA Redemption Price and Redemption Price (as applicable) not paid by the Company in respect of any BCA Redemption Share and Redeeming Series F Preferred Share held by Redeeming Series F Shareholders (as applicable) on the BCA Redemption Price Payment Date or Redemption Price Payment Date (as applicable) shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the BCA Redemption Price Payment Date or Redemption Price Payment Date (as applicable). No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the BCA Redemption Shares and the Redeeming Series F Preferred Shares held by Redeeming Series F Shareholders and shall have paid all of the BCA Redemption Price for the BCA Redemption Shares and all of the Redemption Price for the Redeeming Series F Preferred Shares held by Redeeming Series F Shareholders pursuant to Article 8.5(C)(1)(a).

(b) After redemption in full of the BCA Redemption Shares and the Redeeming Series F Preferred Shares, pay the Redeeming Preferred Shareholders that request the Company to redeem the Series E Preferred Shares and the Series D Preferred Shares (the “**Redeeming Series E and Series D Preferred Shares**”) held by such Redeeming Preferred Shareholders (the “**Redeeming Series E and Series D Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to each such Redeeming Series E and Series D Shareholder pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such Redeeming Series E and Series D Preferred Share in accordance with the relative remaining amounts owed thereon, such that, in any case, the full Redemption Price shall not be deemed to have been paid in respect of any Redeeming Series E and Series D Preferred Share and the redemption shall not be deemed to have been consummated in respect of any Redeeming Series E and Series D Preferred Share on the Redemption Price Payment Date, and each Redeeming Series E and Series D Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each Redeeming Series E and Series D Preferred Share, and each of the Redeeming Series E and Series D Preferred Shares shall remain “outstanding” for the purposes of these Articles, until such time as the Redemption Price in respect of each Redeeming Series E and Series D Preferred Share has been paid in full whereupon all such rights shall automatically cease. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Series E and Series D Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the Redemption Price Payment Date. No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Redeeming Series E and Series D Preferred Shares and shall have paid all of the Redemption Price for the Redeeming Series E and Series D Preferred Shares pursuant to Article 8.5(C)(1)(b).

(2) If the general redemption pursuant to Article 8.5(A) above is triggered but the Walmart redemption right pursuant to Article 8.5(B) is not, and the Company fails to pay on the Redemption Price Payment Date the full Redemption Price in respect of each Redeeming Preferred Share to be redeemed on such date because it has inadequate assets or funds legally available therefor or for any other reason, the assets or funds that are legally available shall be used to the extent permitted by applicable law to, first, pay the Redeeming Preferred Shareholders that request the Company to redeem the Series F Preferred Shares, Series E Preferred Shares and the Series D Preferred Shares (the “**Redeeming Series F, Series E and Series D Preferred Shares**”) held by such Redeeming Preferred Shareholders (the “**Redeeming Series F, Series E and Series D Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to each such Redeeming Series F, Series E and Series D Shareholder pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such Redeeming Series F, Series E and Series D Preferred Share in accordance with the relative remaining amounts owed thereon, such that, in any case, the full Redemption Price shall not be deemed to have been paid in respect of any Redeeming Series F, Series E and Series D Preferred Share and the redemption shall not be deemed to have been consummated in respect of any Redeeming Series F, Series E and Series D Preferred Share on the Redemption Price Payment Date, and each Redeeming Series F, Series E and Series D Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each Redeeming Series F, Series E and Series D Preferred Share, and each of the Redeeming Series F, Series E and Series D Preferred Shares shall remain “outstanding” for the purposes of these Articles, until such time as the Redemption Price in respect of each Redeeming Series F, Series E and Series D Preferred Share has been paid in full whereupon all such rights shall automatically cease. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Series F, Series E and Series D Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the Redemption Price Payment Date. No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Redeeming Series F, Series E and Series D Preferred Shares and shall have paid all of the Redemption Price for the Redeeming Series F, Series E and Series D Preferred Shares pursuant to Article 8.5(C)(2).

(3) After redemption in full of (i) the BCA Redemption Shares, the Redeeming Series F Preferred Shares and the Redeeming Series E and Series D Preferred Shares, or (ii) the Redeeming Series F, Series E and Series D Preferred Shares, as applicable, the Redeeming Preferred Shareholders that request the Company to redeem the Series C Preferred Shares (the “**Redeeming Series C Preferred Shares**”) held by such Redeeming Preferred Shareholders (the “**Redeeming Series C Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to each such Redeeming Series C Shareholders pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such Redeeming Series C Preferred Share in accordance with the relative remaining amounts owed thereon, such that, in any case, the full Redemption Price shall not be deemed to have been paid in respect of any Redeeming Series C Preferred Share and the redemption shall not be deemed to have been consummated in respect of any Redeeming Series C Preferred Share on the Redemption Price Payment Date, and each Redeeming Series C Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each Redeeming Series C Preferred Share, and each of the Redeeming Series C Preferred Shares shall remain “outstanding” for the purposes of these Articles, until such time as the Redemption Price in respect of each Redeeming Series C Preferred Share has been paid in full whereupon all such rights shall automatically cease. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Series C Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the Redemption Price Payment Date. No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Redeeming Series C Preferred Shares and shall have paid all of the Redemption Price for the Redeeming Series C Preferred Shares pursuant to Article 8.5(C)(3).

(4) After redemption in full of (i) the BCA Redemption Shares, the Redeeming Series F Preferred Shares and the Redeeming Series E and Series D Preferred Shares, or (ii) the Redeeming Series F, Series E and Series D Preferred Shares, as applicable, and the Redeeming Series C Preferred Shares, the remaining assets or funds shall be used to pay the Redeeming Preferred Shareholders that request the Company to redeem Series B Preferred Shares (the “**Redeeming Series B Preferred Shares**”) held by such Redeeming Preferred Shareholders (the “**Redeeming Series B Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to each such Redeeming Series B Shareholders pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such Redeeming Series B Preferred Share in accordance with the relative remaining amounts owed thereon, such that, in any case, the full Redemption Price shall not be deemed to have been paid in respect of any Redeeming Series B Preferred Share and the redemption shall not be deemed to have been consummated in respect of any Redeeming Series B Preferred Share on the Redemption Price Payment Date, and each Redeeming Series B Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each Redeeming Series B Preferred Share, and each of the Redeeming Series B Preferred Shares shall remain “outstanding” for the purposes of these Articles, until such time as the Redemption Price in respect of each Redeeming Series B Preferred Share has been paid in full whereupon all such rights shall automatically cease. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Series B Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the Redemption Price Payment Date. No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Redeeming Series B Preferred Shares and shall have paid all of the Redemption Price for the Redeeming Series B Preferred Shares pursuant to Article 8.5(C)(4).

(5) After redemption in full of (i) the BCA Redemption Shares, the Redeeming Series F Preferred Shares and the Redeeming Series E and Series D Preferred Shares, or (ii) the Redeeming Series F, Series E and Series D Preferred Shares, as applicable, the Redeeming Series C Preferred Shares and the Redeeming Series B Preferred Shares, the remaining assets or funds shall be used to pay the Redeeming Preferred Shareholders that request the Company to redeem Series A Preferred Shares (the “**Redeeming Series A Preferred Shares**”) held by such Redeeming Preferred Shareholders (the “**Redeeming Series A Shareholders**”), on a *pari passu* basis with each other, ratably in proportion to all of the redemption payments otherwise due to each such Redeeming Series A Shareholders pursuant to Article 8.5(A), and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each such Redeeming Series A Preferred Share in accordance with the relative remaining amounts owed thereon, such that, in any case, the full Redemption Price shall not be deemed to have been paid in respect of any Redeeming Series A Preferred Share and the redemption shall not be deemed to have been consummated in respect of any Redeeming Series A Preferred Share on the Redemption Price Payment Date, and each Redeeming Series A Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of each Redeeming Series A Preferred Share, and each of the Redeeming Series A Preferred Shares shall remain “outstanding” for the purposes of these Articles, until such time as the Redemption Price in respect of each Redeeming Series A Preferred Share has been paid in full whereupon all such rights shall automatically cease. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Series A Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof and shall accrue interest at a rate of twenty-five (25%) per annum (or a highest interest rate allowed under the laws and regulations) from the Redemption Price Payment Date.

- (D) **Waivers.** The Company may, with the written consent of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares and without the need to amend these Articles, modify, waive, or deviate from any of the requirements of, or procedures set forth in, this Article 8.5, provided that if any such modification, waiver, or deviation has a material adverse effect on any Redeeming Preferred Shareholder as compared on a relative basis (based on the amounts they are entitled to receive on redemption after giving effect to the priorities set forth herein) to other Redeeming Preferred Shareholder(s), the consent of such Redeeming Preferred Shareholder whose interests are being materially adversely affected shall be required.

- (E) **No Impairment.** Once the Company has received a Redemption Notice, it shall not (and shall not permit any Subsidiary to) take any action which could have the effect of delaying, undermining or restricting the redemption, and the Company shall in good faith use all reasonable efforts to increase as expeditiously as possible the amount of legally available redemption funds including without limitation, causing any other Group Company to distribute any and all available funds to the Company for purposes of paying the Redemption Price for all Redeeming Preferred Shares on the Redemption Price Payment Date, and until the date on which each Redeeming Preferred Share is redeemed, the Company shall not declare or pay any dividend not otherwise make any distribution of or otherwise decrease its profits available for distribution.

8.6 **JD Consent Rights.**

- (A) **Transactions Involving Adverse Persons.** Notwithstanding anything to the contrary in the Shareholders Agreement or these Articles, for so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the Series F Issue Date, without the prior written consent of JD:
- (a) no Group Company shall issue or cause to be issued any Equity Securities of such Group Company to any Adverse Person;
 - (b) no Member shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to all or any part of any interest in any Equity Securities of any Group Company now or hereafter owned or held by such Member to any Adverse Person; and;
 - (c) no Group Company shall engage in any Change of Control Transaction with, involving or to an Adverse Person, provided that, subject to the provisions in Article 8.6(B), in the event that a Change of Control Transaction values the Company at a valuation that is no more than US\$1.5 billion, the Company may engage in such a Change of Control Transaction with, involving or to an Adverse Person without the prior written consent of JD, provided further that, JD shall have the right of first refusal, in priority to any right of first refusal of the holders of Preferred Shares pursuant to Section 2.2 of the Right of First Refusal & Co-Sale Agreement (as defined in the Shareholders Agreement), to carry out such a Change of Control Transaction with the Company in accordance with Section 2.6 of the Right of First Refusal & Co-Sale Agreement.
- (B) **Change of Control Transaction.** For so long as JD holds at least thirty-three percent (33%) of the then outstanding Shares on a fully-diluted and as-converted basis, no Group Company shall engage in, and no Member shall cause or allow or otherwise be involved in, any Change of Control Transaction without the prior written consent of JD. For so long as JD holds any Shares but holds less than thirty-three percent (33%) of the then outstanding Shares on a fully-diluted and as-converted basis, in the event that the Company intends to carry out a Change of Control Transaction, JD shall have the right of first refusal, in priority to any right of first refusal of Walmart pursuant to Section 2.4 of the Right of First Refusal & Co-Sale Agreement and in priority to the holders of Preferred Shares pursuant to Section 2.5 of the Right of First Refusal & Co-Sale Agreement, to carry out such a Change of Control Transaction with the Company in accordance with Section 2.3 of the Right of First Refusal & Co-Sale Agreement.

REGISTER OF MEMBERS

9. The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute. The Register of Members shall be the only evidence as to who are the Members entitled to examine the Register of Members or to vote in person or by proxy at any meeting of Members.

FIXING RECORD DATE

10. The Directors may fix in advance a date as the record date for any determination of Members entitled to notice of or to vote at a meeting of the Members, or any adjournment thereof, and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within ninety (90) days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.
11. If no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in these Articles, such determination shall apply to any adjournment thereof.

CERTIFICATES FOR SHARES

12. A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other Person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and, subject to these Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
13. The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one Person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
14. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

TRANSFER OF SHARES

15. The Shares of the Company are subject to transfer restrictions as set forth in certain agreements by and among the Company, certain of its Members and certain other parties thereto. The Company will register transfers of Shares that are made in accordance with such agreements and will not register transfers of Shares that are made in violation of such agreements. The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and, if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

REDEMPTION AND REPURCHASE OF SHARES

16. The Company is permitted to redeem, purchase or otherwise acquire any of the Company's Shares, so long as such redemption, purchase or acquisition (i) is pursuant to any redemption provisions set forth in these Memorandum and Articles, (ii) is pursuant to the ESOP, or (iii) is as otherwise agreed by the holder of such Share and the Company, subject in the case of clause (ii) or (iii) to compliance with any applicable restrictions set forth under the Shareholders Agreement, the Share Restriction Agreements, the Right of First Refusal & Co-Sale Agreement (each as defined in the Shareholders Agreement), the Memorandum and these Articles.
17. Subject to the provisions of the Statute and these Articles, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. Subject to the provisions of the Statute and these Articles, the Directors may authorize the redemption or purchase by the Company of its own Shares in such manner and on such terms as they think fit and may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

18. Subject to Article 8, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may only be varied with the consent in writing of Members holding not less than eighty percent (80%) of the votes entitled to be cast by holders (in person or by proxy) of Shares on a poll at a general meeting of such class affected by the proposed variation of rights or with the sanction of a resolution of such Members holding not less than eighty percent (80%) of the votes which could be cast by holders (in person or by proxy) of Shares of such class on a poll at a general meeting but not otherwise.
19. For the purpose of Article 18, all of the provisions of these Articles relating to general meetings shall apply, to the extent applicable, *mutatis mutandis*, to every such separate meeting except that the necessary quorum shall be one or more Persons holding or representing by proxy at least a majority of the issued Shares of such class and that any Member holding Shares of such class, present in person or by proxy, may demand a poll.
20. Subject to Article 8, the rights conferred upon the holders of Shares or any class of Shares shall not, unless otherwise expressly provided by the terms of issue of such Shares, be deemed to be varied by the creation, redesignation, or issue of Shares ranking senior thereto or *pari passu* therewith.

COMMISSION ON SALE OF SHARES

21. The Company may, with the approval of the Board (so long as such approval includes the approval of at least one (1) then incumbent Preferred Director), so far as the Statute permits, pay a commission to any Person in consideration of his or her subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON-RECOGNITION OF INTERESTS

22. The Company shall not be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

TRANSMISSION OF SHARES

23. If a Member dies, the survivor or survivors where such Member was a joint holder, and his or her legal personal representatives where such Member was a sole holder, shall be the only Persons recognised by the Company as having any title to such Member's interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share that had been jointly held by such Member.
24. Any Person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some Person nominated by him or her as the transferee, but the Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer by that Member before his death or bankruptcy pursuant to Article 15. If he or she elects to become the holder, he or she shall give written notice to the Company to that effect.
25. If the Person so becoming entitled shall elect to be registered as the holder, such Person shall deliver or send to the Company a notice in writing signed by such Person stating that he or she so elects.

AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL

26. Subject to Article 8, the Company may by Ordinary Resolution:
 - A. increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
 - B. consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
 - C. by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value;

- D. cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any Person; and
 - E. perform any action not required to be performed by Special Resolution.
27. Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, and subject further to Article 8, the Company may by Special Resolution:
- A. change its name;
 - B. alter or add to these Articles;
 - C. alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and.
 - D. reduce its share capital and any capital redemption reserve fund.

REGISTERED OFFICE

28. Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

GENERAL MEETINGS

29. All general meetings other than annual general meetings shall be called extraordinary general meetings.
30. The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint. At these meetings, the report of the Directors (if any) shall be presented.
31. The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
32. A Members requisition is a requisition of Members of the Company holding, on the date of deposit of the requisition, not less than ten percent (10%) of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company,
33. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
34. If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said twenty-one (21) days.
35. A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

36. At least ten (10) days' notice shall be given of any general meeting unless such notice is waived either before, at or after such meeting (i) by the Members (or their proxies) holding a majority of the aggregate voting power of all of the then outstanding Ordinary Shares entitled to attend and vote thereat (excluding any Conversion Shares), (ii) by the holders of a majority of Series A Preferred Shares (or their proxies) then outstanding, (iii) by the holders of at least sixty percent (60%) of Series B Preferred Shares (or their proxies) then outstanding, (iv) by the holders of at least fifty percent (50%) of Series C Preferred Shares (or their proxies) then outstanding, (v) by the holders of at least fifty percent (50%) of Series D Preferred Shares (or their proxies) then outstanding, (vi) by the holders of at least fifty percent (50%) of Series E Preferred Shares (or their proxies) then outstanding, and (vii) by the holders of at least fifty percent (50%) of Series F Preferred Shares (or their proxies) then outstanding. Every notice shall be exclusive of the day on which it is given or deemed to be given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed (i) by the Members (or their proxies) holding a majority of the aggregate voting power of all of the then outstanding Ordinary Shares entitled to attend and vote thereat (excluding any Conversion Shares), (ii) by the holders of a majority of Series A Preferred Shares entitled to attend and vote thereat (or their proxies) then outstanding, (iii) by the holders of at least sixty percent (60%) of Series B Preferred Shares (or their proxies) then outstanding, (iv) by the holders of at least fifty percent (50%) of Series C Preferred Shares (or their proxies) then outstanding, (v) by the holders of at least fifty percent (50%) of Series D Preferred Shares (or their proxies) then outstanding, (vi) by the holders of at least fifty percent (50%) of Series E Preferred Shares (or their proxies) then outstanding, and (vi) by the holders of at least fifty percent (50%) of Series F Preferred Shares (or their proxies) then outstanding.
37. The officer of the Company who has charge of the Register of Members of the Company shall prepare and make, at least two (2) days before every general meeting, a complete list of the Members entitled to vote at the general meeting, arranged in alphabetical order, and showing the address of each Member and the number of shares registered in the name of each Member. Such list shall be open to examination by any Member for any purpose germane to the meeting, during ordinary business hours, for a period of at least two (2) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member of the Company who is present.

PROCEEDINGS AT GENERAL MEETINGS

38. Each of (1) the holders of a majority of the aggregate voting power of all of the Ordinary Shares entitled to notice of and to attend and vote at such general meeting (including the Preferred Shares on an as converted basis) and (2) (i) the holders of a majority of Series A Preferred Shares then outstanding, (ii) the holders of at least sixty percent (60%) of Series B Preferred Shares then outstanding, (iii) the holders of at least fifty percent (50%) of Series C Preferred Shares then outstanding, (iv) the holders of at least fifty percent (50%) of Series D Preferred Shares then outstanding, (v) the holders of at least fifty percent (50%) of Series E Preferred Shares then outstanding and (vi) the holders of at least fifty percent (50%) of Series F Preferred Shares then outstanding together present in person or by proxy or if a company or other non-natural Person by its duly authorised representative shall be a quorum. Subject to Article 42, no business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business.

39. A Person may participate at a general meeting by conference telephone or other communications equipment by means of which all the Persons participating in the meeting can communicate with each other. Participation by a Person in a general meeting in this manner is treated as presence in person at that meeting.
40. A resolution in writing (in one or more counterparts) shall be as valid and effective as if the resolution had been passed at a duly convened and held general meeting of the Company if:
 - A. in the case of a Special Resolution, it is signed by all Members required for such Special Resolution to be deemed effective under the Statute; or
 - B. in the case of any resolution passed other than as a Special Resolution, it is signed by Members for the time being holding Shares carrying in aggregate not less than the minimum number of votes that would be necessary to authorize or take such action at a general meeting at which all Shares entitled to vote thereon were present and voted (calculated in accordance with Article 8.4(A)) (or, being companies, signed by their duly authorised representative).
41. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue to transact business until adjournment. If, however, such quorum shall not be present or represented at any general meeting, the Members (or their proxies) holding a majority of the aggregate voting power of all of the Shares of the Company represented at the meeting may adjourn the meeting from time to time, until a quorum shall be present or represented; provided that, if notice of such meeting has been duly delivered to all Members ten (10) days prior to the scheduled meeting in accordance with the notice procedures hereunder, and the quorum is not present within one and a half hour from the time appointed for the meeting solely because of the absence of the holders of a majority of Series A Preferred Shares then outstanding, the holders of at least sixty percent (60%) of Series B Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series C Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series D Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series E Preferred Shares then outstanding, or the holders of at least fifty percent (50%) of Series F Preferred Shares then outstanding the meeting shall be adjourned to the seventh (7th) following Business Day at the same time and place (or to such other time or such other place as the Directors may determine) with notice delivered to all Members five (5) days prior to the adjourned meeting in accordance with the notice procedures under Articles 106 through 110 and if at the adjourned meeting the quorum is not present within one and a half hour from the time appointed for the meeting solely because of the absence of the holder of a majority of Series A Preferred Shares then outstanding, the holders of at least sixty percent (60%) of Series B Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series C Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series D Preferred Shares then outstanding, the holders of at least fifty percent (50%) of Series E Preferred Shares then outstanding, or the holders of at least fifty percent (50%) of Series F Preferred Shares then outstanding the Members present shall constitute a quorum for such second adjourned meeting.
42. The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he or she shall not be present within ten (10) minutes after the time appointed for the holding of the meeting, or is unwilling or unable to act, the Directors present shall elect one of their number, or shall designate a Member, to be chairman of the meeting.

43. With the consent of a general meeting at which a quorum is present, the chairman may (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned, notice of the adjourned meeting shall be given as in the case of an original meeting.
44. A resolution put to the vote of the meeting shall be decided by poll and not on a show of hands.
45. On a poll a Member shall have one vote for each Ordinary Share he holds on an as converted basis, unless any Share carries special voting rights.
46. Except on a poll on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
47. A poll on a question of adjournment shall be taken forthwith.
48. A poll on any other question shall be taken at such time as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.

VOTES OF MEMBERS

49. Except as otherwise required by law or these Articles, the Ordinary Shares and the Preferred Shares shall vote together on an as converted basis on all matters submitted to a vote of Members.
50. In the case of joint holders of record, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
51. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by his or her committee, receiver, or other Person on such Member's behalf appointed by that court, and any such committee, receiver, or other Person may vote by proxy.
52. No Person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class or series of Shares unless he or she is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by such Member in respect of Shares have been paid.
53. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
54. Votes may be cast either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting.
55. A Member holding more than one Share need not cast the votes in respect of his or her Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him or her, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he or she is appointed either for or against a resolution and/or abstain from voting.

PROXIES

56. The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his or her attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
57. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, no later than the time for holding the meeting or adjourned meeting.
58. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
59. Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting or adjourned meeting at which it is sought to use the proxy.

CORPORATE MEMBERS

60. Any corporation or other non-natural Person that is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its Directors or other governing body, authorise such Person as it thinks fit to act as its representative at any meeting of the Company or any class of Members, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he or she represents as the corporation could exercise if it were an individual Member.

SHARES THAT MAY NOT BE VOTED

61. Shares in the Company that are beneficially owned by the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

APPOINTMENT OF DIRECTORS

62. The authorized number of Directors on the Board shall be no more than six (6) Directors, with the composition of the Board determined as follows:
 - A. for so long as the Principal holds the position of and serves as the chief executive officer of the Company, the Principal shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time two (2) Directors (the “**Founder Directors**”) on the Board, one (1) of whom must be the Principal himself, and the other one (1) of whom must be another incumbent management member of the Company and will be appointed by the Principal after the date of the Shareholders Agreement (the “**Additional Director**”), and the Principal shall have two (2) votes until the Additional Director has been appointed;

- B. for so long as JD holds at least thirty percent (30%) but less than sixty percent (60%) of the Shares held by JD immediately after the Series F Issue Date, JD shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) Director (the “**JD Preferred Director**”), who shall initially be Mr. LIU Qiangdong.
- C. for so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the Series F Issue Date, JD shall be exclusively entitled to designate, appoint, remove, replace and reappoint two (2) Directors, one (1) of whom shall be the JD Preferred Director (the other one director so appointed, the “**JD Ordinary Director**”, together with the Founder Directors, the “**Ordinary Directors**” and each an “**Ordinary Director**”);
- D. for so long as Sequoia continues to hold at least sixty percent (60%) of the Shares held by Sequoia immediately after the Series F Issue Date, Sequoia shall be exclusively entitled to designate, appoint, remove, replace and reappoint one (1) Director (the “**Sequoia Preferred Director**”);
- E. for so long as Walmart continues to hold at least sixty percent (60%) of the Shares held by Walmart immediately after the Series F Issue Date, Walmart shall be exclusively entitled to designate, appoint, remove, replace and reappoint one (1) Director (the “**Walmart Preferred Director**”, together with the JD Preferred Director and the Sequoia Preferred Director, the “**Preferred Directors**” and each a “**Preferred Director**”);
- F. in the event that the Principal ceases to have the right to designate, appoint, remove, replace and reappoint any of the Founder Directors or JD ceases to have the right to designate, appoint, remove, replace and reappoint the JD Ordinary Director, the holders holding at least seventy-five percent (75%) of the then outstanding Shares (voting together as a single class and on a fully-diluted and as-converted basis) shall have the right to designate, appoint, remove, replace and reappoint such Ordinary Director.
- G. in the event that JD ceases to have the right to designate, appoint, remove, replace and reappoint the JD Preferred Director or Sequoia ceases to have the right to designate, appoint, remove, replace and reappoint the Sequoia Preferred Director or Walmart ceases to have the right to designate, appoint, remove, replace and reappoint the Walmart Preferred Director, the holders holding at least a majority of the then outstanding Preferred Shares (disregarding, for all purposes of determining the foregoing threshold, JD, Sequoia or Walmart who remains to have the right to designate, appoint, remove, replace and reappoint a Preferred Director), voting as a single class on an as-converted basis, shall have the right to designate, appoint, remove, replace and reappoint such Preferred Director.
- H. JD shall have the right to designate, appoint, remove, replace and reappoint one (1) non-voting-rights observer to the Board. Sequoia shall have the right to designate, appoint, remove, replace and reappoint one (1) non-voting-rights observer to the Board. Greenwoods shall have the right to designate, appoint, remove, replace and reappoint one (1) non-voting-rights observer to the Board. Walmart shall have the right to designate, appoint, remove, replace and reappoint one (1) non-voting-rights observer to the Board. DST shall have the right to designate, appoint, remove, replace and reappoint one (1) non-voting-rights observer to the Board. For the avoidance of doubt, other than as provided above in respect of the Principal, each of the Directors shall have one (1) vote when any resolution shall be passed by the Board. In the event that the voting over any matter by the Directors is deadlocked, the Principal, as one of the Directors, shall have the tie-breaking vote over such matter.

POWERS OF DIRECTORS

63. Subject to the provisions of the Statute, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by or under the direction of the Directors who may exercise all the powers of the Company; provided, however, that the Company shall not carry out any action inconsistent with Article 8. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the Directors that would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
64. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine.
65. Subject to Article 8, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
66. Subject to Article 8, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture shares, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

VACATION OF OFFICE AND REMOVAL OF DIRECTOR

67. The office of a Director shall be vacated if:
 - A. such Director gives notice in writing to the Company that he or she resigns the office of Director; or
 - B. such Director dies, becomes bankrupt or makes any arrangement or composition with such Director's creditors generally; or
 - C. such Director is found to be or becomes of unsound mind.
68. Any Director who shall have been elected by a specified group of Members may be removed during the aforesaid term of office, either for or without cause, by, and only by, the affirmative vote of the group of Members then entitled to elect such Director in accordance with Article 62, given at a special meeting of such Members duly called or by an action by written consent for that purpose. Any vacancy in the Board of Directors caused as a result of such removal or one or more of the events set out in Article 67 of any Director who shall have been elected by a specified group of Members, may be filled by, and only by, the affirmative vote of the group of Members then entitled to elect such Director in accordance with Article 62, given at a special meeting of such Members duly called or by an action by written consent for that purpose, unless otherwise agreed upon among such Members.

PROCEEDINGS OF DIRECTORS

69. A Director may by a written instrument appoint an alternate who need not be a Director, and an alternate is entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director. At all meetings of the Board of Directors a majority of the number of the Directors in office elected in accordance with Article 62 that includes all of the then incumbent Preferred Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the votes held by the Directors present (in person or in alternate) at any meeting at which there is a quorum, shall be the act of the Board of Directors, except as may be otherwise specifically provided by the Statute, the Memorandum or these Articles. If only one Director is elected, such sole Director shall constitute a quorum. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting, until a quorum shall be present, provided that, if notice of the board meeting has been duly delivered to all Directors of the Board five (5) Business Days prior to the scheduled meeting in accordance with the notice procedures hereunder, and the quorum is not present within one and a half hour from the time appointed for the meeting solely because of the absence of an Preferred Director, the meeting shall be adjourned to the third (3rd) following Business Day at the same time and place (or to such other time or such other place as the Directors may determine) with notice delivered to all Directors one (1) Business Day prior to the adjourned meeting in accordance with the notice procedures hereunder and, if at the adjourned meeting, the quorum is not present within one and a half hour from the time appointed for the meeting solely because of the absence of an Preferred Director, the meeting shall, again, be adjourned to the third (3rd) following Business Day at the same time and place (or to such other time or such other place as the Directors may determine) with notice delivered to all Directors one (1) day prior to the adjourned meeting in accordance with the notice procedures hereunder and the Directors present shall constitute a quorum for such second adjourned board meeting.
70. Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit, provided however that the board meetings shall be held at least once every three (3) months unless the Board otherwise approves (so long as such approval includes the approval of at least one (1) then incumbent Preferred Director) and that a written notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting shall be sent to all Directors entitled to receive notice of the meeting and each observer appointed to the Board or committee pursuant to Article 62 (the “**Observers**”) at least three (3) days before the meeting and a copy of the minutes of the meeting shall be sent to such Persons. All documents of the Board or any subcommittee of the Board will be in English. At the request of the Director or the Observer, the relevant meetings of the Board and the subcommittees of the Board may be held either in English or in Chinese with an English interpreter being present at such meetings.
71. A Person may participate in a meeting of the Directors or committee of the Board of Directors by conference telephone or other communications equipment by means of which all the Persons participating in the meeting can communicate with each other at the same time. Participation by a Person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the chairman is at the start of the meeting.
72. A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Board of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of the Board of Directors as the case may be, duly convened and held.

73. Meetings of the Board of Directors may be called by any Director on forty-eight (48) hours' notice to each Director and Observer in accordance with Articles 106 through 110.
74. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
75. The Directors may elect a chairman of their board and determine the period for which he or she is to hold office; but if no such chairman is elected, or if at any meeting the chairman shall not be present within ten (10) minutes after the time appointed for holding the same, the Directors present may choose one of their members to be chairman of the meeting.
76. All acts done by any meeting of the Directors or of a committee of the Board of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and qualified to be a Director.

PRESUMPTION OF ASSENT

77. A Director of the Company who is present at a meeting of the Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless the Director's dissent shall be entered in the minutes of the meeting or unless the Director shall file his or her written dissent from such action with the Person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such Person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIRECTORS' INTERESTS

78. Subject to Article 81, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his or her office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
79. Subject to Article 81, a Director may act by himself or herself or his or her firm in a professional capacity for the Company and such Director or firm shall be entitled to remuneration for professional services as if such Director were not a Director.
80. Subject to Article 81, a Director of the Company may be or become a Director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Member or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by such Director as a Director or officer of, or from his or her interest in, such other company.
81. In addition to any further restrictions set forth in these Articles, no Person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested (each, an "**Interested Transaction**") be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such Interested Transaction by reason of such Director holding office or of the fiduciary relation thereby established, and any such Director may vote at a meeting of Directors on any resolution concerning a matter in which that Director has an interest (and if he votes his vote shall be counted) and shall be counted towards a quorum of those present at such meeting, in each case so long as the material facts of the interest of each Director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith to and are known by the other Directors. A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the Directors or any committee thereof that a Director is a member of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under these Articles.

MINUTES

82. The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any series of Shares and of the Directors, and of committees of the Board of Directors including the names of the Directors present at each meeting.

DELEGATION OF DIRECTORS' POWERS

83. Subject to these Articles, the Board of Directors may, with prior consent of at least one (1) Preferred Director, establish any committees and approve the delegation of any of their powers to any committee consisting of one or more Directors, provided that such committee shall always include all then incumbent Preferred Directors as members to the extent permitted by law. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee, provided that, with respect to the member who is an Preferred Director, such member can only be replaced by an alternate member designated by the Person having the right to designate, appoint, replace or reappoint such Preferred Director.
84. The Board of Directors may also, with prior consent of each then incumbent Preferred Director, delegate to any managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by such Person provided that the appointment of a managing Director shall be revoked forthwith if he or she ceases to be a Director. Any such delegation may be made subject to any conditions the Board of Directors may, with prior consent of each then incumbent Preferred Director, impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.
85. Subject to these Articles, the Directors may by power of attorney or otherwise appoint any company, firm, Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him or her.
86. Subject to these Articles, the Directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of an officer's appointment, an officer may be removed by resolution of the Directors or Members.

NO MINIMUM SHAREHOLDING

87. There is no minimum shareholding required to be held by a Director.

REMUNERATION OF DIRECTORS

88. The remuneration to be paid to the Directors, if any, shall be such remuneration as determined by the Board (including the consent of the then incumbent Preferred Directors). The Directors shall also be entitled to be paid all reasonable travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Board of Directors or committees of the Board of Directors, or general meetings of the Company, or separate meetings of the holders of any series of Shares or debentures of the Company, or otherwise performing their duties as Directors and committee members.
89. The Directors may by resolution of the majority of the votes held by the Directors (including the consent of each then incumbent Preferred Director) approve additional remuneration to any Director for any services other than his or her ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his or her remuneration as a Director.

SEAL

90. The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Board of Directors authorised by the Board of Directors. Every instrument to which the Seal has been affixed shall be signed by at least one Person who shall be either a Director or some officer or other Person appointed by the Directors for the purpose.
91. The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
92. A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his or her signature alone to any document of the Company required to be authenticated by him or her under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

93. Subject to the Statute and these Articles (including Article 8), the Directors may declare dividends and distributions on Shares in issue and authorise payment of the dividends or distributions out of the assets of the Company lawfully available therefor. No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
94. All dividends and distributions shall be declared and paid according to the provisions of Article 8.
95. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) then payable by such Member to the Company on account of calls or otherwise.

96. Subject to the provisions of Article 8, the Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
97. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such Person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other monies payable in respect of the Share held by them as joint holders.
98. No dividend or distribution shall bear interest against the Company, except as expressly provided in these Articles.
99. Any dividend that cannot be paid to a Member and/or that remains unclaimed after six (6) months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Member. Any dividend that remains unclaimed after a period of six (6) years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

CAPITALIZATION

100. Subject to these Articles, including but not limited to Article 8, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend as set forth in Article 8 hereof and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event, the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any Person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

101. The Directors shall cause proper books of account to be kept at such place as they may from time to time designate with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. The Directors shall from time to time determine whether and to what extent and at what times and places, and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to inspection of Members not being Directors and no such Member shall have any right of inspecting any account or book or document of the Company except as conferred by the Statute or authorized by the Directors or the Company in general meeting or in a written agreement binding on the Company.

102. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

103. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors, and may fix the Auditor's remuneration.
104. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
105. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company that is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company that is registered with the Registrar of Companies as an exempted company and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

NOTICES

106. Except as otherwise provided in these Articles, notices shall be in writing. Notice may be given by the Company to any Member or Director either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to such Member or Director (as the case may be) or to the address of such Member or Director as shown in the Register of Members or the Register of Directors (as the case may be) (or where the notice is given by electronic mail by sending it to the electronic mail address provided by such Member or Director). Notice may be given by the Company to any Observer either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to such Observer (or where the notice is given by electronic mail by sending it to the electronic mail address provided by such Observer).
107. Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of two (2) days (not including Saturdays or Sundays or public holidays) after the letter containing the same is sent as aforesaid. Where a notice is sent by fax to a fax number provided by the intended recipient, service of the notice shall be deemed to be effected when the receipt of the fax is acknowledged by the recipient. Where a notice is given by electronic mail to the electronic mail address provided by the intended recipient, service shall be deemed to be effected when the receipt of the electronic mail is acknowledged by the recipient.

108. A notice may be given by the Company to the Person or Persons that the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices that are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the Persons claiming to be so entitled, or at the option of the Company, by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
109. Notice of every general meeting shall be given in any manner hereinbefore authorised to every Person shown as a Member in the Register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every Person upon whom the ownership of a Share devolves by reason of his or her being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his or her death or bankruptcy would be entitled to receive notice of the meeting, and no other Person shall be entitled to receive notices of general meetings.
110. Whenever any notice is required by law or these Articles to be given to any Director, member of a committee or Member, a waiver thereof in writing, signed by the Person or Persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

WINDING UP

111. If the Company shall be wound up, assets available for distribution amongst the Members shall be distributed, in accordance with Article 8.
112. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and, subject to Article 8, determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

INDEMNITY

113. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses that they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty, and no such Director or officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director or officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other Persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his or her office or trust unless the same shall happen through the fraud or dishonesty of such Director or officer or trustee. Except with respect to proceedings to enforce rights to indemnification pursuant to this Article 113, the Company shall indemnify any such indemnitee pursuant to this Article 113 in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article 113 shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent provided by, and subject to the requirements of, applicable law, so long as the indemnitee agrees with the Company to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Article 113.

114. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall not be personally liable to the Company or its Members for monetary damages for breach of their duty in their respective offices, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty respectively.

FINANCIAL YEAR

115. Unless the Directors otherwise prescribe, the financial year of the Company shall end on the 31st of December in each year and, following the year of incorporation, shall begin on the 1st of January in each year.

TRANSFER BY WAY OF CONTINUATION

116. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution and the written consent of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

EXCLUDED OPPORTUNITY

117. The Company hereby renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, or in being informed about, an Excluded Opportunity, unless otherwise agreed by the relevant holders of Preferred Shares who are in possession of such Excluded Opportunity. The Company acknowledges that holders of Preferred Shares and their Affiliates, members, equity holders, director representatives, partners, employees, agents and other related persons are engaged in the business of investing in private and public companies in a wide range of industries, including the industry segment in which the Company operates (the “**Company Industry Segment**”). Accordingly, the Company and the holders of Preferred Shares hereby acknowledge and agree that a Covered Person shall:
- A. have no obligation or duty (contractual or otherwise) to the Company to refrain from participating as a director, investor or otherwise with respect to any company or other person or entity that is engaged in the Company Industry Segment or is otherwise competitive with the Company, and

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- B. in connection with making investment decisions, to the fullest extent permitted by law, have no obligation or duty (contractual or otherwise) to the Company to refrain from using any information, including, but not limited to, market trend and market data, which comes into such Covered Person's possession, whether as a director of, or investor in, the Company or otherwise.

SIXTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS SIXTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this “Agreement”) is entered into on August 8, 2018 (the “Effective Date”), by and among:

1. Dada Nexus Limited, an exempted company incorporated in the Cayman Islands with limited liability (the “Company”), whose registered office is located at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, the Cayman Islands;
2. Alpha Lake Limited, a company incorporated under the Laws of the British Virgin Islands (the “BVI Subsidiary”), whose registered office is located at Start Chambers, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, the British Virgin Islands;
3. Dada Wisdom (HK) Limited (達智(香港)有限公司), a company limited by shares incorporated under the Laws of Hong Kong (the “HK Subsidiary”), whose registered office is located at Room C, 21F, CMA Building, No.64 Connaught Road, Central, Hong Kong;
4. Dada Glory Network Technology Ltd. (达疆网络科技(上海)有限公司), a limited liability company established under the Laws of the PRC (the “WFOE 1”), whose legal address is located at Unit 1495, No. 1945 Siping Road, Yangpu District, Shanghai, the PRC;
5. Shanghai JD Daojia Yuanxin Information Technology Co., Ltd. (上海京东到家元信信息技术有限公司), a limited liability company established under the Laws of the PRC (the “WFOE 2”, and together with WFOE 1, the “WFOEs”), whose registered address is located at Unit 1243, No. 1945 Siping Road, Yangpu District, Shanghai, the PRC;
6. Shanghai Qusheng Internet Technology Co., Ltd. (上海趣盛网络科技有限公司), a limited liability company established under the Laws of the PRC (the “Domestic Company”), whose legal address is located at Unit 1494, No. 1945 Siping Road, Yangpu District, Shanghai, the PRC;
7. Shanghai Darong Express Delivery Co., Ltd. (上海达融速运有限公司), a limited liability company established under the Laws of the PRC (the “Domestic Subsidiary 1”), whose legal address is located at Room 106, Building 3, 1157 Kangqiao Road, Pudong District, Shanghai, the PRC;
8. Shanghai JD Daojia Youheng E-Commerce Information Technology Co., Ltd. (上海京东到家友恒电商信息技术有限公司), a limited liability company established under the Laws of the PRC (the “Domestic Subsidiary 2”, and together with Domestic Subsidiary 1, the “Domestic Subsidiaries”), whose registered address is located at Unit 1267, No. 1945 Siping Road, Yangpu District, Shanghai, the PRC;
9. Each of the individuals and their holding company listed in Schedule A attached hereto (the “Founders”);
10. Each of the holders of Series A Preferred Shares listed in Schedule B attached hereto (the “Series A Investors”);
11. Each of the holders of Series B Preferred Shares listed in Schedule C attached hereto (the “Series B Investors”);

12. Each of the holders of Series C Preferred Shares listed in Schedule D attached hereto (the “Series C Investors”);
13. Each of the holders of Series D Preferred Shares listed in Schedule E attached hereto (the “Series D Investors”); and
14. Each of the holders of Series E Preferred Shares listed in Schedule F attached hereto (the “Series E Investors”).
15. Each of the holders of Series F Preferred Shares listed in Schedule G attached hereto (the “Series F Investors”).

Each of the parties to this Agreement is referred to herein individually as a “Party” and collectively as the “Parties”. Capitalized terms used herein without definition shall have the meanings set forth in the Purchase Agreement.

RECITALS

- A. The Company holds one hundred percent (100%) equity interest of the HK Subsidiary which holds one hundred percent (100%) equity interest of the WFOEs. The WFOE 1, in turn, Controls the Domestic Company, which holds one hundred percent (100%) equity interest of the Domestic Subsidiaries. The Company also holds one hundred percent (100%) equity interest of the BVI Subsidiary.
- B. The Group is currently engaged in the business of providing (i) crowd-sourced delivery services, (ii) online-to-offline platform services through which the platform users may post or take pickup and delivery orders, and (iii) two-hour express delivery services, and certain ancillary business in connection with the foregoing business (including, without limitation, sale of goods and services to freelance couriers) in the PRC (collectively, the “Business”).
- C. Azure Holdings S.a.r.l, a company incorporated under the laws of Luxembourg (“Walmart”) and JD Sunflower Investment Limited, a company incorporated under the laws of the British Virgin Islands (“JD”) have agreed to purchase from the Company, and the Company has agreed to sell to Walmart and JD, certain Series F Preferred Shares of the Company on the terms and conditions set forth in the Share Purchase Agreement dated August 8, 2018 by and among the Company, the BVI Subsidiary, the HK Subsidiary, the WFOEs, the Domestic Company, the Domestic Subsidiaries, the Principal, the Principal HoldCo, Walmart and JD (the “Purchase Agreement”).
- D. The Purchase Agreement provides that the execution and delivery of this Agreement shall be a condition precedent to the consummation of the transactions contemplated under the Purchase Agreement.
- E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

“Accounting Standards” means, with respect to a corporation or organization established in the PRC, the generally accepted accounting principles in the PRC, and with respect to a corporation or organization established outside the PRC, the generally accepted accounting principles in the United States, as applied on a consistent basis.

“Adverse Persons” means (i) Alibaba Group Holding Ltd. and its Affiliates; (ii) the Person that owns the tradename of “蚂蚁金服” or “Ant Financial” or domain name www.antgroup.com or www.antfin.com and the Internet Content Provider License for the operation of such domain names (currently known as “浙江蚂蚁小微金融服务集团股份有限公司”) and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (iii) Baidu, Inc. and its Affiliates; (iv) Internet Plus Holdings Ltd. and its Affiliates; (v) Rajax Holding and its Affiliates; (vi) Yunfeng Capital (云峰基金) and its Affiliates; (vii) Cainiao Smart Logistics Network Limited (菜鸟) and its Affiliates, (viii) Suning (苏宁易购) and its Affiliates, (ix) Jack Yun MA (马云), his family funds and their respective Affiliates; (x) Joseph C. TSAI (蔡崇信), his family funds and their respective Affiliates; and (xi) Best Logistic (百世物流) and its Affiliates; and, solely with respect to a transfer or other disposal of Shares by the Principal, the Principal HoldCo, any of the Co-Founder Parties, or any Affiliates or Permitted Transferees (as defined under the Right of First Refusal & Co-Sale Agreement) of the Principal, the Principal HoldCo or any Co-Founder Parties, means (i) the foregoing entities and (ii) to the best knowledge of the Principal, the Principal HoldCo, the Co-Founder Parties, or their Affiliates or Permitted Transferees, after due inquiry, any Person in which any of the foregoing entities holds at least thirty-three percent (33%) of the issued share capital thereof.

“Affiliate” with respect to any individual, corporation, partnership, association, trust, or any other entity (in each case, a “Person”), any Person which, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, including, without limitation any member, general partner, officer or director of such Person and any venture capital fund now or hereafter existing which is controlled by or under common control with one or more general partners or shares the same management company with such Person. Notwithstanding the foregoing, the Parties acknowledge and agree that (a) the name “Sequoia Capital” is commonly used to describe a variety of entities (collectively, the “Sequoia Entities”) that are affiliated by ownership or operational relationship and engaged in a broad range of activities related to investing and securities trading and (b) notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not be binding on, or restrict the activities of, any (i) Sequoia Entity outside of the Sequoia China Sector Group or (ii) entity primarily engaged in investment and trading in the secondary securities market; in each case, unless such Sequoia Entity or entity (as applicable) becomes a Shareholder. For purposes of the foregoing, the “Sequoia China Sector Group” means all Sequoia Entities (whether currently existing or formed in the future) that are principally focused on companies located in, or with connections to, the People’s Republic of China.

“Applicable Securities Laws” means (i) with respect to any offering of securities in the United States, or any other act or omission within that jurisdiction, the securities laws of the United States, including the Exchange Act and the Securities Act, and any applicable Law of any state of the United States, and (ii) with respect to any offering of securities in any jurisdiction other than the United States, or any related act or omission in that jurisdiction, the applicable Laws of that jurisdiction.

“Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five (5) percent or more of the then outstanding Equity Securities of such corporation or organization (on a fully-diluted and as-converted basis), (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, (3) such Person’s Immediate Family (as defined in the general commentary to Section 303A.02(b) of the Listed Company Manual of the New York Stock Exchange.

“Auditor” means the Person for the time being performing the duties of auditor of the Company (if any).

“Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law or executive order to be closed in the PRC, Hong Kong, Cayman Islands, Mauritius, or the U.S.

“Change of Control Transaction” means any of the following: (i) a transaction or series of related transactions (including, without limitation, any consolidation, amalgamation, merger, recapitalization, share exchange, liquidation, winding up, scheme of arrangement or other reorganization or similar business combination) in which (x) any Person or group directly or indirectly acquires any Equity Securities of the Company such that, immediately after such transaction or series of related transactions, such Person or group directly or indirectly holds Equity Securities of the Company representing more than fifty percent (50%) of the then outstanding voting power of the Company, or (y) any Person or group acquires the power to appoint and/or remove all or a majority of the members of the Board or otherwise acquires the right to direct the management of the Company, in each case, whether obtained directly or indirectly, and whether obtained by ownership of capital, the possession of voting rights, contract or otherwise; (ii) any sale, lease, license, exchange, transfer or other disposition which would result in any Person or group (including any Shareholder of the Company (or any Affiliate of any Shareholder of the Company, which for the avoidance of doubt does not include any Group Company)) acquiring assets, individually or in the aggregate, constituting all or substantially all of the assets of the Group Companies (taken as a whole); (iii) any Deemed Liquidation Event; provided, however, that no exercise by JD of its Preemptive Right or right of first refusal or any other purchase by JD of Equity Securities in accordance with this Agreement or the Right of First Refusal & Co-Sale Agreement, shall constitute a Change of Control Transaction.

“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“Co-Founder” means Mr. Jun Yang (杨骏).

“Co-Founder Parties” means the Co-Founder and High Altitude Limited, a company incorporated under the Laws of British Virgin Islands.

“Commission” means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act, and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the offering or sale of securities in that jurisdiction.

“Control” 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.

“Deed of Joinder” means a deed of joinder substantially in the form set forth in Exhibit B as attached hereto.

“Deemed Liquidation Event” has the meaning given to such term in the Memorandum and Articles.

“Director” means a director serving on the Board.

“DST” means collectively, DST Asia IV, DST Asia V, DST China EC XII and DST Global IV Co-Invest Ltd.

“Existing Shareholders Agreement” means the Fifth Amended and Restated Shareholders Agreements, dated October 20, 2016, by and among the Company, the existing shareholder of the Company and certain other parties therein, as amended by the Amendment to Fifth Amended and Restated Shareholders Agreement, dated as of December 28, 2017, by and among the Company and certain other parties therein.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing.

“ESOP” means the applicable equity incentive plan of the Company, as amended, according to which, as of the date hereof, 75,791,329 Ordinary Shares of the Company to be issued to the officers, Directors, employees, consultants or service providers of the Company have been reserved.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Opportunity” means any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of any holder of Preferred Shares or any Affiliate, partner, member, director, stockholder, employee, agent or other related person of any such holder, other than someone who is an employee of the Company or any of its Subsidiaries (collectively, “Covered Persons”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and exclusively in such Covered Person’s capacity as a Director of the Company.

“Exclusive Option Agreements” means (i) the Exclusive Option Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and the Principal, (ii) the Exclusive Option Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Lhasa Heye Investment Management Co., Ltd., (iii) the Exclusive Option Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Mr. Jun Yang, (iv) the Exclusive Option Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Shanghai Jinglinxiyu Investment Center L.P., and (v) the Exclusive Option Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Jiangsu Jingdong Bangneng Investment Management Co., Ltd., each as amended from time to time.

“Form F-3” means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

“Form S-3” means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

“Governmental Authority” means any government of any nation, 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 governmental authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“Greenwoods” means Merit Success Investments Limited.

“Group Company” means each of the Company, the BVI Subsidiary, the HK Subsidiary, the WFOEs, and the Domestic Company, together with each Subsidiary of any of the foregoing from time to time, and “Group” refers to all Group Companies collectively.

“Holders” means the holders of Registrable Securities who are parties to this Agreement from time to time, and their permitted transferees that become parties to this Agreement from time to time.

“Indebtedness” of any Person means, without duplication, each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized in accordance with Accounting Standards (including capitalized lease obligations), (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

“Initiating Holders” means, with respect to a request duly made under Section 2.1 or Section 2.2 to Register any Registrable Securities, the Holders initiating such request.

“Investors” means the holders of Preferred Shares.

“JD” means JD Sunflower Investment Limited, a company incorporated under the laws of the British Virgin Islands.

“JD Purchase Agreement” means certain share purchase agreement made and entered into by and among the Company, the BVI Subsidiary, the HK Subsidiary, the WFOE 1, the Domestic Company, the Domestic Subsidiary 1, the Principal, the Principal Holdco, JD.com, Inc. and JD on April 15, 2016.

“IPO” means the first firm underwritten registered public offering by the Company of its Ordinary Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States.

“Law” or “Laws” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, 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 formally issued written interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable governmental orders.

“Lien” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by contract, law, equity or otherwise.

“Majority Shareholders” means, collectively, (i) the holders holding at least fifty percent (50%) of the then outstanding Preferred Shares, voting together as a single class and on an as-converted basis, (ii) the Principal for so long as the Principal holds any Shares, and (iii) JD for so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the date hereof.

“Memorandum and Articles” means the Seventh Amended and Restated Memorandum of Association of the Company and the Seventh Amended and Restated Articles of Association of the Company, as each may be amended and/or restated from time to time.

“Ordinary Shares” means the Company’s ordinary shares, each with a par value of US\$ 0.0001 per share.

“Ordinary Share Equivalents” means any Equity Security which is by its terms convertible into or exchangeable or exercisable for Ordinary Shares or other share capital of the Company, including without limitation, the Preferred Shares.

“Preferred Shares” means Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares.

“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding Hong Kong, the Macau Special Administrative Region and Taiwan.

“Principal” means Mr. Philip Jiaqi Kuai (蒯佳祺).

“Principal HoldCo” means Pleasant Lake Limited, a company incorporated under the Laws of British Virgin Islands.

“Qualified IPO” has the meaning given to such term in the Memorandum and Articles.

“Registrable Securities” means the Shares held by the Investors, excluding Shares sold by the Investors in a transaction other than an assignment pursuant to Section 14.3. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when such Registrable Securities have been disposed of pursuant to an effective Registration Statement.

“Registration” means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms “Register” and “Registered” have meanings concomitant with the foregoing.

“Registration Statement” means a registration statement prepared under the Securities Act, or on any comparable form in connection with registration in a jurisdiction other than the United States.

“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Associate of any of the foregoing.

“Relevant Majority” means, collectively, (i) (x) the holders holding at least forty percent (40%) of the then outstanding Preferred Shares, or (y) in the event that JD holds forty percent (40%) or more of the then outstanding Preferred Shares, fifty percent (50%) of the then outstanding Preferred Shares, in each case voting together as a single class and on an as-converted basis, and (ii) the Principal for so long as the Principal holds any Shares.

“Retailer” means, individually and collectively, (i) any company or business that derives more than 50% of its revenue from the operation of physical retail, including but not limited to any retail stores, or any Affiliate thereof (such company or business and its Affiliates collectively, a “Retail Business”), (ii) any founder who is substantially involved in the daily operations of, or otherwise exercises or has the power to exercise control over, such Retail Business or (iii) any fund or other entity invested in by such Retail Business or such founder; provided that any such invested fund or entity shall not be deemed to be a Retailer if no Retail Business and no founder of a Retail Business has control (whether direct or indirect, potential or exercised, by contract or otherwise) over such invested fund or entity. For the avoidance of doubt, Retailer shall in no event include JD and its Affiliates.

“Right of First Refusal & Co-Sale Agreement” means the Sixth Amended and Restated Right of First Refusal & Co-Sale Agreement entered into between the Company, Investors and certain other parties named therein as of August 8, 2018, as amended from time to time.

“SAFE” means the State Administration of Foreign Exchange of the PRC or, with respect to any matter to be submitted for examination and approval by or for registration with the State Administration of Foreign Exchange of the PRC, any Governmental Authority which is delegated or authorized by the State Administration of Foreign Exchange of the PRC to examine and approve or to effect the registration of such matter under the laws of the PRC.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Sequoia” means SCC Venture V Holdco I, Ltd., SCC Growth I Holdco A, Ltd., Sequoia Capital China GF Holdco III-A, Ltd., and SC China Growth III Co-Investment 2015-A, L.P.

“Series A Preferred Shares” means the Series A Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series B Preferred Shares” means the Series B Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series C Preferred Shares” means the Series C Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series D Preferred Shares” means the Series D-1 Preferred Shares and the Series D-2 Preferred Shares.

“Series D-1 Preferred Shares” means the Series D-1 Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series D-2 Preferred Shares” means the Series D-2 Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series E-1 Issue Price” has the meaning set forth in the Memorandum and Articles.

“Series E Preferred Shares” means the Series E-1 Preferred Shares and the Series E-2 Preferred Shares.

“Series E-1 Preferred Shares” means the Series E-1 Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series E-2 Preferred Shares” means the Series E-2 Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series F Preferred Shares” means the Series F Preferred Shares of the Company, each with a par value of US\$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Shareholder” means a holder of any Shares.

“Shares” means the Ordinary Shares and the Preferred Shares.

“Share Restriction Agreements” means the Fifth Amended and Restated Share Restriction Agreements, each entered into between the Company, Investors and certain other parties named therein respectively as of October 20, 2016, as amended from time to time.

“Share Pledge Agreements” means (i) the Share Pledge Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and the Principal, (ii) the Share Pledge Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Lhasa Heye Investment Management Co., Ltd., (iii) the Share Pledge Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Mr. Jun Yang, (iv) the Share Pledge Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Shanghai Jinglinxiyu Investment Center L.P., and (v) the Share Pledge Agreement dated February 20, 2017, entered into by and among the WFOE 1, the Domestic Company and Jiangsu Jingdong Bangneng Investment Management Co., Ltd., each as amended from time to time.

“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

“Transaction Documents” means this Agreement, the Right of First Refusal & Co-Sale Agreement, the Share Restriction Agreements, the Memorandum and Articles, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“US” or “United States” means the United States of America.

“United States Person” means United States person as defined in Section 7701(a)(30) of the Code.

“VIE Documents” means the following contracts: (i) the Exclusive Business Cooperation Agreement dated November 14, 2014, entered into by and between the WFOE 1 and the Domestic Company, (ii) the Exclusive Option Agreements, (iii) the Power of Attorney dated February 20, 2017, executed by each of Lhasa Heye Investment Management Co., Ltd., the Principal, Mr. Jun Yang, Shanghai Jinglinxiyu Investment Center L.P., and Jiangsu Jingdong Bangneng Investment Management Co., Ltd, and (iv) the Share Pledge Agreements, each as amended from time to time.

“Walmart Business Cooperation Agreement” means that certain Amended and Restated Business Cooperation Agreement, dated as of August 8, 2018, by and between the Company and Walmart (China) Investment Co., Ltd.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Additional Number	Section 7.5(ii)
Agreement	Preamble
Arbitration Notice	Section 14.5(i)
Available Number	Section 7.5(ii)
Business	Recitals
BVI Subsidiary	Preamble
Company	Preamble
Company Industry Segment	Section 13.16
Confidential Information	Section 13.14(i)
Covered Issuance	Section 7.4
Direct US Investor	Section 13.12(iii)
Dispute	Section 14.5(i)
Domestic Company	Preamble
Domestic Subsidiaries	Preamble
Domestic Subsidiary 1	Preamble
Domestic Subsidiary 2	Preamble
Drag Along Notice	Section 8.1
Drag Along Requestors	Section 8.1
Drag Along Right	Section 8.1
Drag Along Transaction	Section 8.1
DST Observer	Section 10.4
Effective Date	Preamble
Exempt Registrations	Section 3.4
First Participation Notice	Section 7.5(i)
Founders	Preamble
Greenwoods Observer	Section 10.4
HK Subsidiary	Preamble
HKIAC	Section 14.5(ii)
HKIAC Rules	Section 14.5(ii)
Indirect US Investor	Section 13.12(iii)
JD	Recitals
JD Observer	Section 10.4
New Securities	Section 7.3
Observers	Section 10.4
Oversubscription Participants	Section 7.5(ii)
Participation Securities	Section 7.4
Parties	Preamble
Party	Preamble
PFIC Shareholder	Section 13.12(iii)
Preemptive Right	Section 7.1
Pro Rata Share	Section 7.2
Proposed Buyer	Section 8.1
Purchase Agreement	Recitals
Relevant Majority Reserved Matters	Section 11.2
Restricted Business	Section 13.10(i)
Retailer Participation Right	Section 7.4
Second Participation Notice	Section 7.5(ii)
Second Participation Period	Section 7.5(ii)

Security Holder	Section 13.2
Sequoia Observer	Section 10.4
Series A Investors	Preamble
Series A Purchase Agreement	Section 14.16
Series B Investors	Preamble
Series B Purchase Agreement	Section 14.16
Series C Investors	Preamble
Series D Investors	Preamble
Series E Investors	Preamble
Series F Investors	Preamble
Special Majority	Section 11.2
Subsidiary Board	Section 10.1(ii)
Violation	Section 5.1(i)
Walmart	Recitals
Walmart Observer	Section 10.4
WFOE 1	Preamble
WFOE 2	Preamble
WFOEs	Preamble

1.3 Interpretation. For all purposes of this Agreement, except as otherwise expressly herein provided, (i) the terms defined in this [Section 1](#) shall have the meanings assigned to them in this [Section 1](#) and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (iii) all references in this Agreement to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (vi) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (vii) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, (viii) the term “or” is not exclusive, (ix) the term “including” will be deemed to be followed by “, but not limited to,” (x) the terms “shall,” “will” and “agrees” are mandatory, and the term “may” is permissive, (xi) the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning, (xii) the term “voting power” refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles, (xiii) the headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement, (xiv) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, and (xv) all references to dollars or to “US\$” are to currency of the United States and all references to RMB are to currency of the PRC (and each shall be deemed to include reference to the equivalent amount in other currencies).

2. Demand Registration.

2.1 Registration Other Than on Form F-3 or Form S-3. Subject to the terms of this Agreement, at any time or from time to time after the date that is six (6) months after the closing of the IPO, Holders holding ten-percent (10%) or more of the voting power of the then outstanding Registrable Securities held by all Holders may request in writing that the Company effect a Registration of Registrable Securities. Upon receipt of such a request, the Company shall (x) promptly give written notice of the proposed Registration to all other Holders and (y) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company’s delivery of written notice, to be Registered and/or qualified for sale and distribution in such jurisdiction as the Initiating Holders may request. The Company shall be obligated to consummate no more than three (3) Registrations pursuant to this [Section 2.1](#) that have been declared and ordered effective; provided that if the Registrable Securities sought to be included in the Registration pursuant to this [Section 2.1](#) are not fully included in the Registration for any reason other than due to the action or inaction of the Holders including Registrable Securities in such Registration or due to the limitation of the number of Registrable Securities to be underwritten in a Registration by the managing underwriters which is acceptable to the Holders as provided in [Section 2.4](#), such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to this [Section 2.1](#).

2.2 Registration on Form F-3 or Form S-3. The Company shall use its best efforts to qualify for registration on Form F-3 or Form S-3. Subject to the terms of this Agreement, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), any Holder may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission. Upon receipt of such a request, the Company shall (i) promptly give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction.

2.3 Right of Deferral.

- (i) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to this Section 2:
 - (1) if, within ten (10) days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 or Section 2.2, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Ordinary Shares within sixty (60) days of receipt of that request; provided, that the Company is actively employing in good faith its reasonable best efforts to cause that Registration Statement to become effective within sixty (60) days of receipt of that request; provided, further, that the Holders are entitled to join such Registration in accordance with Section 3 (other than an Exempt Registration);
 - (2) during the period starting with the date of filing by the Company of, and ending six (6) months following the effective date of any Registration Statement pertaining to Ordinary Shares of the Company other than an Exempt Registration; provided, that the Holders are entitled to join such Registration in accordance with Section 3;
 - (3) in any jurisdiction other than the US in which the Company would be required to execute a general consent to service of process in effecting such Registration or qualification, unless the Company is already subject to service of process in such jurisdiction; or

- (4) with respect to the registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), if Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States) (as the case may be) is not available for such offering by the Holders.
- (ii) If, after receiving a request from Holders pursuant to Section 2.1 or Section 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company or its members for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, provided, that the Company may not utilize this right for more than ninety (90) days on any one occasion or more than once during any twelve (12) month period; provided, further, that the Company may not Register any other its Securities during such period (except for Exempt Registrations).

2.4 Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1 or Section 2.2, the Initiating Holders seek to distribute such Registrable Securities in an underwritten offering, they shall so advise the Company as a part of the request, and the Company shall include such information in the written notice to the other Holders described in Section 2.1 and Section 2.2. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwritten offering and the inclusion of such Holder's Registrable Securities in the underwritten offering (unless otherwise mutually agreed by the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the Company and reasonably acceptable to the holders of at least 50% of the voting power of all Registrable Securities proposed to be included in such Registration. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or Section 2.2, the underwriters may exclude up to seventy-five percent (75%) of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering and so long as the number of shares to be included in the Registration on behalf of the non-excluded Holders is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included; provided that any Initiating Holder shall have the right to withdraw its request for Registration from the underwriting by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement, and such withdrawal request for Registration shall not be deemed to constitute one of the Registration rights granted pursuant to Section 2.1 or Section 2.2, as the case may be. If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.

3. Piggyback Registrations.

3.1 Registration of the Company's Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder's Equity Securities, in connection with the public offering of such securities (except for Exempt Registrations), the Company shall promptly give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein.

3.2 Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3.

3.3 Underwriting Requirements.

- (i) In connection with any offering involving an underwriting of the Company's Equity Securities, the Company shall not be required to Register the Registrable Securities of a Holder under this Section 3 unless such Holder's Registrable Securities are included in the underwritten offering and such Holder enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to this Section 3 in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may exclude up to all of the Registrable Securities requested to be Registered in connection with the IPO and up to seventy-five percent (75%) of the Registrable Securities requested to be Registered in connection with any other public offering, but in any case only after first excluding all other Equity Securities (except for securities sold for the account of the Company) from the Registration and underwriting and so long as the Registrable Securities to be included in such Registration on behalf of any non-excluded Holders are allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.
- (ii) If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration.

3.4 Exempt Registrations. The Company shall have no obligation to Register any Registrable Securities under this Section 3 in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a Company share plan, (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable), or (iii) on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities and does not permit secondary sales (collectively, “Exempt Registrations”).

4. Registration Procedures.

- 4.1 Registration Procedures and Obligations.** Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:
- (i) Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and use its reasonable best efforts to cause that Registration Statement to become effective, and, upon the request of the Holders holding at least 50% in voting power of the Registrable Securities Registered thereunder, keep the Registration Statement effective until the distribution thereunder has been completed;
 - (ii) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of Applicable Securities Laws with respect to the disposition of all securities covered by the Registration Statement;
 - (iii) At the request of the Holders, furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by Applicable Securities Laws, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;
 - (iv) Use its reasonable best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;
 - (v) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering;
 - (vi) Promptly notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under Applicable Securities Laws of (a) the issuance of any stop order by the Commission, or (b) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with law, and at the request of any such Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with law;

- (vii) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (A) a scanned copy of an opinion, dated the date of the sale, issued by the counsel representing the Company to the underwriters for the purposes of the Registration; and (B) a scanned copy of comfort letters dated as of (x) the effective date of the final registration statement covering such Registrable Securities, and (y) the closing date of the sale of the Registrable Securities, from the independent certified public accountants of the Company, addressed to the underwriters;
- (viii) Otherwise comply with all applicable rules and regulations of the Commission to the extent applicable to the applicable registration statement and use its reasonable best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;
- (ix) Not, without the written consent of the holders of at least 50% of voting power of the then outstanding Registrable Securities, make any offer relating to the Securities that would constitute a "free writing prospectus," as defined in Rule 405 promulgated under the Act;
- (x) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration; and
- (xi) Take all reasonable action necessary to list the Registrable Securities on the primary exchange on which the Company's securities are then traded or, in connection with an IPO, the primary exchange on which the Company's securities will be traded.

4.2 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder's Registrable Securities.

4.3 Expenses of Registration. All expenses, other than the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement (which shall be borne by the Holders requesting Registration on a pro rata basis in proportion to their respective numbers of Registrable Securities sold in such Registration), incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and reasonable fees and disbursement of one counsel and applicable local counsel for all selling Holders, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to Section 2.1 or Section 2.2 of this Agreement if the Registration request is subsequently withdrawn at the request of the Holders holding at least 50% of the voting power of the Registrable Securities requested to be Registered by all Holders in such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration) unless the Holders of at least 50% of the voting power of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.1; provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company that was unknown to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and the Company shall pay any and all such expenses.

5. Registration-Related Indemnification.

5.1 Company Indemnity.

- (i) To the maximum extent permitted by Law and its memorandum and articles of association, the Company will indemnify and hold harmless each Holder, such Holder's partners, officers, directors, shareholders, members, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "Violation"): (a) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (b) the omission or alleged omission to state in the Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by the Company of Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws. The Company will reimburse, as incurred, each such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.
- (ii) The indemnity agreement contained in this Section 5.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises solely out of or is solely based upon a Violation that occurs in reliance upon and in conformity with written information furnished for use in connection with such Registration by any such Holder, such Holder's partners, officers, directors, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter.

5.2 Holder Indemnity.

- (i) To the maximum extent permitted by Law, each selling Holder that has included Registrable Securities in a Registration will, severally and not jointly, indemnify and hold harmless the Company, its directors and officers, any other Holder selling securities in connection with such Registration and each Person, if any, who controls (within the meaning of the Securities Act) the Company, such other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs solely in reliance upon and in conformity with written information furnished by such Holder expressly for inclusion in such Registration Statement; and each such Holder will reimburse, as incurred, any Person intended to be indemnified pursuant to this Section 5.2, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. To the extent not prohibited under the applicable Law, no Holder's Liability under this Section 5.2 (when combined with any amounts paid by such Holder pursuant to Section 5.4) shall exceed the net proceeds received by such Holder from the offering of securities made in connection with that Registration.
- (ii) The indemnity contained in this Section 5.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 or Section 5.2 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or Section 5.2, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 5, but the omission to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

5.4 Contribution. If any indemnification provided for in [Section 5.1](#) or [Section 5.2](#) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, to the extent not prohibited under the applicable Law, in any such case: (A) no Holder will be required to contribute any amount (after combined with any amounts paid by such Holder pursuant to [Section 5.2](#)) in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

5.5 Underwriting Agreement. To extent that the offering includes Registrable Securities in a Registration Statement, the Company shall cause the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering to be consistent with the foregoing provisions.

5.6 Survival. The obligations of the Company and Holders under this [Section 5](#) shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

6. Additional Registration-Related Undertakings.

6.1 Reports under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any Applicable Securities Laws that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

- (i) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under Applicable Securities Laws in any jurisdiction where the Company's securities are listed), at all times following 90 days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;
- (ii) file with the Commission in a timely manner all reports and other documents required of the Company under all Applicable Securities Laws; and
- (iii) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (a) a written statement by the Company that it has complied with the reporting requirements of all Applicable Securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's securities are listed), (b) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as filed by the Company with the Commission, and (c) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's Securities are listed).

6.2 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the written consent of, collectively and each voting as a separate class, (A) the holders holding a majority of the then outstanding Series A Preferred Shares, (B) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (C) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (D) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (E) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (F) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares, enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (i) to include such Equity Securities in any Registration filed under Section 2 or Section 3, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (ii) to demand Registration of their Equity Securities, or (iii) cause the Company to include such Equity Securities in any Registration filed under Section 2 or Section 3 hereof on a basis pari passu with or more favorable to such holder or prospective holder than is provided to the Holders of Registrable Securities.

6.3 “Market Stand-Off” Agreement. Each holder of Registrable Securities agrees, if so required by the managing underwriter(s), that it will not during the period commencing on the date of the final prospectus relating to the Company’s IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days from the date of such final prospectus, as may be extended in line with customary market practice, by up to a maximum of 32 days, to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions) (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Securities of the Company owned by such holder immediately prior to the date of the final prospectus relating to the IPO (other than those included in such offering), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Equity Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Equity Securities of the Company or such other securities, in cash or otherwise; provided, that (a) the forgoing provisions of this Section shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement, and shall not be applicable to any Holder unless all directors, officers and all other holders of at least one percent (1%) of the then outstanding share capital of the Company (calculated on an as-converted basis) must be bound by restrictions at least as restrictive as those applicable to any such Holder pursuant to this Section, (y) if the Company or any underwriter releases any officer, director or holder of the Company’s outstanding share capital from his or her sale restrictions so undertaken, then each Holder shall be notified prior to such release and shall itself be simultaneously released to the same proportional extent, and (z) the lockup agreements shall permit a Holder to transfer their Registrable Securities to their respective Affiliates so long as the transferees enter into the same lockup agreement. The Investors agree to execute and deliver to the underwriters a lock-up agreement containing substantially similar terms and conditions as those contained herein.

6.4 Termination of Registration Rights. The registration rights set forth in Section 2 and Section 3 of this Agreement shall terminate on the earlier of (i) the date that is five (5) years from the date of closing of an IPO, (ii) with respect to any Holder, the date on which such Holder may sell all of such Holder's Registrable Securities under Rule 144 of the Securities Act in any ninety (90)-day period.

6.5 Exercise of Ordinary Share Equivalents. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to Register Registrable Securities which, if constituting Ordinary Share Equivalents, have not been exercised, converted or exchanged, as applicable, for Ordinary Shares as of the effective date of the applicable Registration Statement, but the Company shall cooperate and facilitate any such exercise, conversion or exchange as requested by the applicable Holder.

6.6 Intent. The terms of Sections 2 through 6 are drafted primarily in contemplation of an offering of securities in the United States. The parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States where registration rights have significance or that the Company might effect an offering in the United States in the form of American Depositary Receipts or American Depositary Shares. Accordingly:

- (i) it is their intention that, whenever this Agreement refers to a Law, form, process or institution of the United States but the parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, reference in this Agreement to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question; and
- (ii) it is agreed that the Company will not undertake any listing of American Depositary Receipts, American Depositary Shares or any other security derivative of the Ordinary Shares unless arrangements have been made reasonably satisfactory to the Investors to ensure that the spirit and intent of this Agreement will be realized and that the Company is committed to take such actions as are necessary such that the Holders will enjoy rights corresponding to the rights hereunder to sell their Registrable Securities in a public offering in the United States as if the Company had listed Ordinary Shares in lieu of such derivative securities.

7. Preemptive Right.

7.1 General. The Company hereby grants to the Investors the right of first refusal to purchase such Investor's Pro Rata Share (as defined below) (and any oversubscription, as provided below), of all (or any part) of any New Securities (as defined below) that the Company may from time to time issue after the date of this Agreement (the "Preemptive Right").

7.2 Pro Rata Share. Each Investor's "Pro Rata Share" for purposes of the Preemptive Rights is, on an as-converted basis, the ratio of (a) the total number of Ordinary Share Equivalents (calculated on a fully-diluted and as-converted basis) held by such Investor in the aggregate, to (b) the total number of Ordinary Share Equivalents (calculated on a fully-diluted and as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights.

7.3 New Securities. For purposes hereof, “New Securities” shall mean any Equity Securities of the Company issued after the date hereof, except for:

- (i) up to 75,791,329 (such number can be increased from time to time as approved in accordance with this Agreement) Ordinary Shares (as adjusted in connection with share splits or share consolidation, reclassification or other similar event) and/or options or warrants therefor issued to employees, officers, directors, contractors, advisors or consultants of the Group Companies pursuant to the ESOP duly approved by the Board and Majority Shareholders in accordance with Section 11 hereof;
- (ii) any Equity Securities of the Company issued in connection with any share split, share dividend, reclassification or other similar event as approved by the Board and Majority Shareholders (so long as such approval includes the consent of at least one (1) Preferred Director) in accordance with Section 11 hereof;
- (iii) any Equity Securities of the Company issued pursuant to the IPO duly approved by the Company in accordance with Section 11 hereof (it being agreed that if the Company undertakes an IPO that does not meet the requirement of a Qualified IPO, with respect to holders of Series D Preferred Shares, Series E Preferred Shares, and Series F Preferred Shares, the Shares issued pursuant to such offering shall be deemed as New Securities and the Series D Conversion Price, the Series E Conversion Price, and Series F Conversion Price (each as defined in the Memorandum and Articles) shall be adjusted and determined pursuant to the Memorandum and Articles;
- (iv) any Equity Securities of the Company issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or a series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity, in any case, duly approved in accordance with Section 11 hereof;
- (v) any Equity Securities of the Company issued to Walmart pursuant to Section 7.4 hereof; and
- (vi) any Ordinary Shares issued upon the conversion of the Preferred Shares.

7.4 Walmart’s Retailer Participation Right. So long as Walmart and/or its Affiliates in aggregate hold at least one hundred percent (100%) of the Shares held by Walmart immediately after the closing of the issuance of Series F Preferred Shares pursuant to the Purchase Agreement less any Series F Preferred Shares redeemed pursuant to the Walmart Business Cooperation Agreement, in the event that any proposed issuance of New Securities, together with any transactions contemplated by such issuance, would cause any Retailer to hold, directly or indirectly, the same or a greater number of Equity Securities of the Company than Walmart and its Affiliates then hold in the aggregate on an as-converted and fully-diluted basis following the Investors’ (including Walmart’s) exercise of their Preemptive Right pursuant to Section 7.1, to the extent such Preemptive Right is actually exercised (a “Covered Issuance”), Walmart shall have the right to purchase from the Company (such right, the “Retailer Participation Right”), on the same terms as those offered to such Retailer in the Covered Issuance, such additional number of Equity Securities of the same class and series as those offered to such Retailer, such that upon completion of such Covered Issuance, including any exercise of Preemptive Rights hereunder, the number of Equity Securities of the Company (on an as-converted and fully-diluted basis) beneficially owned by Walmart and its Affiliates in the aggregate following its exercise of the Retailer Participation Right in full (such Equity Securities, the “Participation Securities”) plus, if and only if Walmart or any of its Affiliates in its discretion chooses to exercise its Preemptive Right pursuant to Section 7.1, the number of Equity Securities of the Company issued to Walmart and/or its Affiliates in the aggregate following its exercise of the Preemptive Right, shall be equal to the number of Equity Securities held by such Retailer plus one. If Walmart exercises its Retailer Participation Right in full, the Company shall grant Walmart all additional rights or privileges in the Company necessary to ensure that Walmart enjoys all of the rights and privileges that the applicable Retailer enjoys upon completion of the Covered Issuance.

7.5 Procedures.

- (i) **First Participation Notice.** In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), the Company shall give the Investors a written notice (the “First Participation Notice”) of its intention to issue New Securities, describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Investor shall have thirty (30) days from the date of receipt of the First Participation Notice to agree in writing to purchase up to such Investor’s Pro Rata Share of the New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Investor’s Pro Rata Share). If any Investor fails to so respond in writing within such thirty (30)-day period, then such Investor shall forfeit the Preemptive Right to purchase its Pro Rata Share of the New Securities described in such First Participation Notice, but shall not be deemed to forfeit any right with respect to any other issuance of New Securities.
- (ii) **Second Participation Notice; Oversubscription.** If any Investor fails or declines to exercise or does not fully exercise its Preemptive Rights in accordance with subsection (i) above, the Company shall promptly give notice (the “Second Participation Notice”) to other participating Investors who exercised in full their Preemptive Rights (the “Oversubscription Participants”) in accordance with subsection (i) above. Each Oversubscription Participant shall have five (5) Business Days from the date of the Second Participation Notice (the “Second Participation Period”) to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the “Additional Number”). Such notice may be made by telephone if confirmed in writing within two (2) Business Days. If, as a result thereof, such oversubscription exceeds the total number of the New Securities available for purchase (the “Available Number”), each Oversubscription Participant will be cut back by the Company with respect to its oversubscription to such number of New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the Available Number by (ii) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Oversubscription Participant and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by all the Oversubscription Participants.

- (iii) **Retailer Participation Right Notice.** In the event that the proposed issuance of New Securities constitutes a Covered Issuance (in a single transaction or a series of related transactions) and the Retailer Participation Right is then in effect, after expiration of the Second Participation Period, the Company shall promptly give Walmart a written notice (the “Retailer Participation Right Notice”), describing the amount and type of New Securities, the price and the principal terms upon which the Company proposes to issue such New Securities, the number of Participation Securities that Walmart is entitled to purchase pursuant to Section 7.4, and any new rights to which Walmart will be entitled upon exercise of the Retailer Participation Right pursuant to Section 7.4. Walmart may elect, by delivering written notice to the Company within fifteen (15) days from the date of Walmart’s receipt of the Retailer Participation Right Notice, to purchase in full the Participation Securities at the price and upon the terms and conditions specified in such Retailer Participation Right Notice.

7.6 Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event that no Investor exercises the Preemptive Rights within thirty (30) days following the issuance of the First Participation Notice, the Company shall have ninety (90) days thereafter to complete the sale of the New Securities described in the First Participation Notice with respect to which the Preemptive Rights hereunder were not exercised at the same or higher price and upon such other terms as are not more favorable to the purchasers thereof than specified in the First Participation Notice, provided that the purchaser(s) of such New Securities shall be required to enter into this Agreement and the Right of First Refusal & Co-Sale Agreement by executing a Deed of Joinder, unless otherwise agreed by the Investors. In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Investors pursuant to this Section 7 (including, if applicable, to Walmart pursuant to Section 7.4).

8. Drag Along Right

8.1 Drag Along Transaction. Subject to Sections 11 and 12, in the event that no Qualified IPO occurs on or prior to the fifth (5th) anniversary of the date hereof, (x) the holders holding at least sixty percent (60%) of the then outstanding Preferred Shares, voting together as a single class and on an as-converted basis, and (y) the Principal for so long as he holds any Shares (collectively, the “Drag Along Requestors”) approve a sale of the Company to a Person who is not an Associate of any Drag Along Requestor (the “Proposed Buyer”) (whether structured as a merger, reorganization, asset sale, stock sale or otherwise), in which a Person, or a group of related Persons, acquire from Shareholders of the Company shares representing all of the then outstanding voting power of the Company or substantially all assets of the Company at a per share price of not less than one point four (1.4) multiplied by the Series F Issue Price (as defined in the Memorandum and Articles) (a “Drag Along Transaction”, it being agreed and acknowledged that a Drag Along Transaction constitutes a Deemed Liquidation Event under the Memorandum and Articles), the Drag Along Requestors shall have the right (the “Drag Along Right”) to require all other Shareholders by giving a notice (the “Drag Along Notice”) to all such parties and the Company, subject to and upon such terms and conditions as the Drag Along Requestors may reasonably require, unless the Company could seek an alternative buyer in accordance with Section 8.2:

- (i) to vote all voting shares held by them in the same manner as the Drag Along Requestors;
- (ii) to refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to such Drag Along Transaction;
- (iii) to execute and deliver all related documentation and take such other action in support of the Drag Along Transaction as shall reasonably be requested by the Company or the Drag Along Requestors; and

- (iv) in the event that the Drag Along Transaction is to be effected by the sale of Shares held by Drag Along Requestors without the need for shareholder approval, to sell all Shares of the Company beneficially held by such other Shareholders to the person to whom the Drag Along Requestors propose to sell its Shares, for the same per-share consideration (on an as-converted basis) and on the same terms and conditions as the Drag Along Requestors.
- (v) no Shareholder who is not an employee, officer or controlling shareholder of a Group Company shall be required to make any representations or warranties or provide any indemnity (other than through an escrowed portion of the proceeds) other than in respect of due authorization of such Shareholder and title to the Shares to be transferred by such Shareholder in the Drag Along Transaction. For the avoidance of doubt, for the purposes of this Section 8.1(v), no holder of Preferred Shares shall be deemed a controlling shareholder.

8.2 Option of the Company. The Company shall have ten (10) Business Days from the date of receipt of the Drag Along Notice to seek another Person to agree in writing and be bound to purchase from Shareholders of the Company shares or assets of the Company to be sold in the Drag Along Transaction for the price and upon the terms and conditions not less favorable than those offered by the Proposed Buyer. If the Company fails to find such a Person within such ten (10)-Business-Day period, then the Company and all the Shareholders shall proceed with the Drag Along Transaction and all the Shareholders shall use their best efforts and take all necessary actions to effect the Drag Along Transaction (including without limitation taking actions as reasonably requested by the Drag-Along Requestors).

9. Information and Inspection Rights.

9.1 Delivery of Financial Statements. The Group Companies shall deliver to each Investor the following documents or reports, provided that such Investor and its Affiliates shall hold at least 50,000,000 Shares of the Company (as adjusted in connection with share splits or share consolidation, reclassification or other similar event):

- (i) an annual budget and strategic plan at least thirty (30) days prior to the beginning of each fiscal year, setting forth: the projected balance sheets, income statements and statements of cash flows for each month during such fiscal year of each Group Company; projected detailed budgets for each such month; any dividend or distribution projected to be declared or paid; the projected incurrence, assumption or refinancing of Indebtedness; and all other material matters relating to the operation, development and business of the Group Companies;
- (ii) within ninety (90) days after the end of each fiscal year of the Company, a consolidated income statement and statement of cash flows for the Group Companies for such fiscal year and a consolidated balance sheet for the Group Companies as of the end of the fiscal year, audited and certified by any of the “Big Four” accounting firms or a reputable firm of independent certified public accountants acceptable to the Investors, all prepared in accordance with the Accounting Standards consistently applied throughout the period;
- (iii) within forty-five (45) days of the end of each fiscal quarter, a consolidated unaudited income statement and statement of cash flows for such quarter and a consolidated balance sheet for the Group Companies as of the end of such quarter, all prepared in accordance with the Accounting Standards consistently applied throughout the period (except for customary year-end adjustments and except for the absence of notes), and certified by the chief financial officer of the Company;

- (iv) within fifteen (15) days of the end of each month, (a) a consolidated unaudited income statement and statement of cash flows for such month and a consolidated balance sheet for the Group Companies as of the end of such month, all prepared in accordance with the Accounting Standards consistently applied throughout the period (except for customary year-end adjustments and except for the absence of notes), and certified by the chief financial officer of the Company, and (b) a management report on operational metrics of the Group Companies for such month;
- (v) within thirty (30) days after the end of each fiscal year and promptly following any fiscal quarter during which there have been any material changes thereto, a detailed fully-diluted capitalization table of the Company;
- (vi) copies of all documents or other information sent to all other shareholders and any reports publicly filed by the Group Companies with any relevant securities exchange, regulatory authority or governmental agency, no later than five (5) days after such documents or information are filed by the Group Companies; and
- (vii) as soon as practicable, any other information reasonably requested by such Investor.

9.2 Inspection Rights. The Group Companies, the Principal and the Co-Founder covenant and agree that each Investor shall have the right, at its own expense, to inspect facilities, properties, records and books of each Group Company at any time during regular working hours on reasonable prior notice to such Group Company and the right to discuss the business, operation and conditions of a Group Company with any Group Company's directors, officers, employees, accounts, legal counsels and investment bankers, provided that the requesting Investor and its Affiliates shall hold at least 50,000,0000 Shares of the Company (as adjusted in connection with share splits or share consolidation, reclassification or other similar event).

10. Election of Directors.

10.1 Board of Directors.

- (i) The Company shall have, and the Parties hereto agree to cause the Company to have, a Board consisting of no more than six (6) authorized Directors.
 - (1) For so long as the Principal holds the position of and serves as the chief executive officer of the Company, the Principal shall have right to designate, appoint, remove, replace and reappoint two (2) Directors (the "Founder Directors") on the Board, one (1) of whom must be the Principal himself, and the other one (1) of whom must be another incumbent management member of the Company and will be appointed after the date hereof (the "Additional Director") by the Principal. The Principal shall have two (2) votes until the Additional Director is appointed.

- (2) For so long as JD holds at least thirty percent (30%) but less than sixty percent (60%) of the Shares held by JD immediately after the date hereof, JD shall have right to designate, appoint, remove, replace and reappoint one (1) Director (the “JD Preferred Director”), who shall initially be Mr. Richard Qiangdong Liu. For so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the date hereof, JD shall have right to designate, appoint, remove, replace and reappoint two (2) Directors, one (1) of whom shall be the JD Preferred Director (the other one (1) so appointed, the “JD Ordinary Director”, together with the Founder Directors, the “Ordinary Directors” and each an “Ordinary Director”).
 - (3) For so long as Sequoia continues to hold at least sixty percent (60%) of the Shares held by Sequoia immediately after the date hereof, Sequoia shall have right to designate, appoint, remove, replace and reappoint one (1) Director (the “Sequoia Preferred Director”).
 - (4) For so long as Walmart continues to hold at least sixty percent (60%) of the Shares held by Walmart immediately after the date hereof, Walmart shall have right to designate, appoint, remove, replace and reappoint one (1) Director (the “Walmart Preferred Director”, together with the JD Preferred Director and the Sequoia Preferred Director, the “Preferred Directors” and each a “Preferred Director”).
 - (5) In the event that the Principal ceases to have the right to designate, appoint, remove, replace and reappoint any of the Founder Directors or JD ceases to have the right to designate, appoint, remove, replace and reappoint the JD Ordinary Director, the holders holding at least seventy five percent (75%) of the then outstanding Shares (voting together as a single class and on a fully-diluted and as-converted basis) shall have the right to designate, appoint, remove, replace and reappoint such Ordinary Director.
 - (6) In the event that JD ceases to have the right to designate, appoint, remove, replace and reappoint the JD Preferred Director or Sequoia ceases to have the right to designate, appoint, remove, replace and reappoint the Sequoia Preferred Director or Walmart ceases to have the right to designate, appoint, remove, replace and reappoint the Walmart Preferred Director, the holders holding at least a majority of the then outstanding Preferred Shares (disregarding, for all purposes of determining the foregoing threshold, JD, Sequoia or Walmart who remains to have the right to designate, appoint, remove, replace and reappoint a Preferred Director), voting as a single class on an as-converted basis, shall have the right to designate, appoint, remove, replace and reappoint such Preferred Director.
 - (7) For the avoidance of doubt, other than as provided above in respect of the Principal, each of the Directors shall have one (1) vote when any resolution shall be passed by the Board. In the event that the voting over any matter by the Directors is deadlocked, the Principal, as one of the Directors, shall have the tie-breaking vote over such matter.
- (ii) Upon the request of the holders holding a majority of the Preferred Shares, voting together as a single class and on an as-converted basis, each Group Company shall, and the Parties hereto shall cause each Group Company to, (i) have a board of directors or similar governing body (the “Subsidiary Board”), (ii) maintain the authorized size of each Subsidiary Board at all times same as the authorized size of the Board, and (iii) ensure each Subsidiary Board at all times composed of the same persons as directors as those then on the Board.

10.2 Voting Agreements.

- (i) With respect to each election of Directors of the Board, each holder of voting securities of the Company shall vote at each meeting of shareholders of the Company, or in lieu of any such meeting shall give such holder's written consent with respect to, as the case may be, all of such holder's voting securities of the Company as may be necessary (i) to keep the authorized size of the Board at six (6) Directors, (ii) to cause the election or re-election as members of the Board, and during such period to continue in office, each of the individuals designated pursuant to Section 10.1, and (iii) against any nominees not designated pursuant to Section 10.1.
- (ii) Any Director designated pursuant to Section 10.1 may be removed from the Board, either for or without cause, only upon the vote or written consent of the Person or group of Persons then entitled to designate such Director pursuant to Section 10.1 or by the Company at any time when the Person or group of Persons are no longer entitled to designate such Director pursuant to Section 10.1, and the Parties agree not to seek, vote for or otherwise effect the removal of any such Director without such vote or written consent. Any Person or group of Persons then entitled to designate any individual to be elected as a Director on the Board shall have the exclusive right at any time or from time to time to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any Director occupying such position or any other vacancy therein, and each other Party agrees to cooperate with such Person or group of Persons in connection with the exercise of such right. Each holder of voting securities of the Company agrees to always vote such holder's respective voting securities of the Company at a meeting of the members of the Company (and give written consents in lieu thereof) in support of the foregoing.
- (iii) The Company agrees to take such action, and each other Party hereto agrees to take such action, as is necessary to cause the election or appointment to each Subsidiary Board of each director designated to serve on the Board pursuant to Section 10.1. Upon a removal or replacement of such director from the Board in accordance with Section 10.2(ii), the Company agrees to take such action, and each other Party hereto agrees to take such action, as is necessary to cause the removal of such director from each Subsidiary Board.

10.3 Quorum. The Board and each Subsidiary Board shall hold no less than one (1) board meeting during each fiscal quarter. A meeting of the Board and each Subsidiary Board shall only proceed where there are present (whether in person or by means of a conference telephone or any other equipment which allows all participants in the meeting to speak to and hear each other simultaneously) a majority of all Directors/directors of such Group Company then in office, provided that such majority includes all of the then-incumbent Preferred Directors, and the Parties shall cause the foregoing to be the quorum requirements for the Board and each Subsidiary Board. Notwithstanding the foregoing, if notice of the board meeting has been duly delivered to all directors of the Board or the applicable Subsidiary Board five (5) Business Days prior to the scheduled meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company, and the number of directors required to be present under this Section 10.3 for such meeting to proceed is not present within one and a half hours from the time appointed for the meeting solely because of the absence of any of the Preferred Directors, each holder of voting securities of the Company, or the applicable Group Company, as the case may be, shall procure that the directors present at the meeting shall adjourn the meeting to the third (3rd) following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all directors one (1) Business Day prior to the adjourned meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company and, if at the adjourned meeting, the number of directors required to be present under this Section 10.3 for such meeting to proceed is not present within one and a half hours from the time appointed for the meeting solely because of the absence of any of the Preferred Directors, each holder of voting securities of the Company, or the applicable Group Company, as the case may be, shall, again, procure that the directors present at the meeting shall adjourn the meeting to the third (3rd) following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all Directors/directors one (1) day prior to the adjourned meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company and the Director(s)/director(s) present shall constitute a quorum for such second adjourned board meeting.

10.4 Observers. For so long as Sequoia or any of its Affiliates holds any Preferred Shares or Ordinary Shares issued upon conversion of Preferred Shares, Sequoia shall be entitled to appoint one observer to attend all meetings of the Board and all subcommittees of the Board, in a non-voting observer capacity (the "Sequoia Observer"). For so long as Greenwoods or any of its Affiliates holds any Preferred Shares or Ordinary Shares issued upon conversion of Preferred Shares, Greenwoods shall be entitled to appoint one observer to attend all meetings of the Board and all subcommittees of the Board, in a non-voting observer capacity (the "Greenwoods Observer"). For so long as DST or any of its Affiliates holds any Preferred Shares or Ordinary Shares issued upon conversion of Preferred Shares, DST shall be entitled to appoint one observer to attend all meetings of the Board and all subcommittees of the Board, in a non-voting observer capacity (the "DST Observer"). For so long as Walmart or any of its Affiliates holds any Preferred Shares or Ordinary Shares issued upon conversion of Preferred Shares, Walmart shall be entitled to appoint one observer to attend all meetings of the Board and all subcommittees of the Board, in a non-voting observer capacity (the "Walmart Observer"). For so long as JD or any of its Affiliates holds any Preferred Shares or Ordinary Shares, JD shall be entitled to appoint one observer to attend all meetings of the Board and all subcommittees of the Board, in a non-voting observer capacity (the "JD Observer," together with the Sequoia Observer, the Greenwoods Observer, the DST Observer and the Walmart Observer, the "Observers"). The Company shall give the Observers copies of all notices, minutes, consents, and other materials that the Company provides to any of the Company's directors or any members of subcommittees of the Board at the same time and in the same manner as provided to such directors or such members of subcommittees of the Board; provided, however, that the Observers shall agree to hold in confidence all information so provided. Notwithstanding the foregoing, any Observer may be excluded from access to any material or meeting or portion thereof by vote of a majority of the Board if the Company believes, upon advice of counsel, that such exclusion is reasonably necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information or for other similar reasons. The Observers shall be entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with attending board or committee meetings.

10.5 Expenses. The Company will promptly pay or reimburse each Board member and each Subsidiary Board member for all reasonable out-of-pocket expenses incurred in connection with attending board or committee meetings and otherwise performing their duties as directors and committee members.

10.6 Alternates. Subject to applicable Law and the Charter Documents of the Company, each Director shall be entitled to appoint an alternate to serve at any Board meeting, and such alternate shall be permitted to attend all Board meetings and vote on behalf of the director for whom she or he is serving as an alternate.

10.7 Establishment of Compensation Committee and Audit Committee. The Company shall establish and maintain (i) a Compensation Committee and (ii) an Audit Committee, and the Preferred Directors shall be members of each of the Compensation Committee and the Audit Committee, provided that JD is entitled to designate, and the Board shall nominate and appoint upon and pursuant to such designation, any Director appointed by JD to be a member of the Compensation Committee or the Audit Committee, and, if JD designates a Director other than the JD Preferred Director to be a member of the Compensation Committee or the Audit Committee, the JD Preferred Director shall not be a member of the Compensation Committee or the Audit Committee (as applicable). The Compensation Committee shall propose the terms of the Company's share incentive plans, and all grants of awards thereunder, to the Board for approval and adoption by the Board and the Shareholders, and to implement salary and equity guidelines of the Company. The Compensation Committee shall also have the power and authority to approve compensation packages, severance agreements, employees' stock options plan and employment agreements for all senior management with vice president title or above, and shall have such other powers and authorities as the Board delegates to it. The Audit Committee shall select the Auditor of the Company and approve the scope of the Company's annual audit, and shall have such other powers and authorities as the Board delegates to it. Any actions taken by the Compensation Committee or the Audit Committee shall be approved by a majority of the members of such committee, so long as such majority shall include at least one (1) of the then incumbent Preferred Directors.

10.8 Director Indemnification. To the maximum extent permitted by the Law of the jurisdiction in which the Company is organized, the Company shall indemnify and hold harmless each of its Directors and shall comply with the terms of the indemnification agreements, and at the request of any Director who is not a party to an indemnification agreement, shall enter into an indemnification agreement with such director in similar form to the indemnification agreements.

10.9 English Language. At the request of the Director or the Observer, the relevant meetings of the Board and the subcommittees of the Board may be held either in English or in Chinese with an English interpreter being present at such meetings. All documents of the Board and subcommittees of the Board shall be in English.

11. Protective Provisions.

11.1 Approval by the Majority Shareholders. Subject to applicable Laws, regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and each Party shall procure each Group Company not to, and the shareholders of the Company shall procure the Company not to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by (a) the Majority Shareholders and (b) solely with respect to any act listed in clauses (i) through (vi), (xii), (xiii), (xix) and (xx) below, the holders holding at least 70% of the then outstanding Preferred Shares (voting as a single class on an as-converted basis, but disregarding any Preferred Shares held by JD for all purposes of determining the foregoing threshold) in advance:

- (i) creation, authorization or issuance of any Equity Securities of any Group Company (other than the Company);
- (ii) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions applicable to the Preferred Shares, or other rights, preferences or privileges of the Preferred Shares;
- (iii) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption or otherwise;

- (iv) any purchase, repurchase, redemption or retirements of any Equity Security of any Group Company other than pursuant to each Share Restriction Agreement or any equity incentive agreement with service providers giving the Company the right to repurchase Equity Security upon the termination of services;
- (v) any amendment or modification to any of the Charter Documents of any Group Company, this Agreement, the Right of First Refusal & Co-Sale Agreement, the Share Restriction Agreements or the VIE Documents (unless the amendment or modification to the VIE Documents is in accordance with the Purchase Agreement), other than any customary amendment or modification (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2;
- (vi) any declaration, set aside or payment of a dividend or other distribution by any Group Company except for any distribution or dividend with respect to which the sole recipient of any proceeds therefrom is the Company or any wholly-owned Subsidiary of the Company, or the adoption of, or any change to, the dividend policy of any Group Company;
- (vii) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any substantial part of the assets (including any intellectual property) of any Group Company or the grant of exclusive license of any material intellectual property of any Group Company to a third party, other than any sale, transfer or other disposal of all or substantial of all assets of any Group Company or the grant of exclusive license of all or substantially all intellectual property of any Group Company (as reasonably determined by a majority of the Directors) necessary for effecting any Change of Control Transaction that has been approved pursuant to Section 11.2(ii);
- (viii) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or arrangement of any of the Group Companies under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;
- (ix) any change of the size or composition or the manner in which the directors are appointed of the board of directors of any Group Company, other than (x) any changes pursuant to and in compliance with Section 10 hereof, or (y) any customary changes (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i), (ii) or (iv);
- (x) any investment in, or divestiture or sale by any Group Company of an interest in another Person in excess of US\$15,000,000, other than any investment or divestiture or sale of an interest (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i) or any Deemed Liquidation Event that has been approved pursuant to Section 11.2(ii) (for the avoidance of doubt, excluding any divestiture or sale of the JDDJ Business (as defined under the JD Purchase Agreement));

- (xi) acquisition of any business or assets in excess of US\$15,000,000, individually or in the aggregate in a twelve (12) month period, other than any acquisition (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i) or (ii);
- (xii) any increase or decrease in the authorized number of Preferred Shares, or any series thereof, or the authorized number of Ordinary Shares, other than any increase (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i), (ii) or (iv);
- (xiii) the adoption, material amendment or termination of the ESOP or any other equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies, and any increase of the total number of Equity Securities reserved for issuance thereunder, other than adoption, material amendment or termination of the ESOP or any increase of the total number of Equity Securities reserved for issuance thereunder (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i) or (iv);
- (xiv) the appointment or removal of the Auditor for any Group Company, or any material changes in the accounting or financial policies or procedures of any Group Company;
- (xv) the investment by any Group Company in any Subsidiaries, joint ventures or material alliance in excess of US\$15,000,000, other than any investment (as reasonably determined by a majority of the Directors) necessary for effecting any Relevant Majority Reserved Matter that has been approved pursuant to Section 11.2(i), (ii) or (iv);
- (xvi) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party in excess of US\$15,000,000, including without limitation, any transaction with any employee or Affiliates or major Shareholder of any Group Company outside the ordinary course of business, including loans to the Principal, the Co-Founder, officer, or director of any Group Company or Affiliates thereof; in each case, other than (i) the Walmart Business Cooperation Agreement and any transactions and agreements contemplated thereunder, (x) the Business Cooperation Agreement (as defined under the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, (y) the Transition Service Agreement (as defined under the JD Purchase Agreement) and any transactions and agreements contemplated thereunder, and (z) any transactions with a major Shareholder arising out of the ordinary course of business of any Group Company;
- (xvii) cessation of any business line of any Group Company as now conducted, including, for the avoidance of doubt, the JDDJ Business (as defined under the JD Purchase Agreement), or any material change to the business scope or nature of business of any Group Company;

- (xviii) initiate or settle any material litigation, arbitration or other legal proceeding;
- (xix) any action that would hurt the rights or interests of the holder of Preferred Shares (based on reasonable judgment of the holder of Preferred Shares);
- (xx) any public offering of any Equity Securities of any Group Company (including determination of the listing venue, timing, valuation or other material terms of a public offering), other than a Qualified IPO; or
- (xxi) any action by a Group Company to authorize, approve or enter into any agreement or obligation, or make any commitment to do so with respect to any action listed above.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (i) through (xxi) requires a special resolution of the shareholders of the Company in accordance with the Companies Law (2016 Revision) of the Cayman Islands and if the shareholders vote in favor of such act but the approval by the Majority Shareholders has not yet been obtained, the Majority Shareholders shall have, in such vote at all meetings of the shareholders, the voting rights equal to the aggregate voting power of all the shareholders of the Company who voted in favor of the resolution plus one.

11.2 Approval by the Relevant Majority. Subject to applicable Laws, regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and each Party shall procure each Group Company not to, and the shareholders of the Company shall procure the Company not to, take, permit to occur, approve, authorize, or agree or commit to do any of the following (the “Relevant Majority Reserved Matters”), whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the Relevant Majority in advance:

- (i) creation, authorization or issuance of (A) any class or series of Equity Securities having rights, preferences, privileges or powers superior to or on a parity with the Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise, or any Equity Securities convertible into, exchangeable for, or exercisable into any Equity Securities having rights, preferences, privileges or powers superior to or on a parity with any series of Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption or otherwise, (B) any additional Preferred Shares, or (C) any other Equity Securities of the Company, except for the Conversion Shares or the issuance of Ordinary Shares under the ESOP approved by the Board and Majority Shareholders;
- (ii) any Deemed Liquidation Event or any Change of Control Transaction or any merger, amalgamation, scheme of arrangement or consolidation of any Group Company with any Person, or the purchase or other acquisition by any Group Company of all or substantially all of the assets, equity or business of another Person;
- (iii) expanding or altering the business of any Group Company from what is provided in the annual budget and business plan of the Group as duly approved in accordance with this Section 11;

- (iv) any public offering that is a Qualified IPO;
- (v) any entry into business that is outside of the Business; or
- (vi) any action by a Group Company to authorize, approve or enter into any agreement or obligation, or make any commitment to do so with respect to any action listed above,

provided, however, that in the event that the approval by the Relevant Majority has not been obtained for any of the above-listed Relevant Majority Reserved Matters which have been presented by the Board for approval, the relevant Group Company may take, permit to occur, approve, authorize, or agree or commit to do any of the above, with the approval of the holders holding at least seventy percent (70%) (the “Special Majority”) of the then outstanding Shares (voting together as a single class and on a fully-diluted and as-converted basis, but disregarding any Shares held by the Principal and the Co-Founder for all purposes of calculating the foregoing threshold), including the approval of at least any three Shareholders of DST, Sequoia, Walmart and JD.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (i) through (vi) requires a special resolution of the shareholders of the Company in accordance with the Companies Law (2016 Revision) of the Cayman Islands and if the shareholders vote in favor of such act but neither the approval by the Relevant Majority nor the approval by the Special Majority has been obtained, the Relevant Majority shall have, in such vote at all meetings of the shareholders, the voting rights equal to the aggregate voting power of all the shareholders of the Company who voted in favor of the resolution plus one.

11.3 Approval by the Preferred Directors. Subject to any additional requirements imposed by the applicable Laws, except as contemplated under this Agreement, the Company shall ensure that no Group Company shall, without the affirmative consent or approval by a majority of the Directors (which majority shall include at least one then incumbent Preferred Director for so long as any Investor has the right to appoint any Preferred Director, and, solely with respect to any act listed in clauses (i) and (ii) below, shall include the Principal for so long as the Principal serves as a Director), take, permit to occur, approve, authorize or agree or commit to do any of the following actions, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation or otherwise:

- (i) appointment, removal or replacement of, or approval of the remuneration package (in cash or equity) for, the chief executive officer, the chief operating officer, the chief technology officer, the chief financial officer and president of any Group Company;
- (ii) the approval of, or any material deviation from or material amendment of, the annual budget and business plan of any Group Company;
- (iii) any increase in compensation of any employee of any Group Company with monthly salary of at least RMB450,000 by more than forty percent in a twelve (12) month period;
- (iv) incurrence of any capital commitment or expenditure outside of the annual budget in excess of US\$3,000,000 per month, individually or in the aggregate;
- (v) the issuance of any debt in excess of US\$15,000,000;
- (vi) incurrence, extension, cancellation or waiver of any loan or guarantee for Indebtedness in excess of US\$15,000,000, individually or in the aggregate, to any third party other than approved in the annual budget and business plan of any Group Company;

- (vii) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party in excess of US\$1,500,000, including without limitation, any transaction with any employee or Affiliates or major Shareholder of any Group Company outside the ordinary course of business, including loans to the Principal, the Co-Founder, officer, or director of any Group Company or Affiliates thereof; in each case, other than (x) the Business Cooperation Agreement and any transactions contemplated thereunder, (y) the Transition Service Agreement and any transactions contemplated thereunder, and (z) any transactions with a major Shareholder arising out of the ordinary course of business of any Group Company; or
- (viii) any single action or transaction in excess of US\$15,000,000 other than as approved in the annual budget and business plan of any Group Company.

Notwithstanding anything to the contrary contained herein, solely with respect to any act listed in clauses (i) and (ii) above, in the event that such act has been approved by the Board in writing or a majority of the Directors presenting at the relevant duly-convened Board meeting and (x) the Relevant Majority or (y) in the event that the approval by the Relevant Majority has not been obtained for such matters which have been presented by the Board for approval, the Special Majority, the relevant Group Company may take, permit to occur, approve, authorize or agree or commit to such act, regardless of whether the majority of the Directors approving such act includes the affirmative approval of at least one then incumbent Preferred Director or the Principal.

11.4 Voting. In furtherance of the foregoing, where any Company act requires a resolution of the Shareholders in accordance with the Companies Law (2016 Revision) of the Cayman Islands and if the approval by the Majority Shareholders, Relevant Majority or other applicable voting threshold required under this Agreement has not yet been obtained, the Parties shall vote their Shares against such act in all meetings of the Shareholders unless and until Shareholders with sufficient voting power as is required to meet the applicable threshold under this Agreement agreed to in this Agreement have otherwise voted in favor of such act.

12. JD Consent Rights.

12.1 Transactions Involving Adverse Persons. Notwithstanding any other provision of this Agreement or any other Transaction Document, for so long as JD holds at least sixty percent (60%) of the Shares held by JD immediately after the date hereof, without the prior written consent of JD:

- (i) no Group Company shall issue or cause to be issued any Equity Securities of such Group Company to any Adverse Person;
- (ii) no Shareholder shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to all or any part of any interest in any Equity Securities of any Group Company now or hereafter owned or held by such Shareholder to any Adverse Person; and

- (iii) no Group Company shall engage in any Change of Control Transaction with, involving or to an Adverse Person, provided that, subject to the provisions in Section 12.2, in the event that a Change of Control Transaction values the Company at a valuation that is no more than US\$1.5 billion, the Company may engage in such a Change of Control Transaction with, involving or to an Adverse Person without the prior written consent of JD, provided further that, JD shall have the right of first refusal, in priority to any right of first refusal of the Investors pursuant to Section 2.2 of the Right of First Refusal & Co-Sale Agreement, to carry out such a Change of Control Transaction with the Company in accordance with Section 2.6 of the Right of First Refusal & Co-Sale Agreement.

12.2 Change of Control Transaction. Notwithstanding any other provision of this Agreement or any other Transaction Document, (i) for so long as JD holds at least thirty-three percent (33%) of the then outstanding Shares on a fully-diluted and as-converted basis, no Group Company shall engage in, and no Shareholder shall cause or allow or otherwise be involved in, any Change of Control Transaction without the prior written consent of JD; and (ii) for so long as JD holds any Shares but holds less than thirty-three percent (33%) of the then outstanding Shares on a fully-diluted and as-converted basis, in the event that the Company intends to carry out a Change of Control Transaction, JD shall have the right of first refusal, in priority to any right of first refusal of Walmart pursuant to section 2.4 of the Right of First Refusal & Co-Sale Agreement and any right of first refusal of the Investors pursuant to Section 2.5 of the Right of First Refusal & Co-Sale Agreement, to carry out such a Change of Control Transaction with the Company in accordance with Section 2.3 of the Right of First Refusal & Co-Sale Agreement.

13. Additional Covenants.

13.1 Business of the Group Companies. Except for holding the interest in the applicable Subsidiaries, neither the Company nor the HK Subsidiary shall engage in any business or operations without the consent of the Majority Shareholders. The business of each other Group Companies shall be restricted to the Business, except with the approval of the Board and any required approvals under Section 11.

13.2 SAFE Registration. If any holder or record owner of any Equity Security of the Company (other than the Investors) (each, a “Security Holder”) is a “Domestic Resident” as defined in Circular 37 and is subject to the SAFE registration or reporting requirements under Circular 37, when such holder or record owner fails to complete the SAFE registration or reporting requirements under Circular 37, the Parties (other than the Investors) shall use their best efforts to promptly obtain a Power of Attorney in the form attached hereto as Exhibit A from such Security Holder, and shall use their best efforts to cause the designated representative under such Power of Attorney to, as soon as practicable, take such actions and execute such instruments on behalf of such Security Holder to comply with the applicable SAFE registration or reporting requirements under SAFE Rules and Regulations.

13.3 VIE Documents. The Principal, the Principal HoldCo, the Co-Founder Parties and the Group Companies shall ensure that each party to the relevant VIE Documents (other than any nominees appointed by the Investors) fully perform its/his/her respective obligations thereunder and carry out the terms and the intent of the VIE Documents. Any termination, or material modification or waiver of, or material amendment to any VIE Documents shall require the written consent of, collectively and each voting as a separate class, (i) the holders holding a majority of the then outstanding Series A Preferred Shares, (ii) the holders holding at least sixty percent (60%) of the then outstanding Series B preferred Shares, (iii) the holders holding at least fifty percent (50%) of the then outstanding Series C Preferred Shares, (iv) the holders holding at least fifty percent (50%) of the then outstanding Series D Preferred Shares, (v) the holders holding at least fifty percent (50%) of the then outstanding Series E Preferred Shares, and (vi) the holders holding at least fifty percent (50%) of the then outstanding Series F Preferred Shares (other than any termination, modification or amendment to the VIE Documents in accordance with the JD Purchase Agreement). If any of the VIE Documents becomes illegal, void or unenforceable under PRC Laws after the date hereof, the Parties (other than the Investors) shall devise a feasible alternative legal structure reasonably satisfactory to the Investors which gives effect to the intentions of the parties in each VIE Document and the economic arrangement thereunder as closely as possible. Each of the Investors who has appointed a nominee shareholder to the Domestic Company covenants to the Company that, in the event that such Investor holds less than six percent (6%) of the share capital of the Company (on a fully-diluted and as-converted basis), it shall take all necessary actions to remove its nominee shareholder and procure its nominee shareholder to take all necessary actions to give effect to such removal, including without limitation, transferring the equity interest held by such nominee shareholder in the Domestic Company to a designee of the Company and terminating the relevant VIE Documents to which such nominee shareholder is a party.

13.4 Control of Subsidiaries. The Company shall institute and keep in place such arrangements as are reasonably satisfactory to the Investors such that the Company (i) will at all times control the operations of each other Group Company, and (ii) will at all times be permitted to properly consolidate the financial results for each other Group Company in the consolidated financial statements for the Company prepared under the Accounting Standards.

13.5 Compliance with Laws; Registrations.

- (i) The Group Companies shall, and the Principal, the Principal HoldCo and the Co-Founder Parties shall cause the Group Companies to, conduct their respective business in compliance in all respects with all applicable Laws, including but not limited to Laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, telecommunication and e-commerce, intellectual property rights, labor and social welfare, and taxation, and obtain, make and maintain in effect, all Consents from the relevant Governmental Authority or other Person required in respect of the due and proper establishment and operations of each Group Company as now conducted in accordance with applicable Laws. Without limiting the generality of the foregoing, none of the Group Companies shall, and the Parties (other than the Investors) shall cause each Group Company not to, and the Parties shall use their best efforts to ensure that its and their respective Affiliates and its respective officers, directors, and representatives shall not, directly or indirectly, (a) offer or give anything of value to any Public Official with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such Person, assisting any Group Company in obtaining or retaining business for, or with, or directing business to, any Person, or constituting a bribe, kickback or illegal or improper payment to assist any Group Company in obtaining or retaining business, (b) take any other action, in each case, in violation of the Foreign Corrupt Practices Act of the United States, as amended (as if it were a US Person), the U.K. Bribery Act, or any other applicable similar anti-corruption, recordkeeping and internal controls Laws, or (c) establish or maintain any fund or assets in which any Group Company has proprietary rights that have not been recorded in its books and records of Group Company. The Group Companies shall, and the Principal, the Principal HoldCo shall cause the Group Companies to, and the Parties shall use their best efforts to ensure that its and their respective Affiliates and its respective officers, directors, and representatives (i) cease all of its or their respective activities, as well as remediate any actions taken by each of the Group Companies and any of its Subsidiaries, Affiliates, or its respective officers, directors, or representatives in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law; and (ii) maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law.

- (ii) Without limiting the generality of the foregoing, the Principal, the Principal HoldCo, and the Co-Founder Parties and each Group Company shall ensure that all filings and registrations with the PRC Governmental Authorities so required by them shall be duly completed in accordance with the relevant rules and regulations in all material respects, including without limitation any such filings and registrations with the Ministry of Commerce, the Ministry of Information Industry, the State Administration of Industry and Commerce, the State Administration for Foreign Exchange, tax bureau, customs authorities, product registration authorities, health regulatory authorities, and the local counterpart of each of the aforementioned governmental authorities, in each case, as applicable.

13.6 Stock Option Plan.

- (i) Except with the approval of the Compensation Committee (including at least one (1) Preferred Director) or in the absence of the Compensation Committee, the board of Directors (including at least one (1) Preferred Director), all shares, options or other securities or awards granted or issued under the ESOP shall vest as follows: twenty five percent (25%) thereof vest at the first anniversary of the date when such shares, options or other securities or awards are granted or issued (or with respect to each of the Company Key Employees (as defined in the Purchase Agreement), the date when such Company Key Employee started to work for the Group) with the remaining vesting evenly in monthly installments over the next thirty-six (36) months. The exercise price for any options or other awards granted or issued under the ESOP shall be determined by the Compensation Committee (including at least one (1) Preferred Director) or in the absence of the Compensation Committee, the board of Directors (including at least one (1) Preferred Director).
- (ii) No issuances or grants will be made under any ESOP unless such ESOP contains terms and conditions reasonably satisfactory to the Compensation Committee (including at least one (1) Preferred Director) or in the absence of the Compensation Committee, the board of Directors (including at least one (1) Preferred Director), which among other things, shall provide for the Company's right to repurchase any and all unvested shares, options or other securities or awards granted thereunder at a price equivalent to the actual cost under certain circumstances and shall include transfer restrictions prior to a Qualified IPO. As a condition to the issuance of any shares under the ESOP or the exercise, conversion or exchange of any Equity Security issued under the ESOP, the grantee shall be required to enter into the Right of First Refusal and Co-Sale Agreement as a Principal (as defined in the Right of First Refusal and Co-Sale Agreement) or an agreement substantially similar thereto, unless otherwise agreed by the Majority Shareholders. Any attempt to exercise any option or other security granted or issued under the ESOP in contravention of this paragraph shall be null, void and without effect.
- (iii) As soon as practicable after the date hereof, the Company shall, and shall cause each Group Company to, obtain all authorizations, consents, orders and approvals of all Governmental Authorities that may be or become necessary to effectuate the ESOP in the PRC in accordance with PRC Law, provided that the Company shall not grant or issue any awards or Shares pursuant to the ESOP to any grantee in the PRC if any authorization, consent, order or approval of any Governmental Authorities in connection with such grant or issuance has not been obtained.

- (iv) Among all the 75,791,329 Ordinary Shares reserved by the Company for the issuance to the officers, directors, employees, consultants or service providers of the Company in accordance with the ESOP, 15,954,032 Ordinary Shares shall be reserved for the issuance to the Principal, pursuant to the above provisions in this [Section 13.6](#).

13.7 Insurance. If requested by any of the Preferred Directors, the Group Companies shall promptly purchase and maintain in effect, worker's injury compensation insurance, key man insurance, and other insurance, in any case with respect to the Group's properties, employees, products, operations, and/or business, each in the amounts not less than that are customarily obtained by companies of similar size, in a similar line of business, and with operations in the PRC.

13.8 Intellectual Property Protection. Except with the written consent of the Majority Shareholders, the Group Companies shall take all reasonable steps to protect their respective material Intellectual Property rights, including without limitation (a) registering their material respective trademarks, brand names, domain names and copyrights, and (b) requiring each employee and consultant of each Group Company to enter into an employment agreement in form and substance reasonably acceptable to the Investors, a confidential information and intellectual property assignment agreement and a non-competition and non-solicitation agreement requiring such persons to protect and keep confidential such Group Company's confidential information, intellectual property and trade secrets, prohibiting such persons from competing with such Group Company for a reasonable time after their termination of employment with any Group Company, and requiring such persons to assign all ownership rights in their work product to such Group Company, in each case in form and substance reasonably acceptable to the Investors.

13.9 Internal Control System. The Group Companies shall maintain their books and records in accordance with sound business practices and implement and maintain an adequate system of procedures and controls with respect to finance, management, and accounting that meets the standards of good practice generally applied to other companies in the similar industry and incorporated in the same jurisdictions where each such Group Company is incorporated and is reasonably satisfactory to Investors to provide reasonable assurance that (i) transactions by it are executed in accordance with management's general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with the Accounting Standards and to maintain asset accountability, (iii) access to assets of it is permitted only in accordance with management's general or specific authorization, (iv) the recorded inventory of assets is compared with the existing tangible assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) no personal assets or bank accounts of the employees, directors, officers are mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.

13.10 Non-compete.

- (i) Unless the Majority Shareholders otherwise consent in writing, the Principal and the Co-Founder (a) shall devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of such entities until the first anniversary of the consummation of the Qualified IPO, unless his earlier resignation or an alternative arrangement is approved by the Majority Shareholders, and (b) so long as the Principal or the Co-Founder is a director, officer, employee or a direct or indirect holder of Equity Securities of a Group Company and for two (2) years after the Principal or the Co-Founder is no longer a director, officer, employee or a direct or indirect holder of Equity Securities of a Group Company, shall not, and shall cause his Affiliate and Associate not to, directly or indirectly, (i) own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the business of any Group Company or otherwise competes with the Group Companies (a "Restricted Business"); provided, however, that the restrictions contained in this clause shall not restrict the acquisition by the Principal or the Co-Founder, directly or indirectly, of less than one percent (1%) of the then outstanding share capital of any publicly traded company engaged in a Restricted Business, (ii) solicit any Person who is or has been at any time a customer of the Group for the purpose of offering to such customer goods or services similar to or competing with those offered by any Group Company, or canvass or solicit any Person who is or has been at any time a supplier or licensor or customer of any Group Company for the purpose of inducing any such Person to terminate its business relationship with such Group Company, or (iii) solicit or entice away or endeavour to solicit or entice away any director, officer, consultant or employee of any Group Company.
- (ii) The Principal and the Co-Founder expressly agree that the limitations set forth in this Section are reasonably tailored and reasonably necessary in light of the circumstances. Furthermore, if any provision of this Section is more restrictive than permitted by the Laws of any jurisdiction in which a Party seeks enforcement thereof, then this Section will be enforced to the greatest extent permitted by Law. Each of the undertakings contained in this Section shall be enforceable by each Group Company and the Investors separately and independently of the right of the other Group Companies.

13.11 No Avoidance. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed hereunder by the Company, and the Company will at all times in good faith assist and take action as appropriate in the carrying out of all of the provisions of this Agreement.

13.12 United States Tax Matters.

- (i) None of the Group Companies will take any action inconsistent with its treatment of the Company as a corporation for US federal income tax purposes or elect to be treated as an entity other than a corporation for US federal income tax purposes.
- (ii) The Company shall use, and shall cause each of its Subsidiaries to use, its best efforts to arrange its management and business activities in such a way that the Company and each of its Subsidiaries are not treated as residents for tax purposes, or is otherwise subject to income tax in, a jurisdiction other than the jurisdiction in which they have been organized.

- (iii) The Company shall use its best effort to avoid future status of the Company or any of its Subsidiaries as a PFIC. Within forty-five (45) days from the end of such taxable year of the Company, the Company shall determine, in consultation with a reputable accounting firm, whether the Company or any of its Subsidiaries was a PFIC in such taxable year (including whether any exception to PFIC status may apply). If the Company determines that the Company or any of its Subsidiaries was a PFIC in such taxable year (or if a Governmental Authority or an Investor informs the Company that it has so determined), it shall, within sixty (60) days from the end of such taxable year, provide the following information to each Investor that is a United States Person (“Direct US Investor”) and each United States Person that holds either direct or indirect interest in such Investor (“Indirect US Investor”) (hereinafter, collectively referred to as a “PFIC Shareholder”): (i) all information reasonably available to the Company to permit such PFIC Shareholder to (a) accurately prepare its US tax returns and comply with any other reporting requirements, if any, arising from its investment in the Company and relating to the Company or any of its Subsidiaries’ classification as a PFIC and (b) make any election (including, without limitation, a “qualified electing fund” election under Section 1295 of the Code), with respect to the Company (or any of its Subsidiaries); and (ii) a completed “PFIC Annual Information Statement” as described under Treasury Regulation Section 1.1295-1(g). The Company shall be required to provide the information described above to an Indirect US Investor only if the relevant Investor requests in writing that the Company provide such information to such Indirect US Investor; provided that, the Company shall provide the information described in this Section 13.12(iii) to DST, without any such written request, for each taxable year of the Company so long as DST owns an equity interest in the Company for any portion of such taxable year.
- (iv) The Principal represents that such Person is not a United States Person and such Person is not owned, wholly or in part, directly or indirectly, by any United States Person. The Principal shall provide prompt written notice to the Company of any subsequent change in its United States Person status. The Company shall use its best efforts to avoid future status of the Company or any of its Subsidiaries as a CFC. Upon written request of an Investor from time to time, the Company will promptly provide in writing such information concerning its shareholders and the direct and indirect interest holders in each shareholder sufficient for such Investor to determine whether the Company is a CFC. In the event that the Company does not have in its possession all the information necessary for the Investor to make such determination, the Company shall promptly procure such information from its shareholders. The Company shall, (i) upon written request of an Investor, furnish on a timely basis all information requested by such Investor to satisfy its (or any Indirect US Investor’s) US federal income tax return filing requirements, if any, arising from its investment in the Company and relating to the Company or any of its Subsidiaries’ classification as a CFC. The Company and each of its Subsidiaries shall use their best efforts to avoid generating for any taxable year in which the Company or any of its Subsidiaries is a CFC, income that would be includible in the income of such Investor (or any Indirect US Investor) pursuant to Section 951 of the Code.
- (v) The Company shall comply and shall cause each of its Subsidiaries to comply with all record-keeping, reporting, and other requirements that an Investor inform the Company are necessary to enable such Investor to comply with any applicable US tax rules. The Company shall also provide each Investor with any information reasonably requested by such Investor to enable such Investor to comply with any applicable US tax rules.

13.13 Other Tax Matters. The Parties (other than the Investors) agree to jointly and severally indemnify the Investors from and against any loss, claim, liability, expense, or other damage (including diminution in the value of the Company business or the Investors' investment in the Company) attributable to any breach of any representations, warranties or covenants contained in Section 13.12.

13.14 Confidentiality.

- (i) The terms and conditions of the Transaction Documents (collectively, the "Confidential Information"), including their existence, shall be considered confidential information and shall not be disclosed by any of the Parties to any other Person except that (a) each Party, as appropriate, may disclose any of the Confidential Information to its current or bona fide prospective investors, prospective permitted transferees, employees, investment bankers, lenders, accountants and attorneys, in each case only where such Persons are under appropriate nondisclosure obligations; (b) each Investor may disclose any of the Confidential Information to its fund manager or advisory company and the employees thereof so long as such Persons are under appropriate nondisclosure obligations; and (c) if any Party is requested or becomes legally compelled (including without limitation, pursuant to securities Laws) to disclose the existence or content of any of the Confidential Information in contravention of the provisions of this Section 13.14, such Party shall promptly provide the other Parties with written notice of that fact so that such other Parties may seek a protective order, confidential treatment or other appropriate remedy and in any event shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Notwithstanding the foregoing but subject to Section 14.22, the Company and Walmart shall have the right to make a public announcement mutually agreed by the Company and Walmart in writing about the closing of the transaction contemplated in the Purchase Agreement.
- (ii) The provisions of this Section 13.14 shall terminate and supersede the provisions of any separate nondisclosure agreement executed by any of the Parties hereto with respect to the transactions contemplated hereby, including without limitation, any term sheet, letter of intent, memorandum of understanding or other similar agreement entered into by the Company and any Investor in respect of the transactions contemplated hereby.

13.15 Anti-Corruption. The Company represents that it shall not, and shall not permit any of its Subsidiaries or Affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to, promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-US Official, in each case, in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall, and shall cause each of its Subsidiaries and Affiliates to, cease all of its or their respective activities, as well as remediate any actions taken by the Company, its Subsidiaries or Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall, and shall cause each of its Subsidiaries and Affiliates to, maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law.

13.16 Excluded Opportunity. The Company hereby renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, or in being informed about, an Excluded Opportunity, unless otherwise agreed by the relevant Investors who are in possession of such Excluded Opportunity. The Company acknowledges that the Investors and their affiliates, members, equity holders, director representatives, partners, employees, agents and other related persons are engaged in the business of investing in private and public companies in a wide range of industries, including the industry segment in which the Company operates (the “Company Industry Segment”). Accordingly, the Company and the Investors hereby acknowledge and agree that a Covered Person shall:

- (i) have no obligation or duty (contractual or otherwise) to the Company to refrain from participating as a director, investor or otherwise with respect to any company or other person or entity that is engaged in the Company Industry Segment or is otherwise competitive with the Company, and
- (ii) in connection with making investment decisions, to the fullest extent permitted by law, have no obligation or duty (contractual or otherwise) to the Company to refrain from using any information, including, but not limited to, market trend and market data, which comes into such Covered Person’s possession, whether as a director of, or investor in, the Company or otherwise.

13.17 Dual-class Share Structure. The Parties agree that, insofar as it is not prohibited by Applicable Securities Law or other applicable Laws, immediately prior to completion of the IPO, the Company shall adopt a dual class ordinary share structure such that the ordinary shares of the Company will consist of Class A ordinary shares and Class B ordinary shares, with Class A ordinary shares being low-voting shares while Class B ordinary shares being high-voting shares in respect of matters requiring the votes of Shareholders. The Parties shall negotiate in good faith to determine the number of votes that the holder of Class B ordinary shares is entitled to per share. The Parties agree that the Principal shall hold Class B ordinary shares and all other Shareholders shall hold Class A ordinary shares.

14. Miscellaneous.

14.1 Termination. This Agreement shall terminate upon mutual consent of the Parties hereto. The provisions of Sections 7, 8, 9, 10, 11 and 13 (except for Section 13.10) shall terminate on the earliest of the consummation of (i) the Qualified IPO, (ii) a liquidation, dissolution, winding up of the Company, or (iii) a Deemed Liquidation Event. If this Agreement terminates, the Parties shall be released from their obligations under this Agreement, except in respect of any obligation stated, explicitly or otherwise, to continue to exist after the termination of this Agreement (including without limitation those under Sections 2 through 6, 13.10 and Section 14). If any Party breaches this Agreement before the termination of this Agreement, it shall not be released from its obligations arising from such breach on termination.

14.2 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement. The Principal irrevocably agrees to cause the Principal HoldCo to perform and comply with all of its covenants and obligations under this Agreement.

14.3 Assignments and Transfers; No Third Party Beneficiaries. Except as otherwise provided herein, this Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of the Investors hereunder (including, without limitation, registration rights) are assignable to an Affiliate, or a third party in connection with the transfer of Equity Securities of the Company held by the Investors but only to the extent of such transfer. This Agreement and the rights and obligations of each other Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties except as expressly provided herein.

14.4 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of Hong Kong as to matters within the scope thereof, without regard to principles of conflict of laws thereunder.

14.5 Dispute Resolution.

- (i) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the “Arbitration Notice”) to the other.
- (ii) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.
- (iii) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.
- (iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.
- (v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.
- (vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong (without regard to principles of conflict of laws thereunder) and shall not apply any other substantive Law.
- (vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.
- (viii) During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

14.6 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule H (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

14.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

14.8 Rights Cumulative; Specific Performance. Each and all of the various rights, powers and remedies of a Party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

14.9 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Memorandum and Articles, or elsewhere, as the case may be.

14.10 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

14.11 Amendments and Waivers. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) the Company; (ii) as to the Investor, only by the Investor; and (iii) (A) as to holders of Series A Preferred Shares, only by the holders of a majority of Series A Preferred Shares then outstanding, (B) as to holders of Series B Preferred Shares, only by the holders of at least sixty percent (60%) of Series B Preferred Shares then outstanding, (C) as to holders of Series C Preferred Shares, only by the holders of at least fifty percent (50%) of Series C Preferred Shares then outstanding, (D) as to holders of Series D Preferred Shares, only by the holders of at least fifty percent (50%) of Series D Preferred Shares then outstanding, (E) as to holders of Series E Preferred Shares, only by the holders of at least fifty percent (50%) of Series E Preferred Shares then outstanding, and (F) as to holders of Series F Preferred Shares, only by the holders of at least fifty percent (50%) of Series F Preferred Shares then outstanding; provided, however, (1) no amendment or waiver shall be effective or enforceable in respect of a holder of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, or Series F Preferred Shares if such amendment or waiver affects such holder materially and adversely differently from any other holder of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, or Series F Preferred Shares, as applicable, unless such holder consents in writing to such amendment or waiver, and (2) any provision that specifically and expressly gives a right to any Investor shall not be amended or waived without the prior written consent of such Investor. Notwithstanding the foregoing, any Party may waive the observance as to such Party of any provision of this Agreement (either generally or in a particular instance and either retroactively or prospectively) by an instrument in writing signed by such Party without obtaining the consent of any other Party. Any amendment or waiver effected in accordance with this Section 14.11 shall be binding upon all the Parties hereto.

14.12 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

14.13 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

14.14 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

14.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

14.16 Entire Agreement. This Agreement (including the Exhibits hereto) and the other Transaction Documents constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other prior agreements between or among any of the Parties with respect to the subject matter hereof and thereof. Without limiting the generality of the foregoing, in consideration of the mutual covenants and promises contained herein, each of the parties to the Existing Shareholders Agreement hereby confirms and covenants with each of the other parties thereto that, with effect immediately after the date hereof that the Existing Shareholders Agreement shall be absolutely terminated. The Parties acknowledge that none of the parties to the Existing Shareholders Agreement has or shall have any rights, claims, interests, causes of actions, liabilities, and costs and expenses of whatever nature against any of the other parties thereto under or in respect of Section 2.5 of the Series A Purchase Agreement by and among the Company, the Series A Investors and certain other parties thereto dated as of November 11, 2014 (the "Series A Purchase Agreement") and Section 2.5 of the Series B Purchase Agreement by and among the Company, the Series B Investors and certain other parties thereto dated as of February 13, 2015 (the "Series B Purchase Agreement"), or the Existing Shareholders Agreement; and to the extent that any of the parties to the Existing Shareholders Agreement now has, has at any time had, or may in future have any rights, claims, interests, causes of actions, liabilities, and costs and expenses of whatever nature against any of the other parties thereto under or in respect of Section 2.5 of the Series A Purchase Agreement, Section 2.5 of the Series B Purchase Agreement, or the Existing Shareholders Agreement, such rights, claims, interests, causes of actions, liabilities, and costs and expenses are hereby absolutely, irrevocably and unconditionally waived, discharged and released by such party concerned.

14.17 Control. In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of any of the Charter Documents for any of the Group Companies, or in the event of any dispute related to any such Charter Document, the terms of this Agreement shall control as among the Parties to this Agreement (other than the Company), and the Parties (other than the Company) agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Charter Document so as to eliminate such inconsistency.

14.18 Aggregation of Shares. All Shares held or acquired by any Affiliates of an Investor shall be aggregated together for the purpose of determining the availability of any rights of such Investor under this Agreement and such Affiliates may apportion such rights as among themselves in any manner they deem appropriate.

14.19 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the relevant class or series of the Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted, as appropriate, to reflect the effect on the then outstanding shares of such class or series of Shares by such subdivision, combination or share dividend.

14.20 Grant of Proxy. Upon the failure of the Principal or the Principal HoldCo to vote the Equity Securities of the Company held thereby, to implement the provisions of and to achieve the purposes of this Agreement, the Principal or Principal HoldCo hereby grants to a Person designated by the Company a proxy coupled with an interest in all Equity Securities of the Company held by the Principal or the Principal HoldCo, which proxy shall be irrevocable until this Agreement terminates pursuant to its terms or this Section is amended to remove such grant of proxy in accordance with Section 14.11 hereof, to vote all such Equity Securities to implement the provisions of and to achieve the purposes of this Agreement.

14.21 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

14.22 No Use of Name.

- (i) Without the prior written consent of an Investor, the Company shall not use, publish, or reproduce the name of such Investor or any similar name, trademark or logo in any manner, context or format (including references on or links to websites, in press releases, or in other public announcements.).
- (ii) Without the prior written consent of Sequoia, and whether or not it or any Affiliate thereof is then a shareholder of the Company, no Party shall (or shall permit any Affiliate thereof to) use, publish or reproduce the name of any Person associated with Sequoia, the name or logo of "Sequoia", or any similar name, trademark or logo in any manner, context or format (including references on or links to websites, in press releases, or in other public announcements) and such obligation under this Section 14.22(ii) shall survive any termination or expiration of this Agreement.
- (iii) Without the prior written consent of DST Asia IV or DST Managers V Limited, and whether or not it or any Affiliate thereof is then a shareholder of the Company, no Party shall (or shall permit any Affiliate thereof to) use, publish or reproduce the name of any Person associated with DST, the name or logo of "DST", or any similar name, trademark or logo in any manner, context or format (including references on or links to websites, in press releases, or in other public announcements) and such obligation under this Section 14.22(iii) shall survive any termination or expiration of this Agreement.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

Dada Nexus Limited

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Director

Alpha Lake Limited

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Director

Dada Wisdom (HK) Limited (達智(香港)有限公司)

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Director

Dada Glory Network Technology Ltd.

(达疆网络科技(上海)有限公司)

Company Seal

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Legal Representative

Shanghai Qusheng Internet Technology Co., Ltd.

(上海趣盛网络科技有限公司)

Company Seal

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Legal Representative

Signature Page to Sixth Amended and Restated Shareholders Agreement

Shanghai Darong Suyun Co., Ltd.

(上海达融速运有限公司)

Company Seal

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Legal Representative

Shanghai JD Daojia Yuanxin Information Technology

Co., Ltd.(上海京东到家元信信息技术有限公司)

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Legal Representative

Shanghai JD Daojia Youheng E-Commerce Information

**Technology Co., Ltd. (上海京东到家友恒电商信息技术有
限公司)**

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Legal Representative

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

The undersigned acknowledges that (i) before entering into this Agreement he has had the opportunity to consult with an attorney and tax advisor of his choice and is not relying on any counsel or advisor of the Investors, (ii) no promises or representations have been made to him by any Person to induce him to enter into this Agreement other than the express terms set forth herein, and (iii) he has read this Agreement and understands all of its terms.

PRINCIPAL:

/s/ Philip Jiaqi Kuai
Philip Jiaqi Kuai

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPAL HOLDCO:

Pleasant Lake Limited

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Director

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

CO-FOUNDER PARTIES:

Jun YANG (楊駿)

By: /s/ Jun Yang

High Altitude Limited

By: /s/ Jun Yang

Name: Jun Yang

Title: Director

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

DST Asia IV

By: /s/ Soraj Bissoonauth

Soraj Bissoonauth

Authorized Signatory

DST Asia V

By: /s/ Velleyen Kullean

Velleyen Kullean

Authorized Signatory

DST China EC XII

By: /s/ Velleyen Kullean

Velleyen Kullean

Authorized Signatory

DST Global IV Co-Invest Ltd.

By: /s/ Soraj Bissoonauth

Soraj Bissoonauth

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Sequoia Capital China GF Holdco III-A, Ltd.

By: /s/ Ip Siu Wai Eva

Authorized Signatory

SC China Growth III Co-Investment 2015-A, L.P.

By: /s/ Ip Siu Wai Eva

Authorized Signatory

SCC Venture V Holdco I, Ltd.

By: /s/ Ip Siu Wai Eva

Authorized Signatory

SCC Growth I Holdco A, Ltd.

By: /s/ Ip Siu Wai Eva

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Victory Faith Consultants Limited

By: /s/ Louis Yu

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Merit Success Investments Limited

By: /s/ Wenjun Wu; /s/ Alex Zhijian Yang

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Kunlun Group Limited (昆仑集团有限公司)

By: /s/ Yahui Zhou

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Gabor Forgacs

/s/ Gabor Forgacs

Andras Forgacs

/s/ Andras Forgacs

**PENSCO Trust Company Cust. FBO
Andras Forgacs Roth IRA**

/s/ Andras Forgacs

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Great Base Investment Limited (基耀投资有限公司)

By: /s/ Krzysztof Werkun

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

JD Sunflower Investment Limited

By: /s/ Richard Qiangdong Liu

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

INVESTORS:

Azure Holdings S.a.r.l.

By: /s/ Craig Ihle

Authorized Signatory

Signature Page to Sixth Amended and Restated Shareholders Agreement

SCHEDULE A

LIST OF FOUNDERS

Founders	PRC ID Number	Holding Company	Number of Ordinary Shares Held by Holding Company as of the Date hereof
Philip Jiaqi Kuai (蒯佳祺)	[PRC ID Card No.]	Pleasant Lake Limited	62,146,085 Ordinary Shares
Jun Yang (杨骏)	[PRC Passport No.]	High Altitude Limited	13,218,993 Ordinary Shares

Note: Pleasant Lake limited also holds 5,315,032 options and 5,319,500 restricted shares of the Company as of the date hereof.

High Altitude Limited also holds 1,773,167 restricted shares of the Company as of the date hereof.

Schedule A

SCHEDULE B

LIST OF SERIES A INVESTORS

SCC Venture V Holdco I, Ltd.

Victory Faith Consultants Limited

Schedule B

SCHEDULE C

LIST OF SERIES B INVESTORS

Merit Success Investments Limited

Gabor Forgacs

Andras Forgacs

PENSCO Trust Company Cust. FBO Andras Forgacs Roth IRA

Kunlun Group Limited (昆仑集团有限公司), formerly known as Koram Games limited (昆仑在线 (香港) 股份有限公司)

Schedule C

SCHEDULE D

LIST OF SERIES C INVESTORS

SCC Growth I Holdco A, Ltd.

DST Asia IV

Schedule D

SCHEDULE E

LIST OF SERIES D INVESTORS

DST Asia IV

DST Asia V

DST China EC XII

DST Global IV Co-Invest Ltd.

Sequoia Capital China GF Holdco III-A, Ltd.

SC China Growth III Co-Investment 2015-A, L.P.

Kunlun Group Limited (昆仑集团有限公司)

Great Base Investment Limited (基耀投资有限公司)

Schedule E

SCHEDULE F

LIST OF SERIES E INVESTORS

JD Sunflower Investment Limited

Azure Holdings S.a.r.l.

Schedule F

SCHEDULE G

LIST OF SERIES F INVESTORS

Azure Holdings S.a.r.l.

JD Sunflower Investment Limited

Schedule G

SCHEDULE H

ADDRESS FOR NOTICES

If to Principal, Principal HoldCo and Group Companies:

Address: Room 1603, Longyu Building, 1036 Pudong Nan Road, Pudong District,
Shanghai
Tel: +86 21 68596008
Attention: Philip Jiaqi Kuai

If to Co-Founder Parties:

Address: 588 San Remi Ter., Sunnyvale, CA 94085
Tel: +86 21 68596008
Attention: Jun Yang

If to Sequoia:

Address: Suite 2215, 22/F Two Pacific Place 88 Queensway Road, Hong Kong
Tel: +852 2501 8989
Attention: Wendy Kok

If to Victory Faith Consultants Limited:

Address: Room 4201, Beijing Fortune Centre. No.7 Dongsanhuanzhong Road, Chaoyang District, Beijing
Tel: +86 13811528453
Attention: YU Qiang

If to Greenwoods:

Address: 27/F, Kerry Parkside Office, 1155 Fangdian Road, Pudong, Shanghai, China 201204
Tel: (8621) 20830300 / (86)136 0162 1392
Attention: CHEN Chen (chenchen@greenwoodsasset.com)

If to Kunlun Group Limited:

Address: No. B, Mingyang International Building, No. 46 Zongbu Hutong, Dongcheng District, Beijing
Tel: 86-010-65210228
Attention: Jessica Qian

If to Gabor Forgacs:

Address: 200 Chambers Street, Apt. PHF, New York, NY 10007
Tel: 315-323-0613

If to Andras Forgacs:

Address: 319 7th Street, Apt 2, Brooklyn, NY 11215
Tel: 917-568-8271

If to PENSCO Trust Company Cust. FBO Andras Forgacs Roth IRA:

Address: 1560 Broadway, Suite 400, Denver, CO 80202
Tel: 415-395-5741
Attention: Jim Weinberg

If to DST:

Address: c/o IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius
Tel: +230 467 3000
Email: ifs@ifsmauritius.com
Attention: Mr. Soraj Bissoonauth

With copies to:

Address: c/o Tulloch & Co, 4 Hill Street, London W1J 5NE, UK
Tel: +44 207 318 1180
Email: atulloch@atulloch.com; bhancock@dstgservices.com
Attention: Alastair Tulloch

And

Address: Goodwin Procter, Room 2801, One Exchange Square, 8 Connaught Place,
Central, Hong Kong
Tel: (852) 3658 5300
Facsimile: (852) 2801 5515
Email: yrana@goodwinprocter.com
Attention: Yash A. Rana, Esq.

If to Great Base Investment Limited:

Address: Room D, 3/F, Thomson Commercial Building, 8-10 Thomson Road,
Wanchai, Hong Kong

With copies to:

Address: 21st Floor, Tower C, Central International Trade Center, 6 Jianguomenwai
Avenue, Beijing, China
Tel: (8610) 85679988
Fax: (8610) 85679989
Attention: Wang Xinwei

If to JD:

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District,
Beijing 101111, PRC
Tel: legalnotice@jd.com
Attention: Legal Department (Mergers and Acquisitions Group)

Schedule H

With a copy (which shall not constitute notice) to

Address: 20/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District,
Beijing 101111, PRC
Tel: qy fz@jd.com
Attention: Strategy and Investment Department

If to Walmart:

Address: c/o Walmart eCommerce, 850 Cherry Avenue, San Bruno, CA 94066, U.S.A.
E-mail: jchung@walmart.com; AMyong@walmart.com
Attention: General Counsel, Walmart Global eCommerce; CFO, Walmart Global eCommerce

With a copy (which shall not constitute notice) to:

Address: Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, CA 94304, U.S.A.
E-mail: ccomey@mof.com
Attention: Charles C. Comey

Schedule H

EXHIBIT A

FORM OF POWER OF ATTORNEY

Principal: Name:
 ID Card No.:
 Address:
 Postal Code:
 Tel:

Fiduciary: Name:
 ID Card No.:
 Address:
 Postal Code:
 Tel:

The Principal proposes to exercise his/her/its share subscription rights/share options granted under the certificate of subscription/share option agreement entered into between the Principal and _____, a company incorporated under the laws of the Cayman Islands ("Offshore Company"), dated _____. Upon satisfaction of the relevant conditions stipulated under the certificate of subscription/share option agreement, the Principal shall obtain _____ ordinary shares of the Offshore Company (representing ___% of the total share capital of the Offshore Company). The Principal hereby authorize the Fiduciary to take actions on behalf of the Principal and execute relevant foreign exchange registration procedures in relation to the exercise of the share subscription rights/share options abovementioned.

The authorized scope of the Fiduciary's power of attorney includes: file applications, execute the formalities of declaration, admission, alterations or waiver, receive materials of relevant notification, certificates and documents, and all other matters related to the execution of the foreign exchange registration procedures hereto.

Principal: _____
 Name

Date:

Exhibit A

EXHIBIT B

FORM OF DEED OF JOINDER

This Deed of Joinder (this “Deed”) is made as of [•] by the undersigned (the “Joining Party”) in accordance with the terms of a shareholders agreement dated August 8, 2018 made between Dada Nexus Limited, an exempted company incorporated in the Cayman Islands with limited liability (the “Company”) and certain other parties (as supplemented and amended from time to time) (the “Shareholders Agreement”) and a right of first refusal and co-sale agreement dated August 8, 2018 made between the Company and certain other parties (as supplemented and amended from time to time) (the “Right of First Refusal & Co-Sale Agreement”).

NOW THEREFORE IT IS HEREBY AGREED as follows:

1. Words and expressions used in this Deed shall have the same meaning assigned to them in the Shareholders Agreement and Right of First Refusal & Co-Sale Agreement, as applicable, unless the context otherwise expressly requires.
2. The Joining Party hereby confirms that it has been supplied with a copy of the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement.
3. The Joining Party hereby acknowledges, agrees and undertakes that, by its execution of this Deed, the Joining Party shall be deemed to be a party to the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement and to perform the obligations imposed by the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement which are to be performed on or after the date of this Deed in all respects as if it had executed the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement. The Joining Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement.
4. This Deed is made for the benefit of:
 - (a) the Parties to the Shareholders Agreement;
 - (b) the Parties to the Right of First Refusal & Co-Sale Agreement; and
 - (c) any other Person or Persons who may after the date of the Shareholders Agreement (and whether or not prior to or after the date hereof) assume any rights or obligations under the Shareholders Agreement and be permitted to do so by the terms thereof;

and this Deed shall be irrevocable without the consent of the Company acting on their behalf in each case only for so long as they hold any Shares in the capital of the Company.

5. The Joining Party’s address for notices, demands and all other communications under the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement is as follows:

[name of Joining Party]

Address: [•]

Fax Number: [•]

Attention: [•]

Exhibit B

6. This Deed shall be read as one with the Shareholders Agreement and the Right of First Refusal & Co-Sale Agreement so that any reference in the Shareholders Agreement or the Right of First Refusal & Co-Sale Agreement to “this Agreement” and similar expressions shall include this Deed.
7. This Deed shall be governed by and construed in accordance with the laws of Hong Kong.

IN WITNESS WHEREOF this Deed of Joinder is executed as a deed on the date and year first above written.

EXECUTED AS A DEED)
)
SEALED with the **COMMON SEAL**)
)
of [*name of Joining Party*])
)
and **SIGNED** by [•])
)
(Director))
)
in the presence of:-)
)
)
Name of witness:)
Address of witness:)

Exhibit B

DADA NEXUS LIMITED

AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

1. GENERAL.

(a) **Eligible Share Award Recipients.** Employees, Directors and Consultants are eligible to receive Share Awards.

(b) **Available Share Awards.** The Plan provides for the grant of the following types of Share Awards: (i) Options, (ii) Share Appreciation Rights, (iii) Restricted Share Awards, (iv) Restricted Share Unit Awards, and (v) Other Share Awards.

(c) **Purpose.** The Plan, through the granting of Share Awards, is intended to help the Company to secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide means by which the eligible recipients may benefit from increases in value of the Ordinary Shares.

(d) **The Original Plan.** This Plan amends and restated the previously adopted 2015 Equity Incentive Plan of the Company in its entirety and assumes all Share Awards granted under the 2015 Equity Incentive Plan.

2. ADMINISTRATION.

(a) **Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) **Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) who will be granted Share Awards; (B) when and how each Share Award will be granted; (C) what type of Share Award will be granted; (D) the provisions of each Share Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Ordinary Shares under the Share Award; (E) the number of Ordinary Shares subject to a Share Award; and (F) the Fair Market Value applicable to a Share Award; provided, however, such determination shall be subject to the affirmative vote of the Investor Directors (as defined in the memorandum and articles of association of the Company (as amended and restated)).

(ii) To construe and interpret the Plan and Share Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Share Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Share Award Agreement, in a manner and to the extent it will deem necessary or expedient to make the Plan or Share Award fully effective.

(iii) To settle all controversies regarding the Plan and Share Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which a Share Award may be exercised or vest (or at which cash or Ordinary Shares may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or a Share Award Agreement, suspension or termination of the Plan will not impair a Participant's rights under his or her then-outstanding Share Award without his or her written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, subject to the limitations, if any, of applicable law. However, if required by applicable law, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek shareholder approval of any amendment of the Plan that (A) materially increases the number of Ordinary Shares available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Share Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which Ordinary Shares may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Share Awards available for issuance under the Plan. Except as provided in the Plan (including subsection (viii) below) or a Share Award Agreement, no amendment of the Plan will impair a Participant's rights under an outstanding Share Award unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for shareholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Share Options.

(viii) To approve forms of Share Award Agreements for use under the Plan and to amend the terms of any one or more Share Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Share Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that a Participant's rights under any Share Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Share Awards without the affected Participant's consent (A) to maintain the tax qualified status of the Share Award (B) to clarify the manner of exemption from, or to bring the Share Award into compliance with, Section 409A or Section 457A of the Code; or (C) to comply with other applicable laws.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Share Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside China (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Share Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction). Without limiting the generality of the foregoing, the Board is specifically authorized to adopt rules, procedures and subplans, regarding, without limitation, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, which may vary according to local requirements.

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Share Award; (B) the cancellation of any outstanding Share Award and the grant in substitution therefor of a new (1) Option, (2) Share Appreciation Right, (3) Restricted Share Award, (4) Restricted Share Unit Award, (5) Other Share Award, (6) cash and/or (7) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of Ordinary Shares as the cancelled Share Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) **Delegation to Committee.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revert in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(d) **Delegation to an Officer.** The Board may delegate to one (1) or more Officers the authority to do one or both of the following: (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Share Awards) and, to the extent permitted by applicable law, the terms of such Share Awards, and (ii) determine the number of Ordinary Shares to be subject to such Share Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation will specify the total number of Ordinary Shares that may be subject to the Share Awards granted by such Officer and that such Officer may not grant a Share Award to himself or herself. Any such Share Awards will be granted on substantially the form of Share Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(s) below.

(e) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve.

(i) Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of Ordinary Shares that may be issued pursuant to Share Awards from and after the Effective Date will not exceed 68,868,482 Ordinary Shares (the “**Share Reserve**”). For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of Ordinary Shares that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Share Awards except as provided in Section 6(a).

(b) **Reversion of Shares to the Share Reserve.** If a Share Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Share Award having been issued or (ii) is settled in cash (i.e., the Participant receives cash rather than share), such expiration, termination or settlement will not reduce (or otherwise offset) the number of Ordinary Shares that may be available for issuance under the Plan. If any Ordinary Shares issued pursuant to a Share Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Share Award or as consideration for the exercise or purchase price of a Share Award will again become available for issuance under the Plan.

(c) **Source of Shares.** The shares issuable under the Plan will be authorized but unissued or reacquired Ordinary Shares, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) **Eligibility for Specific Share Awards.** Share Awards may be granted to Employees, Directors and Consultants.

(b) **Consultants.** A Consultant will not be eligible for the grant of a Share Award if, at the time of grant, either the offer or sale of the Company’s securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act, as applicable, as well as comply with the securities laws of all other relevant jurisdictions.

5. PROVISIONS RELATING TO OPTIONS AND SHARE APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Share Award Agreement for Options or SARs will conform to (through incorporation of provisions hereof by reference in the applicable Share Award Agreement or otherwise) the substance of each of the following provisions:

(a) **Term.** No Option or SAR will be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Share Award Agreement.

(b) **Exercise Price.** The exercise or strike price of each Option or SAR granted to a US Participant will be not less than one hundred percent (100%) of the Fair Market Value of the Ordinary Shares subject to the Option or SAR on the date the Share Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than one hundred percent (100%) of the Fair Market Value of the Ordinary Shares subject to the Share Award to a US Participant if such Share Award is granted pursuant to an assumption of or substitution for another option or share appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and other applicable law. Each SAR will be denominated in Ordinary Share equivalents. The exercise or strike price of each Option or SAR granted to a Participant that is not a U.S. Participant shall be determined by the Board and shall comply with applicable laws. In addition, no Option or SAR may be granted with an exercise or strike price lower than the par value of the Ordinary Shares, if any.

(c) **Purchase Price for Options.** The purchase price of Ordinary Shares acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. Any Ordinary Shares that are not fully paid will be subject to the forfeiture provisions in the Company's memorandum and articles of association (as amended from time to time). The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program (developed under Regulation T as promulgated by the U.S. Federal Reserve Board or similar regulations in other applicable jurisdictions, if required for compliance with the laws of the relevant jurisdiction) that, prior to the issuance of the share subject to the Option results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of Ordinary Shares;

(iv) if an Option is a Nonstatutory Share Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of Ordinary Shares issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Ordinary Shares will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest will compound at least annually and will be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Share Award Agreement.

(d) **Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Share Award Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of Ordinary Shares equal to the number of Ordinary Shares equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Ordinary Shares equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Ordinary Shares, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Share Award Agreement evidencing such SAR.

(e) **Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) **Restrictions on Transfer.** An Option or SAR will not be transferable except by will or by the laws of descent and distribution (and pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) **Domestic Relations Orders.** Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) or regulations in other applicable jurisdictions.

(iii) **Beneficiary Designation.** Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, upon the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Ordinary Shares or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant’s estate will be entitled to exercise the Option or SAR and receive the Ordinary Shares or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(iv) **Estate and/or Tax Planning.** For the purposes of the estate and/or tax planning, the Option or SAR may be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are the Participant, and/or members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Board, subject to such conditions and procedures as the Board may establish. Any permitted transfer shall be subject to the condition that the Board receives evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or its Affiliate to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

(f) **Vesting Generally.** The total number of Ordinary Shares subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of Ordinary Shares as to which an Option or SAR may be exercised.

(g) **Termination of Continuous Service.** Except as otherwise provided in the applicable Share Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Share Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Share Award Agreement, which period will not be less than thirty (30) days if necessary to comply with applicable laws unless such termination is for Cause) and (ii) the expiration of the term of the Option or SAR as set forth in the Share Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(h) **Extension of Exercise Period.** Except as otherwise provided in the applicable Share Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Ordinary Shares would violate the registration requirements under the Securities Act or any comparable securities law of any jurisdiction, or foreign exchange laws of any other jurisdiction (including without limitation China's foreign exchange laws and regulations), then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such legal requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Share Award Agreement. In addition, unless otherwise provided in a Participant's Share Award Agreement, if the sale of any Ordinary Shares received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate any laws prohibiting insider trading or the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of time (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Ordinary Shares received upon exercise of the Option or SAR would not be in violation of any laws prohibiting insider trading or the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Share Award Agreement.

(i) **Disability of Participant.** Except as otherwise provided in the applicable Share Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Share Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of the Option or SAR as set forth in the Share Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) **Death of Participant.** Except as otherwise provided in the applicable Share Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Share Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Share Award Agreement, which period will not be less than six (6) months if necessary to comply with applicable laws), and (ii) the expiration of the term of such Option or SAR as set forth in the Share Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

(k) **Termination for Cause.** Except as explicitly provided otherwise in a Participant's Share Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) **Early Exercise of Options.** An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the Ordinary Shares subject to the Option prior to the full vesting of the Option.

(m) **Right of Repurchase or Right of First Refusal.** The Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested Ordinary Shares acquired by the Participant pursuant to the exercise of the Option or SAR. In addition, the Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the Ordinary Shares received upon the exercise of the Option or SAR. The terms of any repurchase right or right of first refusal will be specified in the Share Award Agreement. The repurchase price for vested Ordinary Shares will be the Fair Market Value of the Ordinary Shares on the date of repurchase. The repurchase price for unvested Ordinary Shares will be the lower of (i) the Fair Market Value of the Ordinary Shares on the date of repurchase or (ii) their original purchase price.

6. PROVISIONS OF SHARE AWARDS OTHER THAN OPTIONS AND SARS.

(a) **Restricted Share Awards.** Each Restricted Share Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's memorandum and articles of association (as amended from time to time) and other constitutional and governance documents, at the Board's election, Ordinary Shares underlying a Restricted Share Award may be held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Share Award lapse; and may be evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Share Award Agreements may change from time to time, and the terms and conditions of separate Restricted Share Award Agreements need not be identical. Each Restricted Share Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) **Consideration.** A Restricted Share Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) **Vesting.** Subject to the "Right of Repurchase" in Section 5(m), Ordinary Shares awarded under the Restricted Share Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) **Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the Ordinary Shares held by the Participant as of the date of termination of Continuous Service under the terms of the Restricted Share Award Agreement.

(iv) **Transferability.** Rights to acquire Ordinary Shares under the Restricted Share Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Share Award Agreement, as the Board will determine in its sole discretion, so long as Ordinary Shares awarded under the Restricted Share Award Agreement remains subject to the terms of the Restricted Share Award Agreement.

(v) **Dividends.** A Restricted Share Award Agreement may provide that any dividends paid on Restricted Shares will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Share Award to which they relate.

(b) **Restricted Share Unit Awards.** Each Restricted Share Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Share Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Share Unit Award Agreements need not be identical. Each Restricted Share Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) **Consideration.** At the time of grant of a Restricted Share Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each Ordinary Share subject to the Restricted Share Unit Award. The consideration to be paid (if any) by the Participant for each Ordinary Share subject to a Restricted Share Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) **Vesting.** At the time of the grant of a Restricted Share Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Share Unit Award as it, in its sole discretion, deems appropriate.

(iii) **Payment.** A Restricted Share Unit Award may be settled by the delivery of Ordinary Shares, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Share Unit Award Agreement.

(iv) **Additional Restrictions.** At the time of the grant of a Restricted Share Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the Ordinary Shares (or their cash equivalent) subject to a Restricted Share Unit Award to a time after the vesting of such Restricted Share Unit Award.

(v) **Dividend Equivalents.** Dividend equivalents may be credited in respect of Ordinary Shares covered by a Restricted Share Unit Award, as determined by the Board and contained in the Restricted Share Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional Ordinary Shares covered by the Restricted Share Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Share Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Share Unit Award Agreement to which they relate.

(vi) **Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Share Unit Award Agreement, such portion of the Restricted Share Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) **Other Share Awards.** Other forms of Share Awards valued in whole or in part by reference to, or otherwise based on, Ordinary Shares, including the appreciation in value thereof (e.g., options or share rights with an exercise price or strike price less than one hundred percent (100%) of the Fair Market Value of the Ordinary Shares at the time of grant) may be granted either alone or in addition to Share Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Share Awards will be granted, the number of Ordinary Shares (or the cash equivalent thereof) to be granted pursuant to such Other Share Awards and all other terms and conditions of such Other Share Awards.

7. COVENANTS OF THE COMPANY.

(a) **Availability of Shares.** The Company will keep available at all times the number of Ordinary Shares reasonably required to satisfy then-outstanding Share Awards.

(b) **Securities Law Compliance.** The Company will use commercially reasonable efforts to seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Share Awards and to issue and sell Ordinary Shares upon exercise of the Share Awards; provided, however, that this undertaking will not require the Company to register the Plan, any Share Award or any Ordinary Shares issued or issuable pursuant to any such Share Award under the Securities Act or other applicable securities regulatory scheme. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Ordinary Shares under the Plan, the Company will be relieved from any liability for failure to issue and sell Ordinary Shares upon exercise of such Share Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Share Award or the subsequent issuance of cash or Ordinary Shares pursuant to the Share Award if such grant or issuance would be in violation of any applicable securities law or any other applicable law or regulation.

(c) **No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Share Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Share Award or a possible period in which the Share Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Share Award to the holder of such Share Award.

8. MISCELLANEOUS.

(a) **Use of Proceeds from Sales of Ordinary Share.** Proceeds from the sale of Ordinary Shares pursuant to Share Awards will constitute general funds of the Company.

(b) **Corporate Action Constituting Grant of Share Awards.** Corporate action constituting a grant by the Company of a Share Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Share Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Share Award Agreement as a result of a clerical error in the papering of the Share Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Share Award Agreement.

(c) **Shareholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Ordinary Shares subject to a Share Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of Ordinary Shares under, the Share Award pursuant to its terms, and (ii) the issuance of the Ordinary Shares subject to the Share Award has been entered into the books and records of the Company and the register of members of the Company has been accordingly updated.

(d) **No Employment or Other Service Rights.** Nothing in the Plan, any Share Award Agreement or any other instrument executed thereunder or in connection with any Share Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Share Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee pursuant to an employment contract, if any, or applicable employment laws and regulations, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Company's memorandum and articles of association (as amended from time to time) and other constitutional and governance documents of the Company or an Affiliate, and any provisions of the applicable laws of the jurisdiction in which the Company or the Affiliate is incorporated, as the case may be.

(e) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Ordinary Shares under any Share Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Share Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Ordinary Shares subject to the Share Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Ordinary Shares. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Ordinary Shares under the Share Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws or other applicable laws. The Company may, upon advice of counsel to the Company, place legends on share certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws or other applicable laws, including, but not limited to, legends restricting the transfer of the Ordinary Shares.

(f) **Withholding Obligations.** Unless prohibited by the terms of a Share Award Agreement, the Company may, in its sole discretion, satisfy any tax withholding obligation relating to a Share Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding Ordinary Shares from the Ordinary Shares issued or otherwise issuable to the Participant in connection with the Share Award; provided, however, that no Ordinary Shares are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Share Award as a liability for financial accounting purposes); (iii) withholding cash from a Share Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) which may be set forth in the Share Award Agreement.

(g) **Electronic Delivery.** Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(h) **Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Ordinary Shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Share Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. The Board is authorized to make deferrals of Share Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

9. ADJUSTMENTS UPON CHANGES IN ORDINARY SHARE; OTHER CORPORATE EVENTS.

(a) **Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Share Options pursuant to Section 11(a)(i), and (iii) the class(es) and number of securities and price per share of shares subject to outstanding Share Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) **Dissolution or Liquidation.** Except as otherwise provided in the Share Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Share Awards (other than Share Awards consisting of vested and outstanding Ordinary Shares not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the Ordinary Shares subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Share Award is providing Continuous Service, provided, however, that the Board may, in its sole discretion, cause some or all Share Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Share Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) **Corporate Transactions.** The following provisions will apply to Share Awards in the event of a Transaction unless otherwise provided in the Share Award Agreement or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Share Award. In the event of a Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Share Awards, contingent upon the closing or completion of the Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company) to assume or continue the Share Award or to substitute a similar share award for the Share Award (including, but not limited to, an award to acquire the same consideration paid to the shareholders of the Company pursuant to the Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Ordinary Shares issued pursuant to the Share Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Share Award (and, if applicable, the time at which the Share Award may be exercised) to a date prior to the effective time of such Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Transaction), with such Share Award terminating if not exercised (if applicable) at or prior to the effective time of the Transaction; provided, however, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Transaction, which exercise is contingent upon the effectiveness of such Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Share Award;

(v) cancel or arrange for the cancellation of the Share Award, to the extent not vested or not exercised prior to the effective time of the Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Share Award immediately prior to the effective time of the Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero (\$0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Ordinary Shares in connection with the Transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Share Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Share Award.

(d) **Change in Control.** A Share Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Share Award Agreement for such Share Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.

(a) **Plan Term.** The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan will automatically terminate on the Expiration Date. No Share Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) **No Impairment of Rights.** Suspension or termination of the Plan will not impair rights and obligations under any Share Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan.

(c) **Replacement of Original Plan.** The Plan shall replace the 2015 Equity Incentive Plan adopted on February 7, 2015 in its entirety, and the 2015 Equity Incentive Plan shall cease to be effective upon the Effective Date. The Share Awards granted and outstanding under the 2015 Equity Incentive Plan and the evidencing the original Share Award Agreements shall survive the termination of the 2015 Equity Incentive Plan and remain effective and binding under the Plan, subject to any amendment or modification to the original Share Award Agreement that the Board or the Committee, in its sole discretion, shall determine.

11. ADDITIONAL PROVISIONS APPLICABLE TO US PARTICIPANTS.

(a) Incentive Share Options.

(i) Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of Ordinary Shares that may be issued pursuant to the exercise of Incentive Share Options will be the Share Reserve.

(ii) Unless otherwise specifically authorized by the Board, Incentive Share Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(iii) A Ten Percent Shareholder shall not be granted an Incentive Share Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant or such shorter period specified in the Share Award Agreement. “**Ten Percent Shareholder**” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any Affiliate.

(iv) To the extent that the aggregate Fair Market Value (determined at the time of grant) of Ordinary Shares with respect to which Incentive Share Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars (\$100,000) (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Share Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Share Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(b) **Compliance with Section 409A of the Code.** To the extent that the Board determines that any Share Award granted hereunder is subject to Section 409A of the Code, the Share Award Agreement evidencing such Share Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Share Award Agreements shall be interpreted in accordance with Section 409A of the Code.

12. CHOICE OF LAW; ARBITRATION.

(a) **Governing Law.** The laws of Hong Kong will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

(b) **Dispute Resolution.** All and any of the disputes arising from and in connection with this Agreement shall be referred to Hong Kong International Arbitration Center ("HKIAC") for binding arbitration in Hong Kong by a sole arbitrator in accordance with the rules then in effect of the HKIAC. The parties shall jointly select the sole arbitrator. If the parties fail to reach an agreement on the arbitrator, such an arbitrator shall be appointed by the Secretary-General of HKIAC. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any competent court having jurisdiction. The parties to the arbitration shall each pay an equal share of the costs and expenses of such arbitration, and each party shall separately pay for its respective counsel fees and expenses, provided, however, that the prevailing party in any such arbitration shall be entitled to recover from the non prevailing party its reasonable costs and attorney fees.

13. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) **"Affiliate"** means, at the time of determination, any Subsidiary and any "parent corporation" or "subsidiary corporation" of the Company, as such terms are defined in Sections 424(e) and (f) of the Code. The Board will have the authority to determine the time or times at which "parent corporation" or "subsidiary corporation" status is determined within the foregoing definition.

(b) **"Board"** means the Board of Directors of the Company.

(c) **"Capitalization Adjustment"** means any change that is made in, or other events that occur with respect to, the Ordinary Shares subject to the Plan or subject to any Share Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, share dividend, dividend in property other than cash, large nonrecurring cash dividend, share split, reverse share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction. Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) “**Cause**” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the applicable jurisdiction; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Share Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(ii) the shareholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation; or

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company or the initial public offering of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Share Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

- (f) “**Code**” means the US Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.
- (g) “**Committee**” means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).
- (h) “**Company**” means Dada Nexus Limited, a company incorporated under the laws of Cayman Islands.
- (i) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan.
- (j) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Share Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(k) “**Corporate Transaction**” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Ordinary Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(l) “**Director**” means a member of the Board.

(m) “**Disability**” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(n) “**Effective Date**” means the effective date of this Plan when this Plan is adopted by the Board.

(o) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(p) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(q) “**Exchange Act**” means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(r) “**Expiration Date**” means February 7, 2025.

(s) “**Fair Market Value**” means, as of any date, the value of the Ordinary Shares determined by the Board.

(t) **“Incentive Share Option”** means an Option that is intended to be, and that qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(u) **“Nonstatutory Share Option”** means any Option that does not qualify as an “incentive stock option” within the meaning of Section 422 of the Code.

(v) **“Officer”** means any person designated by the Company as an officer.

(w) **“Option”** means an option to purchase Ordinary Shares granted pursuant to the Plan.

(x) **“Option Agreement”** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(y) **“Optionholder”** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(z) **“Ordinary Share”** means an Ordinary Share of the Company.

(aa) **“Other Share Award”** means an award based in whole or in part by reference to the Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(c).

(bb) **“Other Share Award Agreement”** means a written agreement between the Company and a holder of an Other Share Award evidencing the terms and conditions of an Other Share Award grant. Each Other Share Award Agreement will be subject to the terms and conditions of the Plan.

(cc) **“Own,” “Owned,” “Owner,” “Ownership”** means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(dd) **“Participant”** means a person to whom a Share Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Share Award.

(ee) **“Plan”** means this Dada Nexus Limited Amended and Restated 2015 Equity Incentive Plan.

(ff) **“Restricted Share Award”** means an award of Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(a).

(gg) “**Restricted Share Award Agreement**” means a written agreement between the Company and a holder of a Restricted Share Award evidencing the terms and conditions of a Restricted Share Award grant. Each Restricted Share Award Agreement will be subject to the terms and conditions of the Plan.

(hh) “**Restricted Share Unit Award**” means a right to receive Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(b).

(ii) “**Restricted Share Unit Award Agreement**” means a written agreement between the Company and a holder of a Restricted Share Unit Award evidencing the terms and conditions of a Restricted Share Unit Award grant. Each Restricted Share Unit Award Agreement will be subject to the terms and conditions of the Plan.

(jj) “**Rule 405**” means Rule 405 promulgated under the Securities Act.

(kk) “**Rule 701**” means Rule 701 promulgated under the Securities Act.

(ll) “**Securities Act**” means the US Securities Act of 1933, as amended.

(mm) “**Share Appreciation Right**” or “**SAR**” means a right to receive the appreciation on Ordinary Shares that is granted pursuant to the terms and conditions of Section 5.

(nn) “**Share Appreciation Right Agreement**” means a written agreement between the Company and a holder of a Share Appreciation Right evidencing the terms and conditions of a Share Appreciation Right grant. Each Share Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(oo) “**Share Award**” means any right to receive Ordinary Shares granted under the Plan, including an Option, a Restricted Share Award, a Restricted Share Unit Award, a Share Appreciation Right or any Other Share Award.

(pp) “**Share Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Share Award grant. Each Share Award Agreement will be subject to the terms and conditions of the Plan.

(qq) “**Subsidiary**” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital share having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, share of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(rr) **Transaction**” means a Corporate Transaction or a Change in Control.

(ss) “**US**” means the United States.

(tt) “**US Participant**” means a Participant that is either a US resident or a US taxpayer.

Share Pledge Agreement

This Share Pledge Agreement (this “**Agreement**”) has been executed by and among the following Parties on February 20, 2017 in Shanghai, China:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd. (hereinafter “**Pledgee**”)
 Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
 Legal Representative: Philip Jiaqi Kuai

Party B: [Name] ([PRC ID Card No.]/[Enterprise Name]) (hereinafter “**Pledgor**”)
 Address: Room 416, 4/F, Hengtong Building, No. 19, Hongzehu East Road, Suyu District, Suqian

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
 Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
 Legal Representative: Philip Jiaqi Kuai

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a “**Party**” respectively, and they shall be collectively referred to as the “**Parties**”.

Whereas,

1. Pledgor is the citizen/legal entity of the People’s Republic of China (“**China**”), and hold the registered capital in an amount equal to RMB[Number] in Party C, representing [Percentage]% of the total amount of Party C’s registered capital. Party C is a limited liability company registered in Shanghai, China. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and agrees to provide any necessary assistance in registering the Pledge;
2. Pledgee is a Wholly Foreign Owned Enterprise registered in Shanghai, China. Pledgee and Party C have executed an Exclusive Business Cooperation Agreement on November 14, 2014;
3. To ensure that Pledgee collects all payments due by Party C, including without limitation the consulting and service fees regularly from Party C, Pledgor hereby pledge all of the equity interest they hold in Party C as security for Party C’s payment of the consulting and service fees under the Exclusive Business Cooperation Agreement.

1. Definitions

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 “**Pledge**” shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 “**Equity Interest**” shall refer to the registered capital owned by Pledgor and all of the related equity interest lawfully now held and hereafter acquired by Pledgor in Party C, including, without limitation, the registered capital in an amount equal to RMB[Number] owned by Pledgor in Party C on the date hereof.
- 1.3 “**Term of Pledge**” shall refer to the term set forth in Section 3 of this Agreement.

- 1.4 “**Business Cooperation Agreement**” shall refer to the Exclusive Business Cooperation Agreement executed by and between Pledgee and Party C, partially owned by Pledgor on November 14, 2014.
- 1.5 “**Event of Default**” shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.6 “**Notice of Default**” shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. **The Pledge**

- 2.1 As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of any or all the payments due by Party C, including without limitation the consulting and services fees payable to the Pledgee under the Business Cooperation Agreement (collectively, the “**Secured Obligations**”), Pledgor hereby pledges to Pledgee a first security interest in the Equity Interest of Party C owned by the Pledgor (including the [Percentage]% registered capital in an amount equal to RMB[Number] currently owned by the Pledgor and all relevant equity interest, as well as other registered capital and all relevant equity interest, which may be obtained by the Pledgor in the future).
- 2.2 The Parties understand and agree that the monetary valuation arising from, relating to or in connection with the Secured Obligations shall be a variable and floating valuation until the Settlement Date (as defined below). Therefore, based on the reasonable assessment and evaluation by the Pledgor and the Pledgee of the Secured Obligations and the Equity Interest, the Pledgor and the Pledgee mutually acknowledge and agree that the Pledge shall aggregately secure the Secured Obligations for a maximum amount of RMB[Number] (the “**Maximum Amount**”) prior to the Settlement Date. The Pledgor and the Pledgee may, taking into account the fluctuation in the monetary value of the Secured Obligations and the Equity Interest, adjust the Maximum Amount based on mutual agreement by amending and supplementing this Agreement, from time to time, prior to the Settlement Date.
- 2.3 Upon the occurrence of any of the events below (each an “**Event of Settlement**”), the Secured Obligations shall be fixed at a value of the sum of all Secured Obligations that are due, outstanding and payable to the Pledgee on or immediately prior to the date of such occurrence (the “**Fixed Obligations**”):
 - (a) the Business Cooperation Agreement expires or is terminated pursuant to the stipulations thereunder;
 - (b) the occurrence of an Event of Default pursuant to Section 7 that is not resolved, which results in the Pledgee serving a Notice of Default to the Pledgor pursuant to Section 7.3;
 - (c) the Pledgee reasonably determines (having made due enquiries) that the Pledgor and/or Party C is insolvent or could potentially be made insolvent; or
 - (d) any other event that requires the settlement of the Secured Obligations in accordance with relevant laws of the PRC.
- 2.4 For the avoidance of doubt, the day of the occurrence of an Event of Settlement shall be the settlement date (the “**Settlement Date**”). On or after the Settlement Date, the Pledgee shall be entitled, at the election of the Pledgee, to enforce the Pledge in accordance with Section 8.

- 2.5 The Pledgee is entitled to collect dividends or other distributions, if any, arising from the Equity Interest during the Term of the Pledge (as defined below).

3. Term of Pledge

- 3.1 The Pledge shall become effective as of the date when the pledge of the Equity Interest is registered with the local administration of industry and commerce (the “**Registration Authority**”). The Term of the Pledge (the “**Term of Pledge Authority**”) shall end when the last obligation secured by the Pledge is paid or fully fulfilled. The Parties agree that, promptly after the execution of this Agreement (but in no event later than 20 days from the execution date of this Agreement), Pledgor and Party A shall submit their application for pledge registration to the Registration Authority in accordance with *the Measures on Share Pledge Registration with the Administration of Industry and Commerce*. The Parties also agree that within fifteen (15) days as of the Registration Authority officially commences the acceptance of equity pledge application, Pledgor and Party C shall complete the pledge registration procedure, obtain the pledge registration notice and completely and accurately register the Pledge of Equity Interest on the Pledge Registration Book of the Registration Authority.
- 3.2 During the Term of Pledge, in the event Party C fails to pay the exclusive consulting or service fees in accordance with or fails to perform under the Business Cooperation Agreement, Pledgee shall have the right, but not the obligation, to dispose of the Pledge in accordance with the provisions of this Agreement.

4. Custody of Records for Equity Interest subject to Pledge

- 4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee’s custody the capital contribution certificate for the Equity Interest and the shareholders’ register containing the Pledge (and other documents reasonably requested by the Pledgee, including without limitation the notice of registration of the Pledge issued by relevant administration of industry and commerce) within one week from the date the Pledge is registered. Pledgee shall have custody of such items during the entire Term of Pledge set forth in this Agreement.
- 4.2 Pledgee shall have the right to collect dividends generated by the Equity Interest during the Term of Pledge.

5. Representations and Warranties of Pledgor and Party C

The Pledgor Represent and Warrant to the Pledgee that:

- 5.1 Pledgor is the sole legal and beneficial owners of the Equity Interest. Except for being subject to other agreements entered into by the Pledgor and the Pledgee, the Pledgor enjoys legal and complete ownership of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest. There are no controversies over the ownership of the Equity Interest. The Equity Interest is not seized or subject to any other legal proceedings or similar threats, and is good for transfer and pledging according to applicable laws.

- 5.4 The Pledgor's execution of this Agreement and exercise of its rights under this Agreement (or fulfillment of its obligations under this Agreement) will not breach any laws, regulations, and agreements or contracts to which the Pledgor is a party, or any promise the Pledgor has made to any third parties.
- 5.5 All documents, materials, statements and certificates provided by the Pledgor to the Pledgee are accurate, true, complete and valid.

Party C Represent and Warrant to the Pledgee that:

- 5.6 Party C is a limited liability company registered under the laws of China and legally exists. Party C has the qualification of an independent legal person, enjoys complete and independent legal status and the legal capacity to sign, deliver and fulfill this Agreement.
- 5.7 Upon due execution of Party C, this Agreement constitute legal, effective and binding obligation on Party C.
- 5.8 Party C has the complete internal right and authorization to sign and deliver this Agreement and all other documents relating to the transactions contemplated under this Agreement. Party C has the complete right and authorization to complete the transactions contemplated under this Agreement.
- 5.9 Regarding the assets owned by Party C, there are not any guarantee interests or any other encumbrance on property rights that are substantial and may impact the Pledgee's right and interests in the Equity Interest (including without limitation transfer of any of Party C's intellectual properties or any assets with a value equaling or over RMB 100,000, or any encumbrance on the ownership or right to use of such assets).
- 5.10 In any court or arbitration tribunal there are no pending (or, as far as Party knows, threatening) litigation, arbitration or other legal proceedings against the Equity Interest, Party C or its assets, and in any governmental agencies or departments there are no pending (or, as far as Party knows, threatening) administrative proceedings or penalties against the Equity Interest, Party C or its assets, which may substantially and adversely impact Party C's economic condition or the Pledgor's ability to fulfill their obligations and guarantee liabilities under this Agreement.
- 5.11 Party C hereby agrees that it is jointly and severally liable to the Pledgee for all representations and warranties made by any and all of the Pledgor under this Agreement.
- 5.12 Party C hereby warrants to the Pledgee that, at any time and under any circumstances prior to complete fulfillment of the obligations under this Agreement or the secured debts being fully repaid, the aforementioned representations and warranties are true and accurate and will be fully complied with.

6. Covenants and Further Agreements of Pledgor

The Covenants and Further Agreements of the Pledgor are set forth below.

- 6.1 Pledgor hereby covenants to the Pledgee, that during the term of this Agreement, Pledgor shall:
- 6.1.1 not transfer (or agree to others' transfer of) all or any part of the Equity Interest, place or permit the existence of any security interest or other encumbrance that may affect the Pledgee's rights and interests in the Equity Interest, without the prior written consent of Pledgee, except for the performance of the Exclusive Option Agreement executed by Pledgor, Pledgee and Party C on February 20, 2017;
 - 6.1.2 comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities (or any other relevant parties) regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
 - 6.1.3 promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for payment of the consulting and service fees under and performance under the Business Cooperation Agreement, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.
- 6.5 If the Equity Interest pledged under this Agreement is, for any reason, subject to mandatory measures imposed by the court of law or other governmental departments, the Pledgor shall try their best to release such mandatory measures imposed by the court of law or other governmental departments, including without limitation providing to the court of law other kinds of security or other measures.
- 6.6 If there is a possibility that the value of the Equity Interest will be decreased and such decrease is sufficient to harm the rights and interests of the Pledgee, the Pledgee may request the Pledgor to provide additional collateral or security. If the Pledgor refuses to provide such security, the Pledgee may, at any time, sell the Equity Interest or put it up for auction, and use the monies obtained from such sale or auction to settle the secured obligations in advance or put such monies under custody; all expenses therefore occurred shall be borne by the Pledgor.

- 6.7 Without the prior written consent from the Pledgee, the Pledgor and/or Party C shall not (by themselves or assisting others to) increase, decrease or transfer the registered capital of Party C (or their capital contribution to Party C) or impose any encumbrances on it, including the Equity Interest. Subject to the forgoing provision, any equity interest which is registered and obtained by the Pledgor subsequent to the date of this Agreement shall be called "Additional Equity Interest". The Pledgor and Party C shall, immediately after the Pledgor obtains the Additional Equity Interest, enter with the Pledgee supplemental share pledge agreement for the Additional Equity Interest, make the board of directors and shareholders meeting of Party C approve the supplemental share pledge agreement, and deliver to the Pledgee all documents necessary for the supplemental share pledge agreement, including without limitation (a) the original certificate issued by Party C about shareholders' capital contribution relating to the Additional Equity Interest; and (b) the verified photocopy of the capital contribution verification report (issued by certified public accountant in China) regarding the Additional Equity Interest. The Pledgor and Party C shall, according to Article 3.1 of this Agreement, handle the pledge registration procedures relating to the Additional Equity Interest.
- 6.8 Unless otherwise instructed by the Pledgee in writing, the Pledgor and/or Party C agree that, if part of or all of the Equity Interest is transferred between the Pledgor and any third parties in violation of this Agreement ("Transferee of the Equity Interest"), then the Pledgor and/or Party C shall ensure that the Transferee or the Equity Interest will unconditionally recognize the Pledge and follow necessary procedures for modification of the registration of the Pledge (including without limitation signing relevant documents) so as to ensure the continued existence of the Pledge.
- 6.9 If the Pledgee provides to Party C loan of monies, the Pledgor and/or the Party C agree to pledge the Equity Interest to the Pledgee for security of such additional loan of monies, and to follow procedures as soon as possible according to relevant laws, regulations or local practice (if any), including without limitation executing relevant documents and completing registration procedures for setting up (or modification) of a pledge.

The Covenants and Further Agreements of Party C are set forth below.

- 6.10 If, for the execution of this Agreement and Pledge under this Agreement, it is necessary to obtain any third party consent, approval, waiver or authorization, any governmental approval, license or waiver, or complete registration procedures in any governmental departments (as required by the law), then Party C will try its best to assist in obtain the same and cause it to remain in effect during the term of this Agreement.
- 6.11 Without prior written consent of the Pledgee, Party C will not assist or allow the Pledgor to set up any new pledges or grant other security over the Equity Interest, nor will Party C assist or allow the Pledgor to transfer the Equity Interest.
- 6.12 Party C agrees to, jointly with the Pledgor, strictly comply with Article 6.7, Article 6.8 and Article 6.9 of this Agreement.
- 6.13 Without prior written consent of the Pledgee, Party C shall not transfer its assets or set up (or allow the existence of) any security or encumbrances on property rights that may affect the Pledgee's rights and interests in the Equity Interest (including without limitation transfer of any of Party C's intellectual properties or any assets with a value equaling or over RMB 100,000, or any encumbrance on the ownership or right to use of such assets).

- 6.14 Where there are any litigations, arbitrations or any other claims, which may adversely impact party C, the Equity Interest, or the Pledgee's interests under the series of the cooperation agreements (including without limitation the Business Cooperation Agreement) and this Agreement, Party C shall, as soon as possible, send timely notice to the Pledgee and according to reasonable requests of the Pledgee take all necessary measures to protect the Pledgee's interests in the Equity Interest.
- 6.15 Party C shall not conduct or allow any acts or actions that may adversely impact the Equity Interest or Pledgee's interest under the cooperation agreements (including without limitation the Exclusive Business Cooperation Agreement) and this Agreement.
- 6.16 Party C shall, during the first month of each quarter, provide to the Pledgee its financial statements for the preceding quarter, including without limitation its balance sheets, profit statements and cash flow statements.
- 6.17 Party C shall, pursuant to the Pledgee's reasonable requests, take all necessary measures and sign all necessary documents so as to ensure and protect the Pledgee's rights over the Equity Interest and realization of them.
- 6.18 If the exercise of the Pledge under this Agreement results to any transfer of the Equity Interest, Party C agrees and warrants that it will take all measures to effect such transfer.

7. Event of Default

- 7.1 The following circumstances shall be deemed Event of Default:
 - 7.1.1 Party C fails to pay in full any of the consulting and service fees payable under the Business Cooperation Agreement, or fail to repay its loan or breaches any other obligations of Party C thereunder;
 - 7.1.2 Any representation or warranty by Pledgor in Article 5 of this Agreement contains material misrepresentations or errors, and/or Pledgor violates any of the warranties in Article 5 of this Agreement;
 - 7.1.3 Pledgor and Party C fail to complete the registration of the Pledge with Registration Authority;
 - 7.1.4 Pledgor and Party C breach any provisions of this Agreement;
 - 7.1.5 Except as expressly stipulated in Section 6.1.1, Pledgor transfers or purports to transfer or abandons the Equity Interest pledged or assigns the Equity Interest pledged without the written consent of Pledgee;
 - 7.1.6 Any of Pledgor's own loans, guarantees, indemnifications, promises or other debt liabilities to any third party or parties (1) become subject to a demand of early repayment or performance due to default on the part of Pledgor; or (2) become due but are not capable of being repaid or performed in a timely manner;
 - 7.1.7 Any approval, license, permit or authorization of government agencies that makes this Agreement enforceable, legal and effective is withdrawn, terminated, invalidated or substantively changed;

- 7.1.8 The promulgation of applicable laws renders this Agreement illegal or renders it impossible for Pledgor to continue to perform its obligations under this Agreement;
 - 7.1.9 Adverse changes in properties owned by Pledgor, which lead Pledgee to believe that that Pledgor's ability to perform its obligations under this Agreement has been affected;
 - 7.1.10 The successor or custodian of Party C is capable of only partially performing or refuses to perform the payment obligations under the Business Cooperation Agreement; and
 - 7.1.11 Any other circumstances occur where Pledgee is or may become unable to exercise its right with respect to the Pledge.
- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within thirty (30) days of the Pledgee's notice, Pledgee may issue a Notice of Default to Pledgor in writing upon the occurrence of the Event of Default or at any time thereafter and demand that Pledgor immediately pays all outstanding payments due under the Business Cooperation Agreement, and/or repays loans and all other payments due to Pledgee, and/or disposes of the Pledge in accordance with the provisions of Article 8 of this Agreement.

8. Exercise of Pledge

- 8.1 Prior to the full performance and payment of the consulting and service fees described in the Business Cooperation Agreement, without the Pledgee's written consent, Pledgor shall not assign the Pledge or the Equity Interest in Party C.
- 8.2 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.
- 8.3 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge concurrently with the issuance of the Notice of Default in accordance with Section 7.2 or at any time after the issuance of the Notice of Default. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.4 In the event of default, Pledgee is entitled to take possession of the Equity Interest pledged hereunder and to dispose of the Equity Interest pledged, to the extent permitted and in accordance with applicable laws; if, after satisfying all obligations secured, there is any balance in the monies collected by the Pledgee by enforcing the Pledge, then such balance shall be, without calculation of interests, paid to the Pledgor or other parties entitled to receive such balance.
- 8.5 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.
- 8.6 Unless otherwise provided by the law, all expenses, tax, charges and all legal fees relating to the establishment of the Pledge and enforcement of it shall be borne by the Pledgor.

9. Assignment

- 9.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 9.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 9.3 At any time, Pledgee may assign any and all of its rights and obligations under the Business Cooperation Agreement to its designee(s) (natural/legal persons), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor shall execute relevant agreements or other documents relating to such assignment.
- 9.4 In the event of a change in Pledgee due to an assignment, Pledgor shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement.
- 9.5 Pledgor shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Exclusive Option Agreement and the Power of Attorney granted to Pledgee, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

10. Termination

Upon the full performance and payment of the consulting and service fees under the Business Cooperation Agreement and upon termination of Party C's obligations under the Business Cooperation Agreement, this Agreement shall be terminated, and Pledgee shall then cancel or terminate this Agreement as soon as reasonably practicable.

11. Handling Fees and Other Expenses

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C. If Applicable Laws requires that Pledgee should bear some related taxes and fees, Pledgor shall cause Party C to fully repay Pledgee the paid taxes and fees.

12. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

13. Governing Law and Resolution of Disputes

- 13.1 The execution, effectiveness, construction, performance, and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.
- 13.2 In the event of any dispute with respect to the construction and performance of the provisions of this Agreement, the Parties shall negotiate in good faith to resolve the dispute. In the event the Parties fail to reach an agreement on the resolution of such a dispute within 30 days after any Party's request for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on all Parties.
- 13.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

14. Notices

- 14.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 14.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 14.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 14.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: [Name]/[Enterprise Name]
Address: [Address]
Attn: [Name]
TEL: [Contact Number]

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

14.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

15. SEVERABILITY

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

16. Attachments

The attachments set forth herein shall be an integral part of this Agreement.

17. Effectiveness

17.1 This Agreement shall become effective after the affixation of the signatures or seals of the Parties and record of such equity interest pledge on the shareholders' register of Party C. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective after the affixation of the signatures or seals of the Parties.

17.2 This Agreement is written in Chinese and English in four (4) copies. Each of the Pledgor, Pledgee and Party C shall hold one (1) copy, respectively; and one (1) copy shall be submitted to the Registration Authority. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

[The space below is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Share Pledge Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: [Name]/[Enterprise Name]

By: /s/ Name
Name: [Name]
Title: Authorized Signatory

Party C: Shanghai Qusheng Internet Technology Co., Ltd

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

[Signature Page to Share Pledge Agreement]

Exclusive Option Agreement

This Exclusive Option Agreement (this "**Agreement**") is executed by and among the following Parties as of February 20, 2017:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

Party B: Philip Jiaqi Kuai [PRC ID Card No.]

Party C: Shanghai Qusheng Internet Technology Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

Party B holds 85.50% of the equity interests in Party C; and

Party B intends to grant Party A an irrevocable and exclusive right to purchase all the equity interests in Party C then held by Party B.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. **Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "**Designee**") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "**Equity Interest Purchase Option**"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "**Equity Interest Purchase Option Notice**"), specifying: (a) Party A's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price and Its Payment

Unless an appraisal is required by the laws of China applicable to the Equity Interest Purchase Option when exercised by Party A, the purchase price of the Optioned Interests (the “**Equity Interest Purchase Price**”) shall be the lowest price as permitted by the applicable PRC laws at the time of the transfer of the Optioned Interests. After necessary withholding and paying of tax monies according to the applicable laws of China, the Equity Interest Purchase Price will be wired to bank account(s) specified by Party B by Party A within seven (7) days after the date on which the Optioned Interests are officially transferred to Party A.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.3 The relevant Parties shall execute all other necessary contracts, agreements or documents (including without limitation the Articles of Association of the company), obtain all necessary government licenses and permits (including without limitation the Business License of the company) and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B’s Share Pledge Agreement. “**Party B’s Share Pledge Agreement**” as used in this Section and this Agreement shall refer to the Share Pledge Agreement (“**Share Pledge Agreement**”) executed by and among Party B, Party C and Party A as of the date hereof, whereby Party B pledges all of its equity interests in Party C to Party A, in order to guarantee Party C’s performance of its obligations under the exclusive business corporation agreement executed by and between Party C and Party A on November 14, 2014 (“**Exclusive Business Corporation Agreement**”).

2. Covenants

2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and to cause Party C to perform its obligations under the Exclusive Business Cooperation Agreement;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 After mandatory liquidation described in Section 3.6 below, Party B will remit in full to the Party A any residual interest Party B receives in a nonreciprocal transfer or cause it happen. If such transfer is prohibited by the laws of PRC, Party B will remit the proceeds to Party A or its designated person(s) in a manner permitted under the laws of PRC;
- 2.1.5 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.6 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 2.1.8 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit or guarantee in any form;
- 2.1.9 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.10 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.11 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person, and/or sell cause or permit Party C to sell assets with a value higher than RMB 100,000;

- 2.1.12 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.13 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.14 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.15 At the request of Party A, they shall appoint any persons designated by Party A as directors of Party C or replace any existing director(s) of Party C.

2.2 Covenants of Party B and Party C

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.2 Party B shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party C to, issue any dividends or other distributions with respect to his equity interest in Party C; provided, however, in the event that he receives any profit, distribution or dividend from Party C, he shall, as permitted under the laws of PRC, immediately pay or transfer such profit, distribution or dividend to Party A or to any party designated by Party A as service fees under the Exclusive Business Cooperation Agreement on behalf of Party C;
- 2.2.3 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.4 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.5 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.6 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.7 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.8 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;
- 2.2.9 At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal to the share transfer by the other existing shareholder of Party C (if any); and
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Share Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.3 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Share Pledge Agreement, Party B has not placed any security interest on such equity interests;
- 3.4 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.5 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 3.6 If the laws of PRC requires it to be dissolved or liquidated, Party C shall sell all of its assets to the extent permitted by the laws of PRC to Party A or another qualifying entity designated by Party A, at the lowest selling price permitted by applicable the laws of PRC. Any obligation for Party A to pay Party C as a result of such transaction shall be forgiven by Party C or any proceeds from such transaction shall be paid to Party A or the qualifying entity designated by Party A in partial satisfaction of the service fees under the Exclusive Business Corporation Agreement, as applicable under then-current the laws of PRC;
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date

This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. Should Party A fails to confirm extension of this Agreement upon the expiry of this Agreement, this Agreement shall be automatically renewed until such time Party A delivers a confirmation letter specifying the renewal term of this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Party C shall bear and be responsible for any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts. In the event that Party B is required by competent tax authority to pay some related taxes and fees, Party C shall fully indemnify Party B for the taxes and fees paid by Party B.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Philip Jiaqi Kuai
Address: Room 1603, Longyu Building, 1036 Pudong Nan Road, China (Shanghai) Pilot Free Trade Zone
TEL: +86 21 68596008

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Miscellaneous

10.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

10.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

10.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

10.4 Language

This Agreement is written in both Chinese and English language in six (6) copies, Party A, Party B and Party C having one (1) copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the English version shall prevail.

10.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

10.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

10.7 Survival

10.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

10.7.2 The provisions of Sections 5, 7, 8 and this Section 10.8 shall survive the termination of this Agreement.

10.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Philip Jiaqi Kuai

By: /s/ Philip Jiaqi Kuai

Party C: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

SIGNATURE PAGE TO EXCLUSIVE OPTION AGREEMENT

Exclusive Option Agreement

This Exclusive Option Agreement (this “**Agreement**”) is executed by and among the following Parties as of February 20, 2017 in China:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

Party B: Jun Yang [PRC Passport No.]

Party C: Shanghai Qusheng Internet Technology Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “Party” respectively, and they shall be collectively referred to as the “Parties”.

Whereas:

Party B holds 2.70% of the equity interests in Party C; and

Party B intends to grant Party A an irrevocable and exclusive right to purchase all the equity interests in Party C then held by Party B.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. **Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**Designee**”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “**Equity Interest Purchase Option**”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the “**Equity Interest Purchase Option Notice**”), specifying: (a) Party A’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price and Its Payment

Unless an appraisal is required by the laws of China applicable to the Equity Interest Purchase Option when exercised by Party A, the purchase price of the Optioned Interests (the “**Equity Interest Purchase Price**”) shall be the lowest price as permitted by the applicable PRC laws at the time of the transfer of the Optioned Interests. After necessary withholding and paying of tax monies according to the applicable laws of China, the Equity Interest Purchase Price will be wired to bank account(s) specified by Party B by Party A within seven (7) days after the date on which the Optioned Interests are officially transferred to Party A.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.3 The relevant Parties shall execute all other necessary contracts, agreements or documents (including without limitation the Articles of Association of the company), obtain all necessary government licenses and permits (including without limitation the Business License of the company) and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B’s Share Pledge Agreement. “**Party B’s Share Pledge Agreement**” as used in this Section and this Agreement shall refer to the Share Pledge Agreement (“**Share Pledge Agreement**”) executed by and among Party B, Party C and Party A as of the date hereof, whereby Party B pledges all of its equity interests in Party C to Party A, in order to guarantee Party C’s performance of its obligations under the exclusive business corporation agreement executed by and between Party C and Party A on November 14, 2014 (“**Exclusive Business Corporation Agreement**”).

2. Covenants

2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and to cause Party C to perform its obligations under the Exclusive Business Cooperation Agreement;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 After mandatory liquidation described in Section 3.6 below, Party B will remit in full to the Party A any residual interest Party B receives in a nonreciprocal transfer or cause it happen. If such transfer is prohibited by the laws of PRC, Party B will remit the proceeds to Party A or its designated person(s) in a manner permitted under the laws of PRC;
- 2.1.5 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.6 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 2.1.8 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit or guarantee in any form;
- 2.1.9 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.10 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.11 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person, and/or sell cause or permit Party C to sell assets with a value higher than RMB 100,000;

- 2.1.12 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.13 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.14 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.15 At the request of Party A, they shall appoint any persons designated by Party A as directors of Party C or replace any existing director(s) of Party C.

2.2 Covenants of Party B and Party C

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.2 Party B shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party C to, issue any dividends or other distributions with respect to his equity interest in Party C; provided, however, in the event that he receives any profit, distribution or dividend from Party C, he shall, as permitted under the laws of PRC, immediately pay or transfer such profit, distribution or dividend to Party A or to any party designated by Party A as service fees under the Exclusive Business Cooperation Agreement on behalf of Party C;
- 2.2.3 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.4 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.5 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.6 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.7 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.8 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;
- 2.2.9 At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal to the share transfer by the other existing shareholder of Party C (if any); and
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Share Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.3 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Share Pledge Agreement, Party B has not placed any security interest on such equity interests;
- 3.4 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.5 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 3.6 If the laws of PRC requires it to be dissolved or liquidated, Party C shall sell all of its assets to the extent permitted by the laws of PRC to Party A or another qualifying entity designated by Party A, at the lowest selling price permitted by applicable the laws of PRC. Any obligation for Party A to pay Party C as a result of such transaction shall be forgiven by Party C or any proceeds from such transaction shall be paid to Party A or the qualifying entity designated by Party A in partial satisfaction of the service fees under the Exclusive Business Corporation Agreement, as applicable under then-current the laws of PRC;
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date

This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. Should Party A fails to confirm extension of this Agreement upon the expiry of this Agreement, this Agreement shall be automatically renewed until such time Party A delivers a confirmation letter specifying the renewal term of this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Party C shall bear and be responsible for any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts. In the event that Party B is required by competent tax authority to pay some related taxes and fees, Party C shall fully indemnify Party B for the taxes and fees paid by Party B.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Jun Yang
Address: 588 San Remi Ter., Sunnyvale, CA 94085
TEL: +86 21 68596008

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Miscellaneous

10.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

10.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

10.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

10.4 Language

This Agreement is written in both Chinese and English language in six (6) copies, Party A, Party B and Party C having one (1) copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the English version shall prevail.

10.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

10.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

10.7 Survival

10.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

10.7.2 The provisions of Sections 5, 7, 8 and this Section 10.8 shall survive the termination of this Agreement.

10.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Jun Yang

By: /s/ Jun Yang

Party C: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

SIGNATURE PAGE TO EXCLUSIVE OPTION AGREEMENT

Exclusive Option Agreement

This Exclusive Option Agreement (this “**Agreement**”) is executed by and among the following Parties as of February 20, 2017 in China:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 416, 4/F, Hengtong Building, No. 19, Hongzehu East Road, Suyu District, Suqian.

Party C: Shanghai Qusheng Internet Technology Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “**Party**” respectively, and they shall be collectively referred to as the “**Parties**”.

Whereas:

Party B holds 10.00% of the equity interests in Party C; and

Party B intends to grant Party A an irrevocable and exclusive right to purchase all the equity interests in Party C then held by Party B.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. Sale and Purchase of Equity Interest

1.1 Option Granted

Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “**Equity Interest Purchase Option**”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the “**Equity Interest Purchase Option Notice**”), specifying: (a) Party A’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price and Its Payment

Unless an appraisal is required by the laws of China applicable to the Equity Interest Purchase Option when exercised by Party A, the purchase price of the Optioned Interests (the “**Equity Interest Purchase Price**”) shall be the lowest price as permitted by the applicable PRC laws at the time of the transfer of the Optioned Interests. After necessary withholding and paying of tax monies according to the applicable laws of China, the Equity Interest Purchase Price will be wired to bank account(s) specified by Party B by Party A within seven (7) days after the date on which the Optioned Interests are officially transferred to Party A.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.3 The relevant Parties shall execute all other necessary contracts, agreements or documents (including without limitation the Articles of Association of the company), obtain all necessary government licenses and permits (including without limitation the Business License of the company) and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B’s Share Pledge Agreement. “**Party B’s Share Pledge Agreement**” as used in this Section and this Agreement shall refer to the Share Pledge Agreement (“**Share Pledge Agreement**”) executed by and among Party B, Party C and Party A as of the date hereof, whereby Party B pledges all of its equity interests in Party C to Party A, in order to guarantee Party C’s performance of its obligations under the exclusive business corporation agreement executed by and between Party C and Party A on November 14, 2014 (“**Exclusive Business Corporation Agreement**”).

2. Covenants

2.1 Covenants regarding Party C

Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, Party C shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

- 2.1.2 Party C shall maintain its corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and perform its obligations under the Exclusive Business Cooperation Agreement;
- 2.1.3 Without the prior written consent of Party A, Party C shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, Party C shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 Party C shall always operate all of its businesses during the ordinary course of business to maintain its asset value;
- 2.1.6 Party C shall always refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.7 Without the prior written consent of Party A, Party C shall not execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 2.1.8 Without the prior written consent of Party A, Party C shall not provide any person with any loan or credit or guarantee in any form;
- 2.1.9 Party C shall provide Party A with information on its business operations and financial condition at Party A's request;
- 2.1.10 If requested by Party A, Party C shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.11 Without the prior written consent of Party A, Party C shall not merge, consolidate with, acquire or invest in any person, and/or sell assets with a value higher than RMB 100,000;
- 2.1.12 Party C shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.13 To maintain the ownership by Party C of all of its assets, Party C shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.14 Without the prior written consent of Party A, Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and

2.1.15 At the request of Party A, Party C shall appoint any persons designated by Party A as directors of Party C or replace any existing director(s) of Party C.

2.2 Covenants of Party B and Party C

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.2 Party B shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party C to, issue any dividends or other distributions with respect to his equity interest in Party C; provided, however, in the event that he receives any profit, distribution or dividend from Party C, he shall, as permitted under the laws of PRC, immediately pay or transfer such profit, distribution or dividend to Party A or to any party designated by Party A as service fees under the Exclusive Business Cooperation Agreement on behalf of Party C;
- 2.2.3 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.4 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.5 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.6 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.7 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.8 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;
- 2.2.9 At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal to the share transfer by the other existing shareholder of Party C (if any); and

- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Share Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.
- 2.2.11 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve any supplement, change or amendment to the articles of association and bylaws of Party C, increase or decrease of Party C's registered capital, or change of Party C's structure of registered capital in other manners, without the prior written consent of Party A.
- 2.2.12 After mandatory liquidation described in Section 3.6 below, Party B will remit in full to the Party A any residual interest Party B receives in a nonreciprocal transfer or cause it happen. If such transfer is prohibited by the laws of PRC, Party B will remit the proceeds to Party A or its designated person(s) in a manner permitted under the laws of PRC.

3. **Representations and Warranties**

Party B and Party C hereby severally represent and warrant to Party A, severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that (whereas, Party B only make representation and warrant with respect to the following matters provided under Sections 3.1, 3.2 and 3.3):

- 3.1 They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a "**Transfer Contract**"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.3 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Share Pledge Agreement, Party B has not placed any security interest on such equity interests;

- 3.4 Party C has a good and merchantable title to all of its assets, and has not placed any security interests on the aforementioned assets;
- 3.5 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 3.6 If the laws of PRC requires it to be dissolved or liquidated, Party C shall sell all of its assets to the extent permitted by the laws of PRC to Party A or another qualifying entity designated by Party A, at the lowest selling price permitted by applicable the laws of PRC. Any obligation for Party A to pay Party C as a result of such transaction shall be forgiven by Party C or any proceeds from such transaction shall be paid to Party A or the qualifying entity designated by Party A in partial satisfaction of the service fees under the Exclusive Business Corporation Agreement, as applicable under then-current the laws of PRC;
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date

This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. Should Party A fails to confirm extension of this Agreement upon the expiry of this Agreement, this Agreement shall be automatically renewed until such time Party A delivers a confirmation letter specifying the renewal term of this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Party C shall bear and be responsible for any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts. In the event that Party B is required by competent tax authority to pay some related taxes and fees, Party C shall fully indemnify Party B for the taxes and fees paid by Party B.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.
Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC
Attn: Legal Department (Mergers and Acquisitions Group)

With a copy (which shall not constitute notice) to:

Address: 20/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing PRC
Attn: Strategy and Investment Department

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Miscellaneous

10.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

10.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

10.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

10.4 Language

This Agreement is written in both Chinese and English language in six (6) copies, Party A, Party B and Party C having one (1) copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

10.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

10.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

10.7 Survival

10.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

10.7.2 The provisions of Sections 5, 7, 8 and this Section 10.8 shall survive the termination of this Agreement.

10.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Jiangsu Jingdong Bangneng Investment Management Co., Ltd.

By: /s/ ZHANG Pang
Name: ZHANG Pang
Title: Legal Representative

Party C: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

[Signature Page to Exclusive Option Agreement]

Exclusive Option Agreement

This Exclusive Option Agreement (this “**Agreement**”) is executed by and among the following Parties as of February 20, 2017:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

Party B: Lhasa Heye Investment Management Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Industrial Park, Dazi County, Lhasa.

Party C: Shanghai Qusheng Internet Technology Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “Party” respectively, and they shall be collectively referred to as the “Parties”.

Whereas:

Party B holds 0.90% of the equity interests in Party C; and

Party B intends to grant Party A an irrevocable and exclusive right to purchase all the equity interests in Party C then held by Party B.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. **Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**Designee**”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “**Equity Interest Purchase Option**”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the “**Equity Interest Purchase Option Notice**”), specifying: (a) Party A’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price and Its Payment

Unless an appraisal is required by the laws of China applicable to the Equity Interest Purchase Option when exercised by Party A, the purchase price of the Optioned Interests (the “**Equity Interest Purchase Price**”) shall be the lowest price as permitted by the applicable PRC laws at the time of the transfer of the Optioned Interests. After necessary withholding and paying of tax monies according to the applicable laws of China, the Equity Interest Purchase Price will be wired to bank account(s) specified by Party B by Party A within seven (7) days after the date on which the Optioned Interests are officially transferred to Party A.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.3 The relevant Parties shall execute all other necessary contracts, agreements or documents (including without limitation the Articles of Association of the company), obtain all necessary government licenses and permits (including without limitation the Business License of the company) and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B’s Share Pledge Agreement. “**Party B’s Share Pledge Agreement**” as used in this Section and this Agreement shall refer to the Share Pledge Agreement (“**Share Pledge Agreement**”) executed by and among Party B, Party C and Party A as of the date hereof, whereby Party B pledges all of its equity interests in Party C to Party A, in order to guarantee Party C’s performance of its obligations under the exclusive business corporation agreement executed by and between Party C and Party A on November 14, 2014 (“**Exclusive Business Corporation Agreement**”).

2. Covenants

2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, Party C shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 Party C shall maintain its corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and perform its obligations under the Exclusive Business Cooperation Agreement;
- 2.1.3 Without the prior written consent of Party A, Party C shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, Party C shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 Party C shall always operate all of its businesses during the ordinary course of business to maintain its asset value;
- 2.1.6 Party C shall always refrain from any C's operating status and asset value;
- 2.1.7 Without the prior written consent of Party A, Party C shall not execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 2.1.8 Without the prior written consent of Party A, Party C shall not provide any person with any loan or credit or guarantee in any form;
- 2.1.9 Party C shall provide Party A with information on its business operations and financial condition at Party A's request;
- 2.1.10 If requested by Party A, Party C shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.11 Without the prior written consent of Party A, Party C shall not merge, consolidate with, acquire or invest in any person, and/or sell assets with a value higher than RMB 100,000;
- 2.1.12 Party C shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

- 2.1.13 To maintain the ownership by Party C of all of its assets, Party C shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.14 Without the prior written consent of Party A, Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.15 At the request of Party A, Party C shall appoint any persons designated by Party A as directors of Party C or replace any existing director(s) of Party C.

2.2 Covenants of Party B and Party C

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.2 Party B shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party C to, issue any dividends or other distributions with respect to his equity interest in Party C; provided, however, in the event that he receives any profit, distribution or dividend from Party C, he shall, as permitted under the laws of PRC, immediately pay or transfer such profit, distribution or dividend to Party A or to any party designated by Party A as service fees under the Exclusive Business Cooperation Agreement on behalf of Party C;
- 2.2.3 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.4 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.5 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.6 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.7 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.8 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;
- 2.2.9 At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal to the share transfer by the other existing shareholder of Party C (if any); and
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Share Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.
- 2.2.11 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve any supplement, change or amendment to the articles of association and bylaws of Party C, increase or decrease of Party C's registered capital, or change of Party C's structure of registered capital in other manners, without the prior written consent of Party A.
- 2.2.12 After mandatory liquidation described in Section 3.6 below, Party B will remit in full to the Party A any residual interest Party B receives in a nonreciprocal transfer or cause it happen. If such transfer is prohibited by the laws of PRC, Party B will remit the proceeds to Party A or its designated person(s) in a manner permitted under the laws of PRC;

3. Representations and Warranties

Party B and Party C hereby severally represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that (whereas, Party B only make representation and warrant with respect to the following matters provided under Sections 3.1, 3.2 and 3.3):

- 3.1 They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

- 3.2 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.3 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Share Pledge Agreement, Party B has not placed any security interest on such equity interests;
- 3.4 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.5 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 3.6 If the laws of PRC requires it to be dissolved or liquidated, Party C shall sell all of its assets to the extent permitted by the laws of PRC to Party A or another qualifying entity designated by Party A, at the lowest selling price permitted by applicable the laws of PRC. Any obligation for Party A to pay Party C as a result of such transaction shall be forgiven by Party C or any proceeds from such transaction shall be paid to Party A or the qualifying entity designated by Party A in partial satisfaction of the service fees under the Exclusive Business Corporation Agreement, as applicable under then-current the laws of PRC;
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date

This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. Should Party A fails to confirm extension of this Agreement upon the expiry of this Agreement, this Agreement shall be automatically renewed until such time Party A delivers a confirmation letter specifying the renewal term of this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Party C shall bear and be responsible for any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts. In the event that Party B is required by competent tax authority to pay some related taxes and fees, Party C shall fully indemnify Party B for the taxes and fees paid by Party B.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Lhasa Heye Investment Management Co., Ltd.
Address: Industrial Park, Dazi County, Lhasa
Attn: Kui Zhou
TEL:

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Miscellaneous

10.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

10.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

10.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

10.4 Language

This Agreement is written in both Chinese and English language in six (6) copies, Party A, Party B and Party C having one (1) copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the English version shall prevail.

10.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

10.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

10.7 Survival

10.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

10.7.2 The provisions of Sections 5, 7, 8 and this Section 10.8 shall survive the termination of this Agreement.

10.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Lhasa Heye Investment Management Co., Ltd.

By: /s/ Kui Zhou
Name: Kui Zhou
Title: Authorized Signatory

Party C: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

SIGNATURE PAGE TO EXCLUSIVE OPTION AGREEMENT

Exclusive Option Agreement

This Exclusive Option Agreement (this “**Agreement**”) is executed by and among the following Parties as of February 20, 2017:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

Party B: Shanghai Jinglinxiyu Investment Center L.P., a limited partnership organized and existing under the laws of PRC, with its address at Room 2117, No. 3805, Zhoujiuzui Road, Yangpu District, Shanghai.

Party C: Shanghai Qusheng Internet Technology Co., Ltd., a limited liability company organized and existing under the laws of PRC, with its address at Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “Party” respectively, and they shall be collectively referred to as the “Parties”.

Whereas:

Party B holds 0.90% of the equity interests in Party C; and

Party B intends to grant Party A an irrevocable and exclusive right to purchase all the equity interests in Party C then held by Party B.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. **Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**Designee**”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “**Equity Interest Purchase Option**”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the “**Equity Interest Purchase Option Notice**”), specifying: (a) Party A’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price and Its Payment

Unless an appraisal is required by the laws of China applicable to the Equity Interest Purchase Option when exercised by Party A, the purchase price of the Optioned Interests (the “**Equity Interest Purchase Price**”) shall be the lowest price as permitted by the applicable PRC laws at the time of the transfer of the Optioned Interests. After necessary withholding and paying of tax monies according to the applicable laws of China, the Equity Interest Purchase Price will be wired to bank account(s) specified by Party B by Party A within seven (7) days after the date on which the Optioned Interests are officially transferred to Party A.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.3 The relevant Parties shall execute all other necessary contracts, agreements or documents (including without limitation the Articles of Association of the company), obtain all necessary government licenses and permits (including without limitation the Business License of the company) and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B’s Share Pledge Agreement. “**Party B’s Share Pledge Agreement**” as used in this Section and this Agreement shall refer to the Share Pledge Agreement (“**Share Pledge Agreement**”) executed by and among Party B, Party C and Party A as of the date hereof, whereby Party B pledges all of its equity interests in Party C to Party A, in order to guarantee Party C’s performance of its obligations under the exclusive business corporation agreement executed by and between Party C and Party A on November 14, 2014 (“**Exclusive Business Corporation Agreement**”).

2. Covenants

2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and to cause Party C to perform its obligations under the Exclusive Business Cooperation Agreement;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 After mandatory liquidation described in Section 3.6 below, Party B will remit in full to the Party A any residual interest Party B receives in a nonreciprocal transfer or cause it happen. If such transfer is prohibited by the laws of PRC, Party B will remit the proceeds to Party A or its designated person(s) in a manner permitted under the laws of PRC;
- 2.1.5 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.6 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 2.1.8 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit or guarantee in any form;
- 2.1.9 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.10 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.11 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person, and/or sell cause or permit Party C to sell assets with a value higher than RMB 100,000;

- 2.1.12 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.13 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.14 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.15 At the request of Party A, they shall appoint any persons designated by Party A as directors of Party C or replace any existing director(s) of Party C.

2.2 Covenants of Party B and Party C

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.2 Party B shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party C to, issue any dividends or other distributions with respect to his equity interest in Party C; provided, however, in the event that he receives any profit, distribution or dividend from Party C, he shall, as permitted under the laws of PRC, immediately pay or transfer such profit, distribution or dividend to Party A or to any party designated by Party A as service fees under the Exclusive Business Cooperation Agreement on behalf of Party C;
- 2.2.3 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;
- 2.2.4 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.5 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.6 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.7 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.8 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;
- 2.2.9 At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal to the share transfer by the other existing shareholder of Party C (if any); and
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Share Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.3 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Share Pledge Agreement, Party B has not placed any security interest on such equity interests;
- 3.4 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.5 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 3.6 If the laws of PRC requires it to be dissolved or liquidated, Party C shall sell all of its assets to the extent permitted by the laws of PRC to Party A or another qualifying entity designated by Party A, at the lowest selling price permitted by applicable the laws of PRC. Any obligation for Party A to pay Party C as a result of such transaction shall be forgiven by Party C or any proceeds from such transaction shall be paid to Party A or the qualifying entity designated by Party A in partial satisfaction of the service fees under the Exclusive Business Corporation Agreement, as applicable under then-current the laws of PRC;
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date

This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. Should Party A fails to confirm extension of this Agreement upon the expiry of this Agreement, this Agreement shall be automatically renewed until such time Party A delivers a confirmation letter specifying the renewal term of this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 1495, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Shanghai Jinglinxiyu Investment Center L.P.
Address: 27/F, Kerry Parkside Office, 1155 Fangdian Road, Pudong, Shanghai, China 201204
Attn: CHEN Chen
TEL: +86 21 20830300/+86 13601621392

Party C: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1494, No. 1945, Siping Road, Yangpu District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Miscellaneous

10.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

10.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

10.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

10.4 Language

This Agreement is written in both Chinese and English language in six (6) copies, Party A, Party B and Party C having one (1) copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the English version shall prevail.

10.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

10.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

10.7 Survival

10.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

10.7.2 The provisions of Sections 5, 7, 8 and this Section 10.8 shall survive the termination of this Agreement.

10.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Shanghai Jinglinxiyu Investment Center L.P.

By: Li Yang
Name: Li Yang
Title: Authorized Signatory

Party C: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

SIGNATURE PAGE TO EXCLUSIVE OPTION AGREEMENT

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “**Agreement**”) is made and entered into by and between the following Parties on November 14, 2014.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 336, Part 2-3F, Huadu Building, 828-838, Zhangyang Road, Pudong District, Shanghai China;

Party B: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 350, Zone A, 3F Building 7, 1881, Lianmin Road, Xujing County, Qingpu District, Shanghai.

Each of Party A and Party B shall be hereinafter referred to as a “**Party**” respectively, and as the “**Parties**” collectively.

Whereas,

1. Party A is a Wholly Foreign Owned Enterprise established in the People’s Republic of China (“**China**”), and has the necessary resources to provide technical services and business consulting services;
2. Party B is a company with exclusively domestic capital registered in China;
3. Party A is willing to provide Party B, on an exclusive basis, with technical, consulting and other services (the detailed scope set forth below) during the term of this Agreement, utilizing its own advantages in human resources, technology and information, and Party B is willing to accept such exclusive services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, Party A and Party B have reached the following agreements:

1. Services Provided by Party A

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with complete business support and technical and consulting services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, which may include all or part of the services within the business scope of Party B as may be determined from time to time by Party A, including, but not limited to, technical services, network support, business consultations, intellectual property licenses, equipment or leasing, marketing consultancy, system integration, product research and development, and system maintenance ("**Service**").
- 1.2 Party B agrees to accept all the consultations and services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not accept any consultations and/or services provided by any third party and shall not cooperate with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the consultations and/or services under this Agreement.
- 1.3 Service Providing Methodology
 - 1.3.1 Party A and Party B agree that during the term of this Agreement, both Parties, directly or through their respective affiliates, may enter into further technical service agreements or consulting service agreements, which shall provide the specific contents, manner, personnel, and fees for the specific technical services and consulting services.
 - 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, both Parties, directly or through their respective affiliates, may enter into intellectual property (including, but not limited to, software, trademark, patent and know-how) license agreements.
 - 1.3.3 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, both Parties, directly or through their respective affiliates, may enter into equipment or property leases.
 - 1.3.4 Party A may, at its own discretion, subcontract to third parties part of the services Party A provides to Party B under this Agreement.

2. Calculation and Payment of the Service Fees, Financial Reports, Audit and Tax

- 2.1 Both Parties agree that, in consideration of the services provided by Party A, Party B shall pay Party A fees (the "**Service Fees**") equal to 100% of the net income of Party B. The Service Fees shall be due and payable on a monthly basis. During the term of this Agreement, Party A shall have the right to adjust the above Service Fees at its sole discretion without the consent of Party B, Party B shall (a) deliver to Party A the management accounts and operating statistics of Party B for such month, including the net income of Party B during such month (the "**Monthly Net Income**"), and (b) pay 100% of such Monthly Net Income to Party A (each such payment, a "**Monthly Payment**"). Within 7 days of receipt of such management accounts and operating statistics, Party A shall issue to Party B a corresponding technical service invoice, and Party B shall make payment of the amount of such invoice within 7 days of receipt of the same. All payments shall be transferred into the bank accounts designated by Party A through remittance or in any other way acceptable by the Parties. The Parties agree that such payment instruction may be changed by a notice given by Party A to Party B from time to time.

- 2.2 Within ninety (90) days after the end of each fiscal year, Party B shall (a) deliver to Party A audited financial statements of Party B for such fiscal year, which shall be audited and certified by an independent certified public accountant approved by Party A, and (b) pay an amount to Party A equal to the shortfall, if any, of the net income of Party B for such fiscal year, as shown in such audited financial statements, as compared to the aggregate amount of the Monthly Payments paid by Party B to Party A in such fiscal year.
- 2.3 Party B shall prepare its financial statements in satisfaction of Party A's requirements and in accordance with law and commercial practices.
- 2.4 Subject to a notice given by Party A 5 working days in advance, Party B shall allow Party A and/or its appointed auditor to review, and make photocopies of, the relevant books and records of Party B at the principal office of Party B to verify the accuracy of the income amounts and statements of Party B.
- 2.5 Each of the Parties shall assume its own tax obligations in relation to performance of this Agreement.

3. **Intellectual Property Rights; Confidentiality Clauses; Non-competition**

- 3.1 Party A shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of this Agreement, including, but not limited to, copyrights, patents, patent applications, trademarks, software, technical secrets, trade secrets and others, regardless of whether they have been developed by Party A or Party B.
- 3.2 The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of the other Party, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving Party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor is also bound by confidentiality duties similar to the duties in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.
- 3.3 Party B shall not engage in any business activities other than those falling within the scope permitted by its Business License and Business Permit, whether directly or indirectly, or any businesses in China, which compete with the businesses of Party A, whether directly or indirectly, or any other businesses beyond the scope approved in writing by Party A.

3.4 The Parties agree that this Section shall survive changes to, and rescission or termination of, this Agreement.

4. Representations and Warranties

4.1 Party A hereby represents and warrants as follows:

4.1.1 Party A is a company legally registered and validly existing in accordance with the laws of China.

4.1.2 Party A's execution and performance of this Agreement is within its corporate capacity and the scope of its business operations; Party A has taken necessary corporate actions and been given appropriate authorization and has obtained the consent and approval from third parties and government agencies, and will not violate any restrictions in law or otherwise binding or having an impact on Party A.

4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, enforceable in accordance with its terms.

4.2 Party B hereby represents and warrants as follows:

4.2.1 Party B is a company legally registered and validly existing in accordance with the laws of China;

4.2.2 Party B's execution and performance of this Agreement is within its corporate capacity and the scope of its business operations; Party B has taken necessary corporate actions and given appropriate authorization and has obtained the consent and approval from third parties and government agencies, and will not violate any restrictions in law or otherwise binding or having an impact on Party B.

4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it.

5. Effectiveness and Term

5.1 This Agreement is executed on the date first above written and shall take effect as of such date. Unless earlier terminated in accordance with the provisions of this Agreement or relevant agreements separately executed between the Parties, the term of this Agreement shall be 10 years.

5.2 The term of this Agreement may be extended if confirmed in writing by Party A prior to the expiration thereof. The extended term shall be determined by Party A, and Party B shall accept such extended term unconditionally.

6. Termination

6.1 Unless renewed in accordance with the relevant terms of this Agreement, this Agreement shall be terminated upon the date of expiration hereof.

- 6.2 During the term of this Agreement, Party B shall not terminate this Agreement prior to its expiration date. Nevertheless, Party A shall have the right to terminate this Agreement upon giving 30 days' prior written notice to Party B at any time.
- 6.3 The rights and obligations of the Parties under Articles 3, 7 and 8 shall survive the termination of this Agreement.
- 6.4 In case of early termination, for whatever reason, or due expiration of this Agreement, payment obligations of either Party outstanding as of the date of such termination or expiration, including without limitation the Service Fees, shall not be waived, nor shall any default liability accrued as of the termination of this Agreement be waived. The Service Fees accrued as of the termination of this Agreement shall be paid to Party A within 15 working days of the termination of this Agreement.

7. **Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of the provisions of this Agreement, the Parties shall negotiate in good faith to resolve the dispute. In the event the Parties fail to reach an agreement on the resolution of such a dispute within 30 days after any Party's request for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with its then-effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on both Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.
- 7.4 In case of promulgation or , or any change to or in any Chinese law, regulation or rule, or any change to or in the interpretation or application of the same any time after execution of this Agreement, the following agreement shall apply: (a) if any Party would enjoy more benefits under any changed or new law than under the relevant law, regulation or rule in effect at the date of this Agreement, without any adverse effect upon the other Party, the Parties shall promptly apply for such benefits. The Parties shall make best efforts to procure the approval of such application; and (b) if the aforementioned law change or promulgation causes any direct or indirect material adverse effect to either Party, this Agreement shall be implemented in its original terms and conditions. However, the Parties shall try all lawful means to procure exemption from compliance with such changed or new law provisions. In the event such adverse effect on the economic interest of either Party is unable to be resolved pursuant to this Agreement, the affected Party may give notice to other Party(s), and the Parties shall hold prompt discussion and make all necessary amendments to this Agreement so as to maintain the economic benefits otherwise enjoyed by the affected Party.

8. Indemnification

Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the consultations and services provided by Party A at the request of Party B, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

9. Notices

9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.
Address: Room 336, Part 2-3F, Huadu Building, 828-838, Zhangyang Road,
Pudong District, Shanghai China
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

Party B: Shanghai Qusheng Internet Technology Co., Ltd.
Address: Room 1603, Longyu Building, 1036 Pudong Nan Road,
Pudong District, Shanghai
Attn: Philip Jiaqi Kuai
TEL: +86 21 68596008

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party upon a prior written notice to Party B but without the consent of Party B.

11. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

12. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

13. Language and Counterparts

This Agreement is written in both Chinese and English language in two copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the English version shall prevail.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Dada Glory Network Technology (Shanghai) Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

Party B: Shanghai Qusheng Internet Technology Co., Ltd.

By: /s/ Philip Jiaqi Kuai
Name: Philip Jiaqi Kuai
Title: Legal Representative

[Signature Page to Exclusive Business Cooperation Agreement]

Power of Attorney

Date: February 20, 2017

[I, [Name] ([PRC ID Card No.]), a resident natural person with the nationality of the People's Republic of China/[Enterprise Name] ("**Enterprise**"), a limited liability company organized under the laws of the People's Republic of China], and a holder of [Percentage]% of the entire registered capital in Shanghai Qusheng Internet Technology Co., Ltd. ("**Shanghai Qusheng**") ("**My Shareholding/Enterprise's Shareholding**"), hereby irrevocably authorizes Dada Glory Network Technology (Shanghai) Co., Ltd. (the "**WFOE**") to exercise the following rights relating to My Shareholding/Enterprise's Shareholding during the term of this Power of Attorney:

The WFOE is hereby authorized to act on behalf of myself/the Enterprise as my/its exclusive agent and attorney with respect to all matters concerning My Shareholding/Enterprise's Shareholding, including without limitation to: 1) propose, convene and attend shareholders' meetings of Shanghai Qusheng; 2) exercise all the shareholder's rights and shareholder's voting rights I/the Enterprise am/is entitled to under the laws of China and Shanghai Qusheng's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding/Enterprise's Shareholding in part or in whole; and 3) designate and appoint on behalf of myself/Enterprise the legal representative (chairman), the director, supervisor, the chief executive officer (or general manager) and other senior management members of Shanghai Qusheng.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority under this Power of Attorney to execute the Transfer Contracts stipulated in Exclusive Option Agreement, to which the I/Enterprise am/is required to be a party, on behalf of the Enterprise, and to effect the terms of the Share Pledge Agreement and Exclusive Option Agreement, both dated the date hereof, to which I/the Enterprise am/is a party.

All the actions associated with My Shareholding/Enterprise's Shareholding conducted by the WFOE shall be deemed as my/the Enterprise's own actions, and all the documents related to My Shareholding/Enterprise's Shareholding executed by the WFOE shall be deemed to be executed by me/the Enterprise. When acting in respect of any and all of the aforementioned matters, the WFOE may act at its own discretion and does not need to seek my/the Enterprise's prior consent. I/The Enterprise hereby acknowledge/acknowledges and ratify/ratifies those actions and/or documents by the WFOE.

The WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me/the Enterprise or obtaining my/the Enterprise's consent.

So long as I/the Enterprise am/is a shareholder of Shanghai Qusheng, this Power of Attorney shall be irrevocably and continuously valid and effective from the date of its execution, unless the WFOE issues adverse instructions in writing. Once the WFOE instructs me/the Enterprise in writing to terminate this Power of Attorney in whole or in part, I/the Enterprise will immediately withdraw the authorization herein granted to the WFOE and execute power(s) of attorney in the same format of this Power of Attorney, granting to other persons nominated by the WFOE the same authorization under this Power of Attorney.

During the term of this Power of Attorney, I/the Enterprise hereby waive/waives all the rights associated with My Shareholding/Enterprise's Shareholding, which have been authorized to the WFOE through this Power of Attorney, and shall not exercise such rights by myself/the Enterprise itself.

This Power of Attorney is written in Chinese and English with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

[Name]/[Enterprise Name]

By: /s/ [Name]

Name: [Name]

Title: Authorized Signatory

[Signature Page to POA]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE DADA NEXUS LIMITED HAS DETERMINED SUCH INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO DADA NEXUS LIMITED IF PUBLICLY DISCLOSED.**

Business Cooperation Agreement

This Business Cooperation Agreement (“**this Agreement**”) is dated 26 April 2016 (“Effective Date”) and made between:

- (1) **JD.com, Inc.**, a company duly incorporated under the laws of Cayman Islands with registered address at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands (collectively referred to as “**JD**” together with its affiliates); and
- (2) **Dada Nexus Limited**, a company duly incorporated under the laws of Cayman Islands with registered address at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, the Cayman Islands (collectively referred to as “**Dada**” together with its affiliates).

In this Agreement, the Parties are hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS:

- (1) JD is one of the renowned Internet e-commerce companies in China which mainly engage in self-run and platform e-commerce business through its official website and mobile application;
- (2) Dada is a leading O2O delivery platform in China, focusing on providing the delivery solution for the last three kilometres for O2O and courier service in crowd-sourcing way.
- (3) On 15 April 2016 or the date hereof, the Parties have executed with relevant other parties the Share Purchase Agreement, [***] and relevant transaction agreements (including not limited to The Fourth Amended and Restated Shareholders Agreement (“Shareholders Agreement”), The Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement (“**Right of First Refusal Agreement**”), The Fourth Amended and Restated Share Restriction Agreement (“**Share Restriction Agreement**”)) (such agreements as amended from time to time are collectively referred to as “**Equity Purchase Transaction Documents**”). As provided therein, JD will purchase a certain amount of common shares of Dada and become one of the shareholders of Dada, [***] JD undertakes to execute this Agreement with Dada, [***];
- (4) The Parties (including their respective affiliates) intend to carry out relevant business cooperation according to the terms and conditions herein to integrate business resources and fully exert the advantage of each Party.

Now, THEREFORE, upon consultation, the Parties agree as follows:

1. Definitions

In this Agreement, the following terms have the following meanings:

“**Affiliate**” with respect to any company (or other entity), means any entity that is controlled by, controls or is under common control with such company (or other entity).

“**Control**” means holding over 50% equity or voting right in a company (or other entity) or has the ability to actually decide or control the operations of such company (or other entity) through agreement or otherwise. With respect to either Party hereto, its affiliate means its affiliate controlled by it.

“**Confidential Materials**” mean (a) any non-public materials in relation to organisation, business, technology, investment, finance, business, transaction or affairs of either Party, (b) the existence or contents hereof, the terms of any other agreement entered into according to this Agreement and (c) any materials prepared by one Party and marked as confidential information or containing confidential information.

“**Force Majeure**” means any event that occurs after the date hereof and prevents either Party from performing all or part of this Agreement and is uncontrollable, insurmountable, unavoidable and cannot be solved by the Parties hereto and unforeseeable at the time of execution hereof, which includes but are not limited to earthquake, typhoon, flood, war, international or domestic transportation interruption, breakdown of electricity, Internet, computer, telecommunication or other system, strike (including internal strike or riot), labour dispute, government action, orders of international or domestic courts. For the avoidance of doubt, such event may only constitute Force Majeure to the extent it is insurmountable, unavoidable, uncontrollable and cannot be solved by the Parties hereto and does not necessarily constitute a Force Majeure.

“**PRC**” means the People’s Republic of China, excluding, for the purpose of this Agreement only, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“**JD Mall**” means the open platform of JD and the mall platform directly operated by JD on JD.COM, including their respective mobile app.

“**JD Mall APP**” means the mobile app of JD Mall.

“**JD POP Platform**” means the open platform operated on JD.COM which is a specific Internet space in which the merchants on JD.COM establishes and operates store and concludes intention on transaction with consumers.

“**JD Daojia**” means (1) the local O2O e-commerce service platform based on Daojia APP and (2) the local crowd-sourcing logistics service platform based on crowd-sourcing APP.

“**Tencent**” means Tencent Holdings Limited and its affiliates.

“**Yonghui**” means Yonghui Superstores Co., Ltd. and its affiliates.

“**O2O E-Commerce Business**” means the e-commerce and delivery services of picking up goods from offline stores including supermarkets, restaurants, drugstores, flower shops and directly delivering such goods to consumers.

2. Territory for business cooperation

Unless otherwise expressly provided herein, territory for the cooperation and/or restrictions hereunder are PRC only.

3. Principle of priority for business cooperation

Unless otherwise expressly provided herein, JD agrees that within the term of cooperation under this Agreement, in respect of Sections 4.1.1, 4.1.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.3.1, 4.4 and 4.5 in Article 4 herein, the terms and conditions offered by JD to Dada shall be [***].

4. Main contents of business cooperation

4.1 User traffic cooperation: JD undertakes that:

4.1.1 Dada purchases online traffic from Tencent, and its purchase price shall be [***] price then applicable to JD;

4.1.2 Without any effect upon the normal operation and management of JD (other than such effect which is consistent with the effect upon normal operation of JD from JD Daojia before the Effective Date of this agreement), Dada shall [***] obtain all the current online traffic support from JD obtained by JD Daojia, including (only in respect to the cities which then have access to the services of JD Daojia):

4.1.2.1 Homepage icon (JD Mall APP first-level entrance), display on the user mobile terminal;

4.1.2.2 Local News column (fifth screen of JD Mall APP homepage), display on the user mobile terminal;

4.1.2.3 JD Kuaibao column (located below the homepage icon of JD Mall APP), display on the mobile terminal display of JD Daojia registered users;

4.1.2.4 Continued recommendations under the JD Daojia icon after clicking JD Mall APP Treasure Box;

4.1.2.5 Continued display of JD Daojia icon after clicking JD Mall APP—Supermarket Channel;

4.1.2.6 JD Mall APP—JD Supermarket Channel—Popular Events Module;

4.1.2.7 Continued location in JD Finance and JD Pay APPs; and

4.1.2.8 Banner resources support for other temporary activities.

If the above-mentioned online traffic support cannot be provided due to the JD Mall APP's update, the Parties should negotiate in good faith and agree on alternatives solutions; provided, however, that in any case, JD must ensure that Dada will obtain the unfolded first-level entrance on the first screen of JD Mall APP.

4.1.3 Only in respect to the cities which then have access to the services of JD Daojia, all JD Daojia products shall be searchable in the JD Mall main App's search box with display of corresponding labels, provided that the specific details such as functions and timeline will be negotiated and determined by the Parties as soon as possible after the Effective Date.

4.1.4 The online traffic support from JD for Dada's other business development will be determined by the Parties through friendly negotiations after the Effective Date.

4.2 Supply chain cooperation:

4.2.1 The cooperation of JD and Dada regarding supply chain specifically includes:

4.2.1.1 JD Mall shall supply Dada at the price of [***] [***];

4.2.1.2 Subject to compliance with applicable laws, JD Mall shall supply Dada with daily necessities, food and beverages, fresh fruits and meat, medicines and health care, and other products agreed by both Parties;

4.2.1.3 To the extent practicable, JD and Dada shall jointly sign procurement agreements with JD's suppliers. JD shall make best efforts to ensure that procurement terms for Dada are consistent with the procurement terms for JD;

4.2.1.4 JD shall provide Dada with full logistics services for small, medium and large parcel delivery and cold chain service at the most favourable prices and settlement terms;

4.2.1.5 JD shall negotiate with Dada regarding other procurement matters in most favourable terms, including but not limited to product return and change policies, after-sales services and settlement methods;

4.2.1.6 When JD Mall's Stock Keeping Unit (SKU) indicates low inventory, JD shall prioritise supplying to Dada, and its priority is higher than any third parties other than JD and its affiliates.

4.2.1.7 When JD and Yonghui are unable to provide suitable products, JD shall make best efforts to support and coordinate Dada's cooperation with other suppliers.

4.2.1.8 JD Mall shall make available to Dada necessary information on related products, as well as the necessary inventory and IT system support; and

4.2.1.9 JD will provide Dada with [***] advising and consulting services in the supply chain.

4.2.2 JD undertakes that the cooperation between Yonghui and Dada in the supply chain shall specifically include:

4.2.2.1 Principle of cooperation: regarding current cooperative matters involving supply chain that have been agreed between JD and Yonghui, and the favourable terms and prices applied to such cooperative matters shall apply equally to Dada; regarding cooperative matters involving the supply chain that have not yet been agreed between JD and Yonghui, JD will make best efforts to secure the most favourable terms and prices, and to ensure that these terms and prices will apply equally to Dada. This principle shall apply to cooperative matters between Yonghui and Dada.

4.2.2.2 JD shall cause Yonghui to supply Dada with daily necessities, food and beverages, fresh fruits, medicines and health care, and other merchandise agreed between Yonghui and Dada; and

4.2.2.3 JD shall cause all existing and future stores of Yonghui to be accessible by Dada and connected to the supply chain.

4.3 Logistics cooperation: The two Parties will jointly explore and promote the collaboration between JD and Dada in the field of logistics, gradually share resources, jointly optimise the cost structure, and improve efficiency and service experience, including:

4.3.1 Except for JD and its affiliates, Dada shall be the sole crowd-sourcing logistics service provider for JD's self-run SKUs, provided that the logistics service fees charged by Dada shall be consistent with the prices of similar services in the market and Dada shall promise to provide delivery services to JD in priority; Dada shall be the preferential logistics service provider for the delivery of JD Mall and JD POP platform.

4.3.2 In addition to the "two-hour express delivery" business, the two Parties will make joint efforts to explore cooperation in routine logistics;

4.3.3 Dada, as a supplementary logistic provider during the peak period of JD Mall, shall conduct experimental cooperation for JD's 618 shopping gala after the Effective Date;

4.3.4 JD and Dada shall share supplier resources of delivery equipment and related materials. Both Parties will jointly sign a purchase agreement with the supplier. JD shall make best efforts to ensure that Dada's purchase terms are consistent with those for JD;

4.3.5 With the goal of optimising business cooperation, the two Parties shall jointly and friendly negotiate to advance the pre-warehouse or site reconstruction plan; and

4.3.6 JD will provide training for Dada delivery staff at the price of [***].

4.4 Cooperation on franchise and business licenses: After the Effective Date, [*****] shall keep and use its own licenses respectively. To the extent permitted by applicable law, [***]. Dada will make best efforts to apply for licenses and operating permits applicable to Daojia's business.

4.5 Brand integration cooperation: After the Effective Date, the B2C (Business to Consumer) brand for consumers will be JD Daojia as the major brand; the logistics brand will be Dada as the major brand; JD crowd-sourcing riders shall be merged into Dada rider team.

4.6 Cooperation in other areas: JD and Dada agree to share resources in the deepest and most comprehensive level, including [***], financial products, marketing and public relations, cloud computing resources, merchant information, management support systems (OA, finance, customer service and after-sales service), and anti-fraud. JD will cooperate with Dada in the above-mentioned fields and provide Dada with most-favoured-nation treatment; and [***]

5. JD's non-competition obligations

5.1 From the Effective Date until the seventh (7th) anniversary of the Effective Date, JD promises that:

5.1.1 JD shall not engage in O2O e-commerce business (hereinafter referred to as "**competitive business**") directly or indirectly through its affiliates; and

5.1.2 JD shall not, either directly or indirectly through its affiliates, invest in, own, manage, operate or control any third party (but not including Dada) which is primarily engaged in any of the aforementioned competitive business.

5.1.3 If Dada's business undergoes major adjustments in the future, as a result of which the above-mentioned competitive business no longer competes with Dada, JD shall not be required to continue to assume the non-competition obligation under this Article.

5.2 Notwithstanding any of the provisions of Article 5.1 above, JD's following investments shall not be subject to the non-competition commitments of Article 5.1:

5.2.1 The investment that JD has completed before the Effective Date, including its investments in Eleme, Daojia Meishihui, and Fruitday; and

5.2.2 Any minority equity investment by JD in the future whereby JD (and any of its affiliates) will hold less than 15% of the invested company's total issued shares or registered capital or other shareholders' equity, and neither JD nor its affiliates will have the right to appoint any member of the board of directors or similar authorities in the invested company.

5.3 JD agrees and confirms that the non-competition commitments under this Article 5 are reasonable in scope and duration, and are an integral part of all transactions under the Equity Purchase Transaction Documents. JD further agrees and confirms that if it breaches the non-competitive commitments under this Article 5, such breach may cause irreparable damage to Dada, which damage could not be sufficiently or adequately recovered by any statutory remedy, and therefore Dada will have the right to seek monetary relief, specific performance, injunctions and other equitable relief without provision of any guarantee.

6. Duration of cooperation and termination

6.1 This Agreement is effective after being signed by authorised representatives of both Parties, and will terminate automatically when all the terms of cooperation specified in Article 6.2 have expired. After the expiry of the cooperation period of this agreement, it can be extended through mutual agreement between both Parties.

6.2 The term of cooperation under this agreement commences upon being signed by authorised representatives of both parties and ends as follows:

6.2.1 The term of supply chain cooperation shall be ten (10) years, commencing from the Effective Date. JD agrees to supply Dada [***] within seven (7) years from the Effective Date and [***] from the eighth (8) year; and

6.2.2 Regarding online traffic, logistics, license and other cooperation, the cooperation shall be valid for seven (7) years, commencing from the Effective Date.

6.3 This Agreement may be terminated before the expiration of the term of cooperation if:

6.3.1 Both Parties agree to terminate this Agreement after consultation; or

6.3.2 Dada has any Change of Control Transaction (as defined in the Shareholders Agreement) and JD fails to exercise its veto right to reject the transaction, under which case JD will have the right to notify Dada in writing to early terminate this Agreement; or

6.3.3 Dada is in breach of the provisions of Article 12.1 of the Shareholders Agreement, and continues to issue Dada shares to any Adverse Persons (as defined in the Shareholders Agreement) or registers any Adverse Persons as Dada's shareholders after receiving JD's prior and express written objection; or Dada is in breach of provisions of Article 11.1 of the Shareholders Agreement, and ceases or materially changes all or substantially all of JD Daojia's business, or sells or otherwise disposes of all or substantially all of JD Daojia's business after receiving JD's prior and express written objection, and JD will have the right to notify Dada in writing to early terminate this Agreement under the above circumstances.

- 6.4 If this Agreement expires or is terminated in accordance with Article 6.3, the two Parties shall no longer perform the provisions of this Agreement, while Articles 6.4, 6.6, 10, 14 and 15 of this Agreement shall survive such expiration or termination.
- 6.5 The Parties agree that if any of JD's products or businesses involved in this Agreement are sold in whole or in part to a third party (excluding transfers between JD's internal member companies), the Parties' rights and obligations related to the sold products or businesses under this Agreement shall be assumed by the third party. If the third-party disagrees with such assumption and such disagreement affects the sale of the products or businesses and JD's obligations under this Agreement, the two Parties shall resolve such disagreement through consultation.
- 6.6 The Parties agree that, notwithstanding any other contrary provisions of this Agreement (including any provision of Article 6.2), subject to the provisions of the *Trademark License Agreement* ("**Trademark License Agreement**") or related agreements separately made between the Parties and Article 6.6 of this Agreement, the use of JD Daojia's brand shall be permanent, provided that the use of the brand will not cause any significant adverse effect on either Party. If JD's shareholding in Dada is less than 10% of Dada's total issued shares (calculated on a fully diluted basis) and JD no longer has the right to appoint any director in Dada (the "**trigger event**"), the Parties shall negotiate the brand license method in good faith and friendly within ninety days from the date of occurrence of the trigger event. If the two Parties fail to reach an agreement on the brand license method within the aforementioned ninety days, the brand license of JD Daojia under this Agreement and the Trademark License Agreement shall be terminated. If the situation specified in Article 6.3.2 or 6.3.3 occurs and JD terminates this Agreement, JD shall have the right to take back the JD Daojia brand (including the termination of the JD brand license under this Agreement and the Trademark License Agreement).

7. Other Covenants

- 7.1 The two Parties agree to make their best efforts to negotiate in good faith on the provisions in Article 4 of this Agreement within six (6) months after the Effective Date, to reach an agreement on the implementation and operation details of these provisions and to sign agreement supplementary or auxiliary thereto.
- 7.2 The two Parties agree to jointly establish a cooperation committee after the Effective Date, which shall be responsible for the coordination and arrangement of various cooperation between the two Parties under this Agreement within the term of cooperation of this Agreement. The committee consists of [***] and [***] as representatives of both parties, and invites heads of cooperation departments such as [***] and [***] to join. Those groups meet regularly (monthly or bi-monthly) to discuss how to improve the collaborative work results of both Parties and submit work reports to the boards of directors of both Parties.

- 7.3 The Parties agree that in the event of any change in control of JD.com, Inc.'s equity (including any merger or acquisition, or that shareholders of JD.com, Inc. no longer own more than half of equity securities or voting rights through any other transaction or series of transactions, or sell all or almost all of JD.com, Inc.'s assets to one or more third parties, or transfer the issued voting rights through mergers, reorganisations, other transactions or a series of related transactions), and as far as practicable: (i) JD shall take all necessary measures to ensure that Dada's rights under this Agreement are not materially and adversely affected by such events, and (ii) at the reasonable request of Dada, appropriate arrangements shall be made before such events occur so that Dada can continue to conduct its current business (including JD Daojia's business) and substantially enjoy all the major rights and interests under this Agreement.

8. Intellectual Property

- 8.1 Any materials, information and the Intellectual Property attached thereto that are provided by either Party to the other Party for the purpose of this Agreement shall not change the ownership of rights due to the cooperation hereunder, unless the relevant Parties have entered into an explicit agreement of Intellectual Property assignment.
- 8.2 Unless otherwise expressly provided herein or the relevant Parties have otherwise entered into explicit intellectual property authorisation or licensing agreements, without prior written consent of the right holders, neither Party shall arbitrarily use or reproduce the patents, trademarks, names, marks, commercial information, technology and other data, domain names, copyrights or other forms of intellectual property of the other Party or apply for registration of the intellectual property similar to the aforementioned intellectual property.
- 8.3 The ownership of any new intellectual property generated from the business cooperation between the Parties hereunder shall be otherwise agreed upon by the Parties.
- 8.4 Each Party shall indemnify the other Party for its losses arising from the infringement of the other Party's intellectual property or other legitimate rights or the infringement of the third party's intellectual property or other legitimate rights due to the products, services, or materials provided by the Party itself during the cooperation hereunder.

9. Force majeure

Where the performance of the obligations hereof is delayed due to Force Majeure, neither Party shall be deemed to be in breach of this Agreement, and neither Party shall be liable for damages caused thereby, provided that such Party shall endeavor to eliminate the cause for such delay and use its best efforts (including but not limited to seeking and using alternative means or methods) to eliminate the damages caused by Force Majeure, and shall notify the other Party of the facts of Force Majeure and possible damages within fifteen (15) Working Days after the day when the Force Majeure is eliminated (excluding such day). During the period of delayed performance, the Party encountering force majeure shall implement reasonable alternatives or adopt other commercially reasonable means to facilitate performance of its obligations hereunder until the delay is eliminated.

10. Confidentiality

- 10.1 The Parties shall acknowledge and confirm that any oral or written information exchanged among them with respect to this Agreement, this Agreement and the contents hereof are all confidential information. Each Party shall maintain confidentiality of all such information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except in the following circumstances: (1) such information has been already known to the public (other than through the receiving Party's or its Affiliates' or Personnel's unauthorised disclosure); (2) such information is required to be disclosed by applicable laws, competent governmental authorities, competent stock exchanges, or relevant stock exchange rules or regulations (provided, however, that, to the extent permitted by applicable laws, the disclosing Party shall give a prior notice to the other Party and the Parties shall consult with each other to agree on the scope and content of the disclosure); or (3) such information is required to be disclosed by any Party to its legal or financial advisors in connection with the cooperation contemplated hereby, provided that such legal or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Article.
- 10.2 Each Party shall undertake to use the aforementioned confidential information provided by the other Party only in connection with the relevant matters contemplated hereunder and shall destroy or return such confidential information upon the termination of this Agreement at the request of the other Party. Any breach of this Article 10 by any of the Parties' Affiliates, or any employees or agencies of the Party or any of its Affiliates, shall be deemed as a default of this Agreement by such Party and such Party shall be liable for such default in accordance with this Agreement. This Article 10 shall survive invalidity, termination or expiration of this Agreement for any reason.

11. Taxes

Taxes arising from the execution and performance of this Agreement shall be borne by the Parties respectively in accordance with applicable laws.

12. Representations and Warranties

- 12.1 Each Party represents and warrants to the other Party that:
- 12.1.1 it is a company duly incorporated and validly existing;
 - 12.1.2 it has the authority to enter into this Agreement and its authorised representative has been fully authorised to sign this Agreement on its behalf;
 - 12.1.3 its execution, delivery and performance of this Agreement do not require filings with or notification to any Government Agency, or acquisition of the license, permit, consent or other approvals from, any Government Agency or any other person; and

12.1.4 it has the ability to perform its obligations hereunder and such performance of its obligations does not violate its articles of association and other constitutional documents.

12.2 If any legal documents executed by any Party prior to the execution of this Agreement conflict with any provisions of this Agreement, such Party shall, adhering to the principles of goodwill, credibility and amity, immediately notify the other Party in writing. Such conflict shall be resolved through consultations between the Parties. If any loss is caused to the other Party due to the conflict between the aforementioned legal documents and this Agreement, such Party shall be responsible for breach of contract to the other Party.

12.3 If any Party discovers during its performance of its obligations hereunder that it needs to obtain any permit, consent or approval from any third party, such Party shall notify the other Party in writing within thirty days from the date on which such Party discovers such matter and shall use its best efforts to obtain such permit, consent or approval from such third party; if such permit, consent or approval cannot be obtained within a reasonable period, the relevant Party is required to provide a solution in respect of such matter acceptable to the other Party.

13. Notices and delivery

13.1 All notices and other communications required or permitted to be given pursuant hereto shall be delivered by personal delivery or sent by registered mail, postage prepaid, by a commercial express service or by facsimile transmission to the address of such Party set forth below. Each notification should also be served by email. The dates on which such notices shall be deemed to have been effectively given shall be determined as follows:

13.1.1 Notices given by personal delivery, by express service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

13.1.2 Notices given by facsimile shall be deemed effectively given on the date of the successful transmission (as evidenced by an automatically generated confirmation of transmission).

13.2 For the purpose of notices, the addresses of the Parties are as follows:

To JD:

Address: 21F, Building A, No. 18 Kechuang 11 Street,
Yizhuang Economic and Technological Development Zone,
Daxing District, Beijing

Attention: Investment and Acquisition Team in
Legal Department of JD Group

Email: legalnotice@jd.com

Postcode: 101111

With a copy (which shall not constitute notice) to the following address:

Address: 20F, Building A, No. 18 Kechuang 11 Street,
Yizhuang Economic and Technological Development Zone,
Daxing District, Beijing

Attention: JD Group Business Development Department

Email: qyfz@jd.com

Postcode: 101111

To DADA:

Address: 6F, Longyu Building, No.1036 Pudong South Road,
Pudong New District, Shanghai

Attention: Philip Jiaqi Kuai

Telephone: +86 21 3165 7165

13.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the Article 13 hereof.

14. Liability for Breach of Contract

- 14.1 If a Party causes any losses to the other Party due to its breach of this Agreement, such Party shall be liable for breach of contract (including liabilities for indemnification) in accordance with applicable laws and relevant provisions of the equity purchase transaction documents.
- 14.2 The Parties understand and agree that they are entering into this Agreement on behalf of themselves and their subordinate Affiliates, and are obliged to cause and procure their subordinate Affiliates to comply with and perform this Agreement.

15. Governing Law and Resolution of Disputes

- 15.1 The execution, validity, interpretation, performance, amendment and termination of this Agreement and dispute resolution shall be governed by the laws of Hong Kong, without regard to principles of conflict of laws thereunder.
- 15.2 In the event of any dispute with respect to the interpretation and performance of this Agreement, the Parties shall first resolve the dispute through amicable negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for the resolution of the dispute through negotiation, either Party may submit the relevant dispute to the Hong Kong International Arbitration Centre (HKIAC) for arbitration in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted.

- 15.3 The seat of arbitration shall be Hong Kong. There shall be one (1) arbitrator and such arbitrator shall be elected by the Secretary-General of HKIAC. The arbitrator shall be qualified to practice law in Hong Kong. The place of arbitration shall be in Hong Kong. The arbitral award is final and binding upon both Parties.
- 15.4 Any Party to the dispute shall be entitled to seek preliminary injunctive relief or other equitable reliefs from any court of competent jurisdiction during the formation of the arbitral tribunal.
- 15.5 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties hereto shall continue to exercise their respective rights and perform their respective obligations hereunder.

16. Additional Covenants

- 16.1 Any amendment and supplement to this Agreement shall be made in writing. The amendments and supplementary agreements that have been duly executed by the Parties and that relate to this Agreement shall form an integral part of this Agreement and shall have the same legal effect as this Agreement.
- 16.2 Without prior written consent from the other Parties, neither Party shall assign this Agreement and the rights and obligations hereunder to any third party, provided, however, that an appropriate subordinate Affiliate of a Party may be designated to implement such cooperative matters in accordance with specific needs.
- 16.3 During the effective term of this Agreement, neither Party shall make negative comments of the other Party on any public occasion, the content of which includes but is not limited to corporate image, company brand, design, development, and application of products, and operation strategy and all other information relevant to the Company and the products.
- 16.4 Upon the effectiveness of this Agreement, this Agreement shall constitute the entire agreement and consensus reached between the Parties hereto with respect to the content hereof and supersede all other agreements and consensus reached between the Parties with respect to the subject matter hereof, both in written and oral forms, prior to the date of this Agreement.
- 16.5 If any provision hereof is held invalid, illegal or unenforceable, the validity, legality and enforceability of the other parts and provisions hereof shall not be affected. The Parties shall address such invalid, illegal or unenforceable provisions through amicable negotiations based on the principle of realising the original commercial intent to the extent possible.

16.6 This Agreement shall be made in four (4) originals with each Party holding two (2) originals. Each original shall have the same legal effect.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, each Party have caused this Agreement to be executed by its duly authorised representative as of the date set forth in the first page.

JD.com, Inc.

By: /s/ Richard Qiangdong Liu

Dada Nexus Limited

By: /s/ Philip Jiaqi Kuai

[Signature Page to Business Cooperation Agreement]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE DADA NEXUS LIMITED HAS DETERMINED SUCH INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO DADA NEXUS LIMITED IF PUBLICLY DISCLOSED.**

Amended and Restated Business Cooperation Agreement

Between

WALMART (CHINA) INVESTMENT CO., LTD.

and

DADA NEXUS LIMITED

Dated as of August 8, 2018

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This **Amended and Restated Business Cooperation Agreement** (this “Agreement”) is entered into on August 8, 2018 (the “Effective Date”) by and between:

- (1) Walmart (China) Investment Co., Ltd., a company incorporated under the laws of the People’s Republic of China (together with its Affiliates, collectively, “WCI”); and
- (2) Dada Nexus Limited, an exempted company registered under the laws of the Cayman Islands (together with its Affiliates, collectively, “Dada”), with the registered address at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands.

Each of the parties above is hereinafter referred to as a “Party” and collectively as the “Parties”.

WHEREAS:

- A. Walmart is a leading retailer globally with extensive experience in e-commerce, merchandising, procurement and vendor management, logistics and other related areas.
- B. Dada is one of the largest e-commerce O2O delivery platform companies in China.
- C. WCI and Dada are parties to a Business Cooperation Agreement, dated as of June 20, 2016 (the “Original Agreement”), pursuant to which they have agreed to cooperate with each other in the online-to-offline (“O2O”) business to integrate relevant resources and take advantage of their respective strengths in accordance with the terms and conditions set forth therein.
- D. WCI and Dada desire to amend and restate the Original Agreement as set forth herein.

ACCORDINGLY, the Parties hereby agree that the Original Agreement is amended and restated in its entirety as follows:

1. Definitions

In this Agreement, the following terms shall have the following meaning:

“Adverse Persons” means (i) Alibaba Group Holding Ltd. and its Affiliates; (ii) Cainiao Smart Logistics Network Limited and its Affiliates; (iii) the Person that owns the tradename of “点我达” or domain name www.dianwoda.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (iv) Rajax Holding and its Affiliates; (v) Meituan Dianping and its Affiliates; (vi) Wumei Holdings, Inc. and its Affiliates, (vii) RT-MART International Ltd. and its Affiliates; (viii) the Person that owns the tradename of “盒马” or domain name www.freshhema.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (ix) SF Holding Co., Ltd. (顺丰控股股份有限公司) and its Affiliates, (x) the Person that owns the tradename of “闪送” or domain name www.ishansong.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (xi) the Person that owns the tradename of “UU跑腿” or domain name www.uupt.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; (xii) the Person that owns the tradename of “叮当快药” or domain name www.ddky.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity; and (xiii) the Person that owns the tradename of “快方送药” or domain name www.kfyao.com and its Affiliates or, the ultimate holding entity that Controls such Person and the Affiliates of such ultimate holding entity. Dada and WCI may modify this definition of “Adverse Person” through a written instrument duly executed by both Dada and WCI.

“Affiliate” means, with respect to any company (or any other entity), any other company that controls, is controlled by the subject company or together with the subject company jointed controlled by any third party. “control” means the company owns more than 50% of the equity interests or voting rights of such subject company (or any other entity), or has an actual discretion or controlling power over the operation of such subject company by entry into contractual arrangements or by other means. With respect to any Party, its “Affiliates” include the subsidiaries, whether directly or indirectly owned, that are controlled by it (including the PRC domestic affiliate companies controlled by such Party through a VIE structure).

“Agreement” is defined in the preamble to this Agreement.

“China” or “PRC” means the People’s Republic of China, excluding for the avoidance of doubt the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

“Confidential Information” means technical or business information relating to a Party’s operations, purchasing methods, suppliers, products, finances, marketing, customers, information technology systems or business plans, including any trade secrets, know-how, data, formula, or processes that is either identified as proprietary or confidential and/or that the receiving Party knows or has reason to know is regarded as Confidential Information by the disclosing Party. Confidential Information shall include (i) any of the foregoing information, in whatever form maintained, whether documentary, computerized or otherwise, regardless of the form in which such information is communicated, and (ii) the existence of this Agreement and the business cooperation contemplated by this Agreement.

“Contribution Margin Per Order” means, with respect to a merchant on the O2O Sales Platform, an absolute number calculated as follows: $([***) / [***)]$.

“Cooperation Term” is defined in Section 7.2.

“Dada” is defined in the preamble to this Agreement.

“Effective Date” is defined in the preamble to this Agreement.

“Force Majeure” means any event that is unforeseeable by either Party by the time of the execution of this Agreement and cannot be controlled, avoided, overcome or solved by either Party, which takes place after this Agreement comes into effect and interferes with the performance or partial performance by any Party to this Agreement, including but not limited to earthquake, typhoon, flood, war, generalized unavailability of public networks used for e-commerce traffic, strike, acts of Governmental Entities, etc. For the avoidance of doubt, only an event that is uncontrollable, unavoidable, insurmountable and unsolvable for both Parties constitutes Force Majeure, otherwise it cannot be so regarded.

“Governmental Entity” means any federal, national, state, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental, regulatory, self-regulatory or enforcement authority or instrumentality, whether domestic or foreign.

“Intellectual Property” means (i) patents and patent disclosures; (ii) trademarks, service marks, logos, slogans, trade dress, trade names, corporate names, internet domain names (and all translations, transliterations, adaptations, derivations and combinations of the foregoing), together with all goodwill associated therewith; (iii) copyright, copyrightable works and moral rights; (iv) trade secrets, confidential information, rights in designs, rights in inventions and rights in know-how; (v) computer software (including source code, executable code, data, databases and documentation); and (vi) all other intellectual property rights, in each case whether registered, applied-for or unregistered, and all rights or forms of protection having equivalent or similar effect anywhere in the world.

“JD” means JD.com, Inc., an exempted company registered under the laws of the Cayman Islands.

“Legal Requirement” means any applicable law, treaty, statute, code, ordinance, decree, administrative order, constitution, bylaw, permit, directive, policy, standard, rule, regulation, guideline and lawful requirements of any Governmental Entity and all applicable judicial, quasi-judicial, administrative, quasi-administrative and arbitral judgments, orders (including injunctions) decisions or awards of any Governmental Entity.

[***].

“O2O” is defined in the recitals to this Agreement.

“O2O Business” means the online to offline retail business conducted by Dada through the O2O Delivery Platform.

“O2O Delivery Platform” means the O2O delivery platform operated by Dada within the Territory.

“O2O Sales Platform” means the Jingdong Daojia App, in its current App form, and any version, modification, extension, derivative work, update or successor thereof, or any software product used by Dada for substantially similar services, irrespective of changes in media or format (including without limitation mini programs, iWatch or other device versions or voice-controlled or other versions).

“Party” or “Parties” is defined in the preamble to this Agreement.

“[***]” is defined in Section 3.2(b).

“Rating Points” means the unit of measurement used in calculating Total Store Rating.

“Red Line Program” means the program described in Exhibit A.

“Sam’s” means Sam’s Club.

“Sam’s Stores” means Sam’s physical stores located in the Territory.

“Store” means either a Walmart Store or a Sam’s Store.

“Subscription Agreement” means the Share Subscription Agreement dated as of June 20, 2016 between Newheight Holdings Ltd. and JD.

“Territory” is defined in Section 2.

“Total Store Rating” means the rating of a given store, scored on a scale from 1 to 5, by customers responding to customer satisfaction prompts on the O2O Sales Platform.

“VAT” means value-added tax.

“VIE” means a variable interest entity.

“WCI” is defined in the preamble to this Agreement.

“Walmart” means Walmart Inc., a Delaware corporation, and its Affiliates.

“Walmart Customer Transaction Data” is defined in Section 3.2(d).

“Walmart Store” means any Walmart physical store located in the Territory.

2. Territory of Business Cooperation; Performance

Unless otherwise provided in this Agreement, the territory of cooperation and/or restriction under this Agreement shall be limited to the PRC (the “Territory”). Each Party shall cause each of its PRC Affiliates to timely perform all of the obligations of such Party hereunder and at all times be bound by, and otherwise act in accordance with, the terms hereof.

3. Content of Business Cooperation

During the Cooperation Term, the Parties hereby agree to, and to procure their respective Affiliates to, comply with this Agreement in all respects and to cooperate with each other based on the following principles and in the following business areas in relation to the O2O Business:

3.1 Principle of Preferred Cooperation

The Parties understand that this Agreement is a business cooperation framework agreement and the details of such cooperation that are not provided for in this Agreement may be subject to further negotiation and implementation by the Parties following execution of this Agreement. Additional ancillary agreements may be entered into among the Parties or their Affiliates as mutually agreed following the date hereof.

3.2 Omni-Channel Initiative / O2O Business Cooperation

(a) Walmart Stores on O2O Sales Platform. Dada shall take all commercially reasonable actions necessary to enable WCI and its Affiliates to maintain its enrollment in good standing in the O2O Sales Platform as third party merchants, pursuant to the merchant service agreement currently in effect, as amended from time to time by Dada and WCI (the “O2O Merchant Services Agreement”), provided that (i) WCI shall have duly executed and delivered the O2O Merchant Services Agreement and (ii) there shall be no default on the part of WCI hereunder and under the O2O Merchant Services Agreement. WCI and Dada shall reasonably cooperate to maintain WCI and its Affiliates’ enrollments on the O2O Sales Platform, for which Dada shall provide technical support without consideration, as soon as practicable and in any event within 45 days following the Effective Date. Dada and WCI will share and discuss expansion plans for the Stores on the O2O Sales Platform and O2O Delivery Platform.

(b) [***].

(i) Subject to Section 12.5, Dada shall:

(1) [***];

in each case for the first six (6) years following the Effective Date, [***]; provided, that for each Store, such privilege may be temporarily suspended if (i) such Store does not achieve the key performance indicators referenced in the Red Line Program, (ii) Dada has notified WCI in writing of same, and (iii) WCI has not cured such matter within 10 calendar days of WCI’s receipt of such notice (an “*Uncured Red Line Issue*”), for the duration of such Uncured Red Line Issue;

(2) [***]; and

(3) [***].

The rights described in each of (1), (2) and (3) above shall collectively be referred to hereinafter as “[***]”.

Dada will not [***], any portion thereof or any other benefits to WCI or the Stores contemplated under this Agreement without first proposing and implementing a mechanism that ensures the uninterrupted effectiveness of the [***] and such other benefits for WCI and the Stores, which mechanism will be on terms reviewed in advance by and acceptable to WCI.

(ii) Dada agrees to cooperate with WCI to promote the Stores on the O2O Sales Platform and provide direct or indirect subsidies to customers who complete purchase transactions with the Walmart Stores on the O2O Sales Platform, the cost of which subsidies will be borne by Dada, not to exceed RMB30,000 per newly launched Store (such subsidies, “New Store Subsidies”).

(iii) Notwithstanding anything herein to the contrary, subject to Section 3.2(c) and Section 12.5, WCI and the Stores shall enjoy the [***] so long as this Agreement remains in effect.

(c) Fees.

(i) Commission. Until June 19, 2019, each Walmart Store, Sam’s Store, Walmart depot and Sam’s depot on the O2O Sales Platform shall be subject to a [***] commission rate [***] of such store or depot on the O2O Sales Platform, provided that each Walmart Store, Sam’s Store, Walmart depot and Sam’s depot shall be exempt from such commission fees for the first three (3) months following its launch on the O2O Sales Platform. The commission rate to be effective after June 19, 2019 shall be mutually agreed by WCI and Dada.

(ii) Picking, Sorting and Packaging Costs. For the avoidance of doubt, at all times during the Cooperation Period, WCI shall bear all picking, sorting and packaging costs incurred in connection with sale or purchase transactions of Walmart or Walmart-sourced products and Sam’s or Sam’s -sourced products on the O2O Sales Platform.

(iii) Minimum Purchase Threshold. Notwithstanding any provision in this Agreement, Dada shall have the right to (i) set and determine minimum purchase amount thresholds eligible for free delivery on the O2O Sales Platform, provided that any such minimum purchase amount thresholds applicable to the Stores shall be subject to WCI’s prior written consent if and only if such thresholds applicable to the Stores exceed the minimum purchase amount thresholds for free delivery on the O2O Sales Platform charged to any other party on the O2O Sales Platform, and (ii) determine and charge delivery fees or costs payable by any customers whose transactions are not eligible for free delivery on the O2O Sales Platform.

(iv) Commission on New Members. WCI shall continue to pay commission to Dada on the [***] generated from customers who enroll as new members of Sam’s through the O2O Sales Platform after the Effective Date, at a rate to be mutually agreed between WCI and Dada from time to time. For the avoidance of doubt, WCI shall not be required to pay commission on (1) renewal members or (2) members of Sam’s that did not enroll through the O2O Sales Platform. The Parties acknowledge and agree that such members will not need to purchase additional memberships to conduct transactions with Sam’s on the O2O Sales Platform.

- (d) **Data Protection.** Dada shall not share Walmart Customer Transaction Data with, or otherwise make Walmart Customer Transaction Data available to, any third party, or use Walmart Customer Transaction Data for purposes of targeted marketing activities of any kind, in each case without WCI's prior written consent. For purposes hereof, "Walmart Customer Transaction Data" means any and all data regarding sale and purchase transactions on the O2O Sales Platform between Walmart or Sam's and registered users of Dada that specifically identifies such users as (i) customers of Walmart, and/or having purchased Walmart or Walmart-sourced products, or (ii) members of Sam's, and/or having purchased Sam's or Sam's-sourced products. Notwithstanding any provision to the contrary in this Agreement or the O2O Merchant Services Agreement, Dada shall provide WCI and its designees with access to all of the Walmart Customer Transaction Data via technical data integration ("API"), and on the basis that all such data will be transferred to WCI no less than once a day, via API to WCI's data warehouse. For the avoidance of doubt, this Section 3.2(d) is not intended to prohibit or restrict Dada from owning or using any Walmart Customer Transaction Data for any purposes (other than for purposes of targeted marketing activities).
- (e) **SKU Commitment.** Walmart will organize a senior team that will be responsible for product assortment optimization on the O2O Sales Platform. WCI shall use commercially reasonable efforts to cause at least 80% of Walmart Stores to offer 1,600 or more stock-keeping units ("SKUs") on the O2O Sales Platform, with more than 250 fresh SKUs consisting of vegetables, fruits, meats and seafood, within six (6) months of the Effective Date.

3.3 Joint in-store and Online Marketing

WCI shall take commercially reasonable actions to advertise the O2O Sales Platform as a service available to Walmart customers, including the (i) use of posters, stickers, booklets, coupons, banners, boards, or other in-store promotion formats, (ii) distribution of coupons for the O2O Sales Platform at check-out counters, (iii) inclusion of promotional information for the O2O Sales Platform in Walmart's in-store and offline marketing materials and [***].

4. National Access to Dada Logistics

Dada hereby grants to WCI and its Affiliates, and shall ensure that WCI and its Affiliates receive, most favored nation treatment that is the same as the most favored nation treatment that Dada grants to JD with respect to pricing at each service level and in each product-based and other service category that Dada offers.

5. Other Cooperation

- (a) **Cooperation Committee.** The cooperation committee (the "Cooperation Committee") established by the Parties following the execution of the Original Agreement shall be responsible for the coordination work regarding the relevant cooperation matters set forth herein during the Cooperation Term. The respective representative of the Parties in the Cooperation Committee shall be JORDAN BERKE and YANG Jun as of the date hereof. The Cooperation Committee shall hold meetings regularly (monthly or bimonthly) to discuss how to improve the working results of cooperation by the Parties.
- (b) **Annual Expansion Plan.** Dada and WCI agree that, for each of the three (3) years following the Effective Date, Dada will timely share and discuss with WCI its expansion plans for the O2O Sales Platform and O2O Delivery Platform with WCI.
- (c) **Fresh Leadership Program.** WCI and Dada agree to invest resources to develop the best online fresh goods experience in China. The Parties anticipate that this will involve the development of new policies, standards, and best practices. Both WCI and Dada agree to dedicate to this initiative at least 50% of the time of one Director-level employee and 100% of the time of two Senior Manager-level employees.

- (d) **Analytical Collaboration.** WCI and Dada will collaborate on data and analytical insights to support targeted offers to customers. This will include tailored offers to existing Walmart customers, as well as category-specific customer offers (comprising both existing and potential Walmart customers). Both WCI and Dada agree to dedicate at least 50% of the time of one (1) Senior Manager-level employee. Both WCI and Dada agree to strictly follow Legal Requirements and general terms applicable to all retailers on the O2O Sales Platform, including, without limitation, terms on data sharing and user data protection.

6. Most Favored Nation

During the Cooperation Term, the Contribution Margin Per Order generated from Walmart Stores on the O2O Sales Platform shall be no higher than the Contribution Margin Per Order generated from any other supermarket retailers on the O2O Sales Platform whose annual gross merchandise volume generated from the O2O Sales Platform accounts for at least 3% of the total annual gross merchandise volume generated from the O2O Sales Platform, as evidenced by a certificate duly issued within the first quarter after the end of each calendar year (starting from the fourth quarter of 2018, followed by calendar year 2019) by one of the Big 4 accounting firms (i.e., PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte) as designated by Dada, which shall specify the calculation of the Contribution Margin Per Order in reasonable detail; provided that the orders generated from a given supermarket store on the O2O Sales Platform within six (6) months after launch of such store shall not be included in the calculation of the Contribution Margin ("First Audit Process"). In the event that WCI in its discretion is not satisfied with the certification, WCI may, by delivery of written notice to Dada, require Dada to appoint another Big 4 accounting firm as the auditor, subject to approval by WCI, to (i) conduct a separate audit and (ii) issue the certificate described in this Section 6 ("Second Audit Process"). Such audit shall abide by the confidentiality obligations set forth herein and between Dada and the other supermarket retailers, no Party shall be obligated to disclose any information that will result in such Party's breach of confidentiality obligations to third parties, and each Party may reasonably redact such sensitive information to comply with anti-trust, securities and other Legal Requirements. Fees and expenses for the certification process set forth in this Section 6 shall be first borne by Dada, *provided that*, if the Second Audit Process reports no material variation from the determinations of Contribution Margin Per Order undertaken in the First Audit Process and no violation of this Section 6, then any and all expenses incurred by Dada (with reasonable substantiation) in connection with the Second Audit Process shall be reimbursed by WCI.

7. Term and Termination

- 7.1 This Agreement shall be effective upon the execution by the authorized representatives of the Parties and shall be automatically terminated upon the expiration of the Cooperation Term as provided in Section 7.2 hereof.
- 7.2 The business cooperation term set forth in this Agreement shall commence on the Effective Date and continue in full force and effect for an initial term of 6 years therefrom, which may be extended upon the mutual agreement of WCI and Dada (as may be extended from time to time, the "Cooperation Term"). Not less than six (6) months prior to the expiration of the Cooperation Term, the Parties shall negotiate in good faith the extension of the Cooperation Term. Notwithstanding the foregoing, if there is any other specific provision(s) on the applicable business cooperation term with respect to any specific item in this Agreement, such specific provision shall prevail with respect to such specific item.
- 7.3 This Agreement may be terminated:

- (1) upon mutual agreement by WCI and Dada;
 - (2) by WCI (if the breaching Party is Dada) or Dada (if the breaching Party is WCI), upon any breach of a material provision of this Agreement by a Party, if such breach is incapable of being cured or remains uncured for 30 days after receipt of written notice from WCI (if the breaching Party is Dada) or Dada (if the breaching Party is WCI) specifying the occurrence or existence of the breach, provided that neither WCI nor Dada may exercise the termination right pursuant to this clause if it is then in breach of any material provision of this Agreement;
 - (3) by WCI, upon (i) the filing by Dada of a petition in bankruptcy, insolvency or similar proceeding; (ii) the filing by Dada of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency; (iii) an adjudication that Dada is bankrupt or insolvent; (iv) the appointment of a receiver for all or substantially all of the properties of Dada; (v) the making by Dada of any assignment for the benefit of creditors; (vi) the institution of any proceedings for the liquidation or winding up of Dada's business that remains outstanding, undismissed, for more than 45 days or (vii) Dada takes, becomes the subject of or undergoes, the Chinese equivalent of any of the actions, proceedings or events referred to in clauses (i) through (vi) above; or
 - (4) by Dada, upon (i) the filing by WCI of a petition in bankruptcy, insolvency or similar proceeding; (ii) the filing by WCI of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency; (iii) an adjudication that WCI is bankrupt or insolvent; (iv) the appointment of a receiver for all or substantially all of the properties of WCI; (v) the making by WCI of any assignment for the benefit of creditors; (vi) the institution of any proceedings for the liquidation or winding up of WCI's business that remains outstanding, undismissed, for more than 45 days or (vii) WCI takes, becomes the subject of or undergoes, the Chinese equivalent of any of the actions, proceedings or events referred to in clauses (i) through (vi) above.
- 7.4 If this Agreement expires or is terminated pursuant to Section 7.3, the Parties shall cease to perform this Agreement, provided that Sections 8, 10, 13, 14, 15 and 16 hereof shall survive the termination of this Agreement. If any Party is in breach of any provision(s) as set forth herein prior to the expiration or termination of this Agreement, such Party shall bear the liability for breach pursuant to Section 14 hereof.

Other post-termination arrangements and matters shall be arranged and resolved through friendly negotiation between the Parties.

8. Intellectual Property

- 8.1 The title to and ownership of any material, information and the Intellectual Property contained therein or attached thereto, as respectively provided for the purpose of this Agreement by each Party and its Affiliates to the other Party or its Affiliates, shall not be changed due to the cooperation as contemplated hereunder, unless the Parties enter into any other specific agreement on transfer or licensing of Intellectual Property.
- 8.2 Unless otherwise specifically stipulated in this Agreement or the Parties have entered into any specific agreement on authorization or licensing of Intellectual Property, without the prior written consent by the Party who holds the right to such Intellectual Property, no Party (or its Affiliates) shall, without authorization, use or duplicate the other Party's (or its Affiliates') Intellectual Property.

9. Force Majeure

In case of any Force Majeure that results in any delay of the performance by any Party of any contractual obligations hereunder, such delayed Party shall not be deemed as breaching this Agreement and consequently shall not be held liable to indemnify any losses and damage thus incurred, provided that such Party shall make its efforts to eliminate the cause of such delay and make its best endeavors (including but not limited to seeking for or utilizing alternative tools or methods) to remove the damages caused by such Force Majeure, and then inform the other Party of the fact of such Force Majeure and any possible damages the other Party may incur, within 20 days after the day when such cause of Force Majeure has been eliminated. During the period of such delay of performance, the Party confronting the Force Majeure shall take reasonable substitutes or adopt other alternatives that are commercially reasonable so as to perform its obligations hereunder until the removal of such delay.

10. Confidentiality

Each Party shall maintain the confidentiality of any Confidential Information of the other Party, and without the prior written consent of the disclosing Party, shall not disclose such Confidential Information to any third party, except for the following circumstances: (i) such Confidential Information is or has become generally available to the public (other than as a result of any unauthorized disclosure by the Party receiving such materials or any of its Affiliates or employees); (ii) disclosure of such Confidential Information is required by any Legal Requirements, any competent governmental authority, any regulatory agency of security or stock exchange, or any rules and regulations of the relevant stock exchange (provided however that, under such scenario, to the extent as permitted by the Legal Requirements, the Party disclosing such materials shall give a prior notice to the other Party and then the Parties shall reach consensus through consultations as to the scope and content to be disclosed); or (iii) disclosure of any Confidential Information made by a Party to its attorneys or financial advisors for the business cooperation as contemplated hereunder, provided that the foregoing persons shall abide by the similar confidentiality obligation as provided in this Section 10. Furthermore, each Party hereby undertakes that it shall use all Confidential Information as provided by the other Party only for the purpose as set forth in this Agreement, and shall destroy or surrender such Confidential Information at the request of the disclosing Party upon the termination of this Agreement. Any violation of this Section 10 by any Party, any of its Affiliates, any of its employees or its engaged intermediary agents of any Party or its Affiliates, shall be deemed as a violation by such Party, and such breaching Party shall assume any liability arising from such violation. This Section 10 shall survive the voidness, rescindment or termination of this Agreement for any reason whatsoever.

11. Tax

The Tax incurred arising from the execution and performance of this Agreement shall be assumed by each Party respectively.

12. Representations, Warranties and Covenants

12.1 Each Party represents and warrants to the other Party as follows:

- (1) it is a company incorporated in accordance with the laws of the jurisdiction of its incorporation, validly existing and in good standing, and has all requisite right, power and capacity to enter into this Agreement and perform its obligations and responsibilities hereunder;
- (2) all corporate actions on its part and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, and the performance of its obligations hereunder, have been taken or will be taken on or prior to the Effective Date;

- (3) this Agreement is legally binding on and enforceable against it in accordance with the terms hereof, except (A) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (B) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies or general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law);
 - (4) neither the execution, delivery nor performance of this Agreement by it, nor the consummation of the transactions contemplated hereby, will (A) conflict with, or result in any breach or violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or obligation or loss of any benefit, or the creation or imposition of any encumbrance under (1) any provision of its articles, organizational or constitutional documents, (2) any contract to which it is a party or to which any of its properties or assets are bound, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on its ability to consummate the transactions contemplated by this Agreement and to timely perform material obligations of it hereunder or (3) any material Legal Requirement applicable to it or any of its respective properties or assets, or (B) require any approval, authorization, consent, licenses, permit, certificates of exemption, franchises, accreditations, qualification, certificates or registration, or any waiver of any of the foregoing, from or with, or any notice, statement or other communication with or to, any Governmental Entity or any third party; and
 - (5) there is no action, suit or proceeding, pending or threatened against it or its Affiliates that questions the validity of this Agreement or its right to enter into this Agreement or to consummate the transactions contemplated hereby.
- 12.2 Where any legal document executed by any Party prior to the execution of this Agreement conflicts with any provision herein, such Party shall give immediate written notice to the other Party based on the principle of bona fide, good faith and friendship and the Parties shall resolve the problem through consultation. If the conflicts between the former legal document of any Party and this Agreement results in any loss of the other Party, such Party shall be held liable for any responsibility arising from the breach of this Agreement.
- 12.3 If any Party, during the performance of its obligations hereunder, finds that such performance is subject to the license, consent or approval of any third party, such Party shall notify the other Party within 30 days from its knowledge of such matter, and shall make its best endeavors to obtain such license, consent or approval from such third party. If such Party fails to obtain such license, consent or approval within a reasonable time period, the relevant Party shall provide a solution on such matter which is acceptable to the other Party.
- 12.4 Dada hereby makes the representations and warranties, and agrees to be bound by the anticorruption covenants and agreements, set forth in Exhibit B.
- 12.5 WCI hereby represents and warrants that [***].

13. Notice and Delivery

- 13.1 All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if in writing and served by personal delivery upon the Party for whom it is intended, on the date of such delivery; (b) if delivered by certified mail, registered mail or courier service, return receipt received to the Party at the address set forth below, on the date of such delivery; or (c) if delivered by email, upon confirmation of receipt by a non-automated response:

If to WCI, at:
1/F to 12/F, Tower 3 and 2/F to 5/F, Tower 2, SZITIC Square
69 Nonglin Road, Futian District
Shenzhen, China

Attention: General Counsel
Telephone: + 86 755 23974308

with a copy to:
Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304-1018
Attention: Charles C. Comey, Esq.

If to Dada, at:
6/F, Longyu Building,
1036 Pudong Nan Road, Pudong District,
Shanghai, China

Attention: KUAI Jiaqi
Telephone: +86 21 68596008

- 13.2 Any Party may change its address for purposes of this Section 13 by giving the other Party written notice of the new address in the manner set forth above.

14. Liability for Breach

- 14.1 If any Party is in breach of any provision of this Agreement and causes losses to any other Party, such Party shall bear the liability for breach.
- 14.2 The Parties understand and agree that they enter into this Agreement for and on behalf of themselves and their respective Affiliates, and have the obligation to procure and ensure their respective Affiliates to comply with and perform this Agreement.

15. Redemption

- 15.1 Without prejudice to WCI's rights under Section 14 of this Agreement, if Dada breaches Sections 3.2(a), 3.2(b) or 6 (such breach, a "**Key Breach**" for purposes of Dada's Memorandum and Articles of Association) of this Agreement, WCI may notify Dada of such breach in writing (the "**First Notice**"). Upon receipt of the First Notice, Dada shall perform a self-inspection, cure such breach and notify WCI of such cure (with reasonable supporting evidence and documentation) within sixty (60) days (the "**Cure Period**"). Upon the expiry of the Cure Period, to the extent that WCI believes in good faith that Dada has not cured the Key Breach, WCI shall notify Dada in writing (the "**Second Notice**") and Dada will promptly engage in good faith discussion with WCI to agree on a mutually acceptable resolution. If Dada has failed to cure the Key Breach within forty-five (45) days of the date of the Second Notice, WCI in its discretion may, by notifying Dada in writing, require Dada to redeem all or any portion of the Series E-1 Preferred Shares and Series F Preferred Shares of Dada held by Azure Holdings S.a.r.l. or its Affiliates at a price per share equal to \$4.2787030, subject to adjustments for stock dividends, splits, combinations and similar events in accordance with Dada's Memorandum and Articles of Association (a "**Redemption**"); *provided that* WCI shall not have the right to Redemption pursuant to this Section 15.1 if WCI is then in material breach of this Agreement. A Redemption shall be subject to satisfaction of the Redemption Conditions set forth in Section 15.2.

- 15.2 “**Redemption Conditions**” mean: (a) WCI or its Affiliates continue to beneficially own all (100%) of the Series E-1 Preferred Shares and Series F Preferred Shares of Dada held by Azure Holdings S.a.r.l. or its Affiliates immediately after the consummation of its subscription of the Series F Preferred Shares, less any shares previously redeemed pursuant to this Section 15; and (b)(1) WCI and its subsidiaries have not invested in any entities that operate primarily in the Territory that are Adverse Persons, and (2) WCI’s other Affiliates have not directly invested in any entities that operate primarily in the Territory that are Adverse Persons.
- 15.3 If WCI breaches Sections 3.2(e) or 3.3 of this Agreement, Dada may notify WCI of such breach in writing. Upon receipt of such notice, WCI shall perform a self-inspection and cure such breach within sixty (60) days (the “**WCI First Cure Period**”). Upon the expiry of the WCI First Cure Period, to the extent that Dada believes in good faith that WCI has not cured such breach, Dada shall notify WCI in writing (the “**Second Dada Notice**”) of such ongoing breach and promptly engage in good faith discussions with WCI to agree on a mutually acceptable resolution. If WCI has failed to cure such ongoing breach within forty-five (45) days of the date of the Second Dada Notice, Dada in its discretion may, by serving a written notice to WCI, terminate this Section 15, *provided that* Dada shall not have the right to terminate this Section 15 if Dada is then in material breach of this Agreement.
- 15.4 For the avoidance of doubt, any disputes arising in connection with execution of the remedies provided in this Section 15 are subject to the terms of Section 16.2.

16. Governing Law and Dispute Resolution

- 16.1 This Agreement shall be governed by and interpreted in accordance with the laws of Hong Kong.
- 16.2 Any dispute arising out of or relating to this Agreement, including any question regarding its existence, construction, interpretation, validity, termination or implementation, shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. WCI shall have the right to appoint one arbitrator, Dada shall have the right to appoint one arbitrator, and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The arbitration proceedings shall be conducted in English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, either Party may seek immediate injunctive relief or other interim relief from any court of competent jurisdiction as necessary to enforce the provisions of this Agreement.
- 16.3 In the event that any dispute arising out of the interpretation and performance of this Agreement or any dispute is under arbitration, the Parties shall continue to exercise their respective rights and perform their respective obligations under this Agreement except for the matters in dispute.

17. Miscellaneous

- 17.1 Each Party shall procure and shall take all actions necessary to ensure that any and all rights of the other Party contemplated by this Agreement will not be affected by any merger, acquisition, division, restructuring or material business restructuring of such Party, including without limitation any material business restructuring relating to the O2O Business. Without limitation of the foregoing, each Party shall notify the other Party at least 10 days prior to, and at the request of the other Party, such Party shall make appropriate arrangements prior to, the closing of any such merger, acquisition, division, restructuring or material business restructuring so that the other Party will be able to continue the business cooperation as contemplated by this Agreement upon completion of such merger, acquisition, division, restructuring or material business restructuring.
- 17.2 The relationship between the Parties established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to (i) give any Party the power to direct or control the day to day activities of the other Party, or (ii) allow any Party to create or assume any obligation on behalf of the other Party for any purpose whatsoever. The Parties acknowledge and agree the relationship between the Parties does not and will not constitute a partnership (including a limited partnership) or a joint venture by reason of this Agreement or otherwise, that no Party is or will be, by reason of this Agreement or otherwise, a partner or joint venturer of the other Party for any purpose, and that this Agreement shall not be construed to suggest otherwise. No party shall make any misrepresentations about the other Party's products or services.
- 17.3 This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by WCI and Dada.
- 17.4 Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by any Party without the express written consent of the other Party. However, it may designate its eligible Affiliates to perform certain cooperation matters as the case may be. Any purported assignment in violation of this Section 17.4 shall be null and void.
- 17.5 Without limiting any other provision of this Agreement, none of the Parties, nor any of their respective Affiliates, shall issue any press release or other public announcement or communication (to the extent not publicly disclosed or made in accordance with the Subscription Agreement) with respect to the transactions contemplated hereby without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), except to the extent a Party's counsel deems such disclosure necessary or desirable in order to comply with any law or the regulations or policies of any securities exchange or other similar regulatory body (in which case the disclosing Party shall give the other Party notice as promptly as is reasonably practicable of any required disclosure to the extent permitted by applicable law), shall limit such disclosure to the information such counsel advises is required to comply with such law or regulations, and if reasonably practicable, shall consult with the other Party regarding such disclosure and give good faith consideration to any suggested changes to such disclosure from the other Party. Notwithstanding anything to the contrary in this Section 17.5, the Parties may make public statements without the other Party's consent so long as any such statements are not materially inconsistent with previous press releases, public disclosures or public statements made by JD or Walmart and do not reveal material, non-public information regarding the other Party or the transactions contemplated by this Agreement.
- 17.6 This Agreement (together with the schedules and exhibits hereto) constitutes the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are superseded by this Agreement.

- 17.7 If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from this Agreement in order to render the remainder of this Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.
- 17.8 This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective heirs, successors and permitted assigns and legal representatives.
- 17.9 This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, except as expressly provided in this Agreement.
- 17.10 Except as otherwise provided in this Agreement, the Parties will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, including fees and expenses of attorneys, accountants, consultants and financial advisors.
- 17.11 The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof or thereof and that the Parties shall be entitled to specific performance of the terms hereof or thereof, in addition to any other remedy at law or equity.
- 17.12 The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.
- 17.13 No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.
- 17.14 For the convenience of the Parties and to facilitate execution, this Agreement is executed in 6 originals and each Party shall hold 2 originals, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Signatures in the form of facsimile or electronically imaged "PDF" shall be deemed to be original signatures for all purposes hereunder.

-The remainder of this page is intentionally left blank-

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

WALMART (CHINA) INVESTMENT CO., LTD.

By: /s/ Wern Yuen Tan

[Signature Page to Business Cooperation Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

DADA NEXUS LIMITED

By: /s/ Philip Jiaqi Kuai

Name: Philip Jiaqi Kuai

Title: Director

[Signature Page to Business Cooperation Agreement]

Exhibit A

Red Line Program

The Red Line Program includes the following terms:

- Stores must meet minimum operating performance standards as measured by the key performance indicators set forth in the table below.
- Dada may send written notices to non-complying stores indicating that they are not in compliance with the Red Line Program. Upon receipt of a notice of non-compliance, stores will have 14 days to rectify such noncompliance.
- After the initial 14 day rectification period, Dada may send stores that remain non-compliant a second notice requiring the store to rectify such non-compliance within 14 days.
- Stores that remain non-compliant after the second, 14-day escalation notice period will be reported to Jordan Berke and Bernardo Perlorio (or their successors, as designated by WCI) (the “**Red Line Approvers**”) for approval to suspend the store from the O2O Sales Platform.
- The suspended store must submit a corrective action plan. After completion of corrections and approval from the Red Line Approvers, the suspension of such store will be lifted.

***	***	***	***
***		***	***
***		***	***
***		***	***

Exhibit B

Anticorruption Covenants

For purposes of this Exhibit B, “Entity” shall mean Dada, and “the Company” shall mean Walmart.

Part I/第一部分

1. Compliance with Law and Policy 遵纪守法

Entity is aware that the Company belongs to a multinational retail group based in the United States of America, and is familiar with the Walmart Inc. Global Anti-Corruption Policy (the “Policy”), available at <https://walmartethics.com>. Entity agrees that its performance under this Agreement will be in full compliance with the Policy and all applicable anti-corruption laws and regulations, including but not limited to the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. Accordingly, Entity agrees that in connection with its activities under this Agreement, neither Entity nor any agent, affiliate, employee, or other person acting on its behalf will offer, promise, give, or authorize the giving of anything of value, or offer, promise, make, or authorize the making of any bribe, rebate, payoff, influence payment, facilitation payment, kickback, or other unlawful payment, to any government official, political party, or candidate for public office in order to obtain or retain business, gain any unfair advantage, or influence any act or decision of a government official.

[实体]知晓公司隶属于总部位于美国的跨国零售集团，且熟悉Walmart Inc.《全球反腐败政策》（“《政策》”），该《政策》可在此查阅：<https://walmartethics.com>。[实体]同意，其在履行本协议时，将完全遵守该《政策》及所有适用的反腐败法律和法规，包括但不限于美国《反海外腐败法》和英国《反贿赂法案》。因此，[实体]同意，就其在本协议下所开展的业务而言，[实体]或任何代理、关联公司、雇员或代表其行事的其他人，都不会为了获得或保留业务、获取不公平竞争优势或影响政府官员的行为或决定，而向任何政府官员、政党或公职候选人提议、承诺、给予或授权给予任何有价物品，或提议、承诺、提供或授权提供任何贿赂、返利、报酬、收买费、疏通费、回扣或其他非法款项。

2. Annual Certification 年度声明

Entity agrees to certify annually its compliance with the Policy and the applicable anti-corruption laws and regulations by executing a form supplied by the Company for this purpose, which is attached as an Appendix to this Exhibit B.

[实体]同意，签署公司为此提供的表格，每年声明其遵守该《政策》及适用的反腐败法律和法规。该表格见本协议附录。

3. Audit Rights 审计权

Entity shall keep books, records, and accounts with sufficient detail and precision as to clearly reflect its transactions and the use or disposition of its resources or assets. Entity agrees that the Company has the right to audit the transactions related to Entity’s execution of its obligations under this Agreement at any time and upon reasonable notice.

[实体]的账簿、记录和账目应详实准确，能清晰地反映其交易以及资源或资产的使用或处置。[实体]同意，公司有权在合理期限内提前发出通知，随时审计与[实体]执行本协议规定义务相关的交易。

4. Training 培训

Entity agrees that its employees, workers, contractors, agents, shareholders, affiliates, advisors, or other persons acting on its behalf who will interact with government officials on the Company's behalf will participate in anti-corruption training, if requested by the Company.

[实体]同意，若公司提出要求，那么，代表公司与政府官员接触的雇员、工人、承包商、代理、股东、关联公司、顾问或其他代其行事的人，需参加反腐败合规培训。

5. Subcontractors 分包商

The Company must provide Entity with prior written authorization before Entity hires any subcontractor to provide services in connection with this Agreement that would require interaction with any government entity or government official on the Company's behalf. In the event that the Company approves Entity's use of the proposed subcontractor, the subcontractor must agree, in writing, that in connection with its activities related to this Agreement, neither the subcontractor nor any agent, affiliate, employee, or other person acting on its behalf will offer, promise, give, or authorize the giving of anything of value, or offer, promise, make, or authorize the making of any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any government official, political party, or candidate for public office in order to obtain or retain business, gain any unfair advantage, or influence any act or decision of a government official.

公司必须向[实体]提供事前书面授权后，[实体]才能雇用分包商，提供与本协议相关的服务，代表公司与政府实体或政府官员接触。如果公司批准[实体]使用拟议的分包商，则该分包商必须以书面方式同意，就其在本协议下开展的活动而言，[实体]或任何代理、关联公司、员工或代表其行事的其他人，都不会为了获得或保留业务、获取不公平优势或影响政府官员的行为或决定，而向任何政府官员、政党或公职候选人提议、承诺、给予或授权给予任何有价值物品，或提议、承诺、提供或授权提供任何贿赂、返利、报酬、收买费、疏通费、回扣或其他非法款项。

6. Right to Terminate 终止权

In the event that the Company determines, in its sole discretion, that Entity has engaged in conduct that violates the Policy or the applicable anti-corruption laws and regulations, the Company immediately shall have the right to suspend payment and to suspend or terminate the Agreement. The Company shall also have the right to suspend payment and to suspend or terminate the Agreement if Entity does not comply with the ongoing anti-corruption compliance obligations set forth in this Agreement or if Entity does not successfully complete periodic due diligence re-screening.

如果公司依其自行判断，认定[实体]的行为违反《政策》或适用的反腐败法律和法规，则公司应有权立即暂停付款，并暂停或终止本协议。若[实体]未符合本协议持续要求的反腐败合规义务或若[实体]未能成功完成定期尽职调查的重新审核，公司有权立即暂停付款并暂停或终止本协议。

7. Government Affiliations 政府隶属关系

Entity represents and warrants that neither Entity nor any of its directors, officers, partners, shareholders, employees, agents, or representatives is a government official. Entity represents that it has informed the Company of any close family relationships between any of its directors, officers, partners, shareholders, employees, agents, or representatives and any government officials. Entity agrees to notify the Company if (a) any such close family relationships arise during the term of this Agreement or (b) any director, officer, partner, shareholder, employee, agent, or representative becomes a government official during the term of this Agreement. Close family relationship means parents, siblings, spouses, spousal equivalents, and children.

[实体]声明并保证，[下文所列人员除外（列出任何此类政府官员）]，[实体]或其任何董事、高管、合伙人、股东、员工、代理或代表皆非政府官员。[实体]声明，凡是其任何董事、高管、合伙人、股东、员工、代理或代表与任何政府官员之间有近亲关系的，它均已告知公司。[实体]同意会将如下情况通知公司：(a) 在本协议有效期内出现任何此类近亲关系，或 (b) 在本协议有效期内，任何董事、高管、合伙人、股东、员工、代理或代表成为政府官员。近亲关系指父母、兄弟姐妹、配偶、等同配偶和子女。

Entity represents that no director, officer, partner, owner, or shareholder of [list entities that have an ownership interest in Entity] is a government official. Entity agrees to notify the Company if any such director, officer, partner, owner, or shareholder becomes a government official during the term of this Agreement.

[实体]声明，[除下文所列个人外（列出任何此类政府官员）]，[列出在第三方中介/业务伙伴拥有所有者权益的实体]的董事、高管、合伙人、所有人或股东皆非政府官员。[实体]同意，在本协议有效期内，如果该董事、高管、合伙人、所有人或股东成为政府官员，会告知公司。

8. Form of Payment 付款方式

The Parties agree that all payments made by the Company to Entity pursuant to this Agreement shall be made only after receipt by the Company of an invoice detailing the products or services for which Entity is seeking payment. All payments under this Agreement shall: (i) be made solely by check or wire transfer for the benefit of, and to the account of, Entity and not to any individual employee or representative of Entity; (ii) be denominated in [functional currency]; and (iii) not be in cash or bearer instruments.

各方同意，根据本协议由公司支付给[实体]的所有款项，只有在公司收到发票，且上面列出了[实体]要求付款的产品或服务后才能支付。根据本协议作出的所有付款都：(i) 只能以支票或电汇方式，支付给[实体]及其账户，而非[实体]的个人员工或代表；(ii) 以[功能性货币]为货币单位；以及 (iii) 不能是现金或不记名票据。

9. Obligation to Provide Information 提供信息的义务

Entity agrees to provide timely information to the Company regarding any changes to the representations made in this Agreement, including in this Exhibit B. Entity also agrees that it will submit to periodic due diligence re-screening.

[实体]同意，凡本协议中所作声明有任何变动的，都将及时向公司提供信息。[实体]且同意将完成定期尽职调查的重新审核。

10. Cooperation with Investigations 配合调查

Entity agrees to provide assistance and cooperation in any investigations related to potential violations of the Policy or the applicable anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act.

[实体]同意协助并配合调查可能违反《政策》或适用反腐败法律和法规（包括美国《反海外腐败法》）的行为。

11. Governing Law 管辖法律

The provisions of this Exhibit shall be governed by the federal law of the United States.

本协议本附件项下的条款受美国联邦法律管辖。

List of Significant Subsidiaries and VIE of the Registrant

<u>Subsidiaries</u>	<u>Place of Incorporation</u>
Dada Wisdom (HK) Limited	Hong Kong
Alpha Lake Limited	British Virgin Islands
Shanghai Xianshi Express Delivery E-Commerce Co., Ltd.	PRC
Shanghai JD Daojia Yuanxian Information Technology Co., Ltd.	PRC
Dada Glory Network Technology (Shanghai) Co., Ltd.	PRC
Beijing Dagan Information Technology Co., Ltd.	PRC
Shanghai Daxiang Information Technology Co., Ltd.	PRC
<u>Consolidated Variable Interest Entity</u>	<u>Place of Incorporation</u>
Shanghai Qusheng Internet Technology Co., Ltd.	PRC
<u>Subsidiaries of Consolidated Variable Interest Entity</u>	<u>Place of Incorporation</u>
Shanghai Yiqing Dada E-Commerce Co., Ltd.	PRC
Shanghai Darong Express Delivery Co., Ltd.	PRC
Shanghai JD Daojia Youheng E-Commerce Information Technology Co., Ltd.	PRC

通商律師事務所
COMMERCE & FINANCE LAW OFFICES

中国上海市南京西路1515号静安嘉里中心一座10层 200040
10/F, Tower 1, Jing An Kerry Centre, 1515 West Nanjing Road, Shanghai 200040, China
电话 Tel: +86 21 6019 2600 传真 Fax: +86 21 6019 2697
电邮 Email: shanghai@tongshang.com 网址 Web: www.tongshang.com

LEGAL OPINION

To **Dada Nexus Limited**
22/F, Oriental Fisherman's Wharf
No. 1088 Yangshupu Road
Yangpu District, Shanghai
People's Republic of China

January 17, 2020

Dear Sirs:

1. We are lawyers qualified in the People's Republic of China (the "PRC") and are qualified to issue opinions on the PRC Laws (as defined in Section 5). For the purpose of this legal opinion (this "Opinion"), the PRC does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.
2. We act as the PRC counsel to Dada Nexus Limited (the "Company"), an exempted company incorporated under the laws of the Cayman Islands, in connection with (a) the proposed initial public offering (the "Offering") by the Company of American Depositary Shares (the "ADSs"), representing ordinary shares of par value US\$0.0001 per share of the Company, in accordance with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), filed by the Company with the U.S. Securities and Exchange Commission (the "SEC") under the U.S. Securities Act of 1933, as amended, and (b) the Company's proposed listing of the ADSs on the New York Stock Exchange or the Nasdaq Stock Market.
3. In so acting, we have examined the Registration Statement, the originals or copies certified or otherwise identified to our satisfaction, of documents provided to us by the Company and such other documents, corporate records, certificates, approvals and other instruments as we have deemed necessary for the purpose of rendering this Opinion, including, without limitation, originals or copies of the agreements and certificates issued by Governmental Agencies and officers of the Company (the "Documents").
4. In examining the Documents and for the purpose of giving this Opinion, we have assumed without further inquiry:

- (a) the genuineness of all the signatures, seals and chops, the authenticity of the Documents submitted to us as original and the conformity with authentic original documents submitted to us as copies and the authenticity of such originals;
- (b) the truthfulness, accuracy and completeness of the Documents, as well as the factual statements contained in the Documents;
- (c) that the Documents provided to us remain in full force and effect up to the date of this Opinion and that none of the Documents has been revoked, amended, varied or supplemented except as otherwise indicated in such documents;
- (d) that information provided to us by the Company, the PRC Subsidiaries and the Variable Interest Entity in response to our enquiries for the purpose of this Opinion is true, accurate, complete and not misleading, and that the Company, the PRC Subsidiaries and the Variable Interest Entity have not withheld anything that, if disclosed to us, would reasonably cause us to alter this Opinion in whole or in part;
- (e) all Governmental Authorizations and other official statement or documentation are obtained by lawful means in due course;
- (f) that each of the parties other than PRC companies is duly organized and is validly existing in good standing under the laws of its jurisdiction of organization and/or incorporation (as the case may be);
- (g) that all parties other than the PRC companies have the requisite power and authority to enter into, execute, deliver and perform all the Documents to which they are parties and have duly executed, delivered, performed, and will duly perform their obligations under all the Documents to which they are parties; and
- (h) all documents submitted to us are legal, valid, binding and enforceable under all such laws as govern or relate to them other than PRC Laws.

For the purpose of rendering this Opinion, where important facts were not independently established to us, we have relied upon certificates issued by Governmental Agencies and representatives of the shareholders of the Company, the PRC Subsidiaries and the Variable Interest Entity with proper authority and upon representations, made in or pursuant to the Documents.

5. The following terms as used in this Opinion are defined as follows:

“Dada Glory” means Dada Glory Network Technology (Shanghai) Co., Ltd. (达疆网络科技(上海)有限公司).

“Governmental Agency” means any competent government authorities, courts, arbitration commissions, or regulatory bodies of the PRC. “Governmental Agencies” shall be construed accordingly.

<u>“Governmental Authorization”</u>	means any approval, consent, permit, authorization, filing, registration, exemption, waiver, qualification and license required by the applicable PRC Laws to be obtained from any Governmental Agency. “Governmental Authorizations” shall be construed accordingly.
<u>“M&A Rules”</u>	means the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors jointly promulgated by the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, China Securities Regulatory Commission (the “CSRC”) and the State Administration of Foreign Exchange of the PRC on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.
<u>“PRC Laws”</u>	means any and all officially published laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations currently in force and publicly available in the PRC as of the date hereof.
<u>“PRC Subsidiaries”</u>	means Dada Glory, Shanghai Xianshi Express Delivery E-Commerce Co., Ltd. (上海鲜莼极速达电子商务有限公司) and Shanghai JD Daojia Yuanxin Information Technology Co., Ltd. (上海京东到家元信信息技术有限公司).
<u>“Prospectus”</u>	means the prospectus, including all amendments or supplements thereto, that forms part of the Registration Statement.
<u>“Variable Interest Entity”</u>	means Shanghai Qusheng Internet Technology Co., Ltd. (上海趣盛网络科技有限公司).

Capitalized terms used herein and not otherwise defined herein shall have the same meanings described in the Registration Statement.

6. Based upon and subject to the foregoing and the disclosures contained in the Registration Statement and the qualifications set out below, we are of the opinion that:

- (1) Based on our understanding of the PRC Laws, (i) the ownership structure of Dada Glory and the Variable Interest Entity, currently do not, and immediately after giving effect to the Offering, will not result in violation of the PRC Laws; and (ii) the agreements under the contractual arrangements among Dada Glory, the Variable Interest Entity and its shareholders governed by the PRC Laws are valid, binding and enforceable against each party thereto in accordance with their terms and the PRC Laws, and do not result in any violation of the PRC Laws. However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, and there can be no assurance that the Governmental Agencies will not take a view that is contrary to or otherwise different from our opinion stated above.
 - (2) The M&A Rules purport, among other things, to require an offshore special purpose vehicles controlled by PRC companies or individuals and formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. Based on our understanding of the PRC Laws, the CSRC's approval is not required for the approval of the listing and trading of the Company's ADSs on the New York Stock Exchange or the Nasdaq Stock Market, given that (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings under the Prospectus are subject to the M&A Rules; (ii) each of the PRC Subsidiaries was incorporated as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules; and (iii) no provision in the M&A Rules clearly classifies the contractual arrangements among Dada Glory, the Variable Interest Entity and its shareholders as a type of transaction subject to the M&A Rules. However, uncertainties still exist as to how the M&A Rules will be interpreted and implemented and our opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.
 - (3) The statements set forth under the caption "Taxation" in the Registration Statement insofar as they constitute statements of PRC tax law, are accurate in all material respects.
7. This Opinion is subject to the following qualifications:
- (a) This Opinion relates only to the PRC Laws and we express no opinion as to any other laws and regulations. There is no guarantee that any of the PRC Laws, or the interpretation thereof or enforcement therefor, will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

- (b) We have not verified, and express no opinion on, the truthfulness, accuracy and completeness of all factual statements expressly made in the Documents.
- (c) This Opinion is intended to be used in the context which is specifically referred to herein and each section should be looked on as a whole regarding the same subject matter and no part shall be extracted for interpretation separately from this Opinion.
- (d) This Opinion is subject to the effects of (i) certain legal or statutory principles affecting the enforceability of contractual rights generally under the concepts of public interest, national security, good faith and fair dealing, applicable statutes of limitation, and the limitations by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditor's rights generally; (ii) any circumstance in connection with formulation, execution or performance of any legal documents that would be deemed materially mistaken, clearly unconscionable or fraudulent; (iii) judicial discretion with respect to the availability of injunctive relief, the calculation of damages, and the entitlement of attorneys' fees and other costs; and (iv) the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in connection with the interpretation, implementation and application of relevant PRC Laws.

This Opinion is rendered to you for the purpose hereof only, and save as provided herein, this Opinion shall not be quoted nor shall a copy be given to any person (apart from the addressee) without our express prior written consent except where such disclosure is required to be made by the applicable law or is requested by the SEC or any other regulatory agencies.

We hereby consent to the use of this Opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the reference of our name under captions "Risk Factors," "Enforceability of Civil Liabilities," "Corporate History and Structure" and "Legal Matters" in the Registration Statement. In giving such consent, we do not thereby admit that we fall within the category of the person whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

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[Signature Page]

Yours sincerely,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices

January 14, 2020

Dada Nexus Limited

22/F, Oriental Fisherman's Wharf
No.1088 Yangshupu Road
Yangpu District, Shanghai
People's Republic of China

Re: Consent of iResearch Consulting Group

Dear Sir and Madam,

We understand that Dada Nexus Limited (the "Company") plans to file a registration statement on Form F-1 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto, including but not limited to the Chinese version and the English translation of the industry research reports titled "Project Dolphin – Industry Report" (collectively, the "Reports"), and any subsequent amendments to the Reports, as well as the citation of our research reports and amendments thereto, (i) in the Registration Statement and any amendments thereto, (ii) in any written correspondences with the SEC, (iii) in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F, Form 6-K or other SEC filings (collectively, the "SEC Filings"), (iv) on the websites of the Company and its subsidiaries and affiliates, (v) in institutional and retail road shows and other activities in connection with the Proposed IPO, and (vi) in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings.

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 U.S. Securities Act of 1933, as amended, or the rules and regulations of the SEC thereunder.

For and on behalf of

Shanghai iResearch Co., Ltd., China

/s/ Shanghai iResearch Co., Ltd., China
