GENERAL

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

Name	Age	Position(s)/roles and responsibilities	Date of appointment	Year of joining our Group
Directors				
Richard Qiangdong Liu (劉強東)	47	Chairman of the Board of Directors and Chief Executive Officer	January 2007	2004
Martin Chi Ping Lau (劉熾平)	47	Director	March 2014	2014
Ming Huang	56	Independent Director	March 2014	2014
Louis T. Hsieh	55	Independent Director	May 2014	2014
Dingbo Xu (許定波)	57	Independent Director	May 2018	2018
Senior Management				
Lei Xu (徐雷)	45	Chief Executive Officer of JD Retail	September 2019	2009
Zhenhui Wang (王振輝)	45	Chief Executive Officer of JD Logistics	April 2017	2010
Sandy Ran Xu (許冉)	43	Chief Financial Officer	June 2020	2018
Yayun Li (李婭雲)	39	Chief Compliance Officer	January 2017	2007

Directors

The board currently consists of five directors, including three independent directors. See "—Board Practices" for the functions and duties of the Board. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Hong Kong Listing Rules.

Richard Qiangdong Liu (劉強東) has been our chairman and chief executive officer since our inception. Mr. Liu has over 20 years of experience in the retail and e-commerce industries. In June 1998, Mr. Liu started his own business in Beijing, which was mainly engaged in the distribution of magneto-optical products. In January 2004, Mr. Liu launched his first online retail website. He founded our business later that year and has guided our development and growth since then. In December 2011, Mr. Liu received the prestigious award "2011 China Economic Person of the Year" from CCTV, China's largest nationwide television network. Mr. Liu has received numerous other awards for his achievements in the e-commerce industry in China, such as "2011 Chinese Business Leader" and Fortune China's "2012 Chinese Businessman." Mr. Liu received a bachelor's degree in sociology from Renmin University of China in Beijing and an EMBA degree from China Europe International Business School.

Martin Chi Ping Lau (劉熾平) has served as our director since March 2014. Mr. Lau is president and executive director of Tencent Holdings Limited, a provider of comprehensive internet services serving the largest online community in China and listed on the Hong Kong Stock Exchange. In 2007, Mr. Lau was appointed as an executive director of Tencent. In 2006, Mr. Lau was promoted as the president of Tencent to manage the day-to-day operation of Tencent. In February 2005, he joined Tencent as the chief strategy and investment officer, and was responsible for corporate strategies, investments, merger and acquisitions and investor relations. Prior to joining Tencent, Mr. Lau was an executive director at Goldman Sachs (Asia) L.L.C.'s investment banking division and the chief operating officer of its telecom, media and technology group. Prior to that, he worked at McKinsey &

Company, Inc. as a management consultant. Mr. Lau also serves as a director of Vipshop Holdings Limited, an online discount retailer listed on the NYSE, a director of Tencent Music Entertainment Group, an online music entertainment platform in China listed on the NYSE, a director of Leju Holdings Limited, an online-to-offline real estate services provider in China listed on the NYSE, a non-executive director of Meituan Dianping, an e-commerce platform for service listed on the Hong Kong Stock Exchange, and a non-executive director of Kingsoft Corporation Limited, an internet based software developer, distributor and software service provider listed on the Hong Kong Stock Exchange. Mr. Lau received a bachelor of science degree in electrical engineering from the University of Michigan, a master of science degree in electrical engineering from Stanford University and an MBA degree from Kellogg Graduate School of Management, Northwestern University.

Ming Huang has served as our independent director since March 2014. Mr. Huang has been a professor of finance at the Johnson Graduate School of Management at Cornell University since July 2005. From July 2010 to June 2019, Mr. Huang was a professor of finance at China Europe International Business School. Mr. Huang also served as a professor of finance at Cheung Kong Graduate School of Business in China from July 2008 to June 2010 and Dean of the School of Finance at Shanghai University of Finance and Economics from April 2006 to March 2009. Prior to 2005, he was an associate professor of finance at the Graduate School of Business at Stanford University from September 2002 to June 2005 and an associate dean and professor of finance at Cheung Kong Graduate School of Business from July 2004 to June 2005. Professor Huang's academic research primarily focuses on behavioral finance, credit risk and derivatives. In recent years, his research has focused on Chinese capital market and public companies. Professor Huang served as an independent director of Yingli Green Energy Holding Company Limited, a company listed on the NYSE from August 2008 to March 2020. Mr. Huang is also an independent non-executive director of several companies listed on the Hong Kong Stock Exchange, including WH Group Limited and an independent director of 360 Security Technology Inc., a company listed on the Shanghai Stock Exchange. Professor Huang served as an independent non-executive director of Fantasia Holdings Group Co., Ltd. from October 2009 to May 2019. Professor Huang received his bachelor's degree in physics from Peking University, a Ph.D. in physics from Cornell University and a Ph.D. in finance from Stanford University.

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

Dingbo Xu (許定波) has served as our independent director since May 2018. Professor Xu has served as a faculty member and professor in highly-respected universities for more than two decades. He is currently Essilor Chair Professor in Accounting and an associate dean at China Europe International Business School in Shanghai. Before joining China Europe International Business School in 2004, he was an assistant professor of accounting at the Hong Kong University of Science and Technology from 1996 to 2003. In addition to his academic positions, Professor Xu serves as the executive director of the editorial board of China Management Accounting Review and the founding chairman of Charted Global Management Accountant (CGMA) 100 North Asia Leaders Think Tank. Professor Xu has contributed his knowledge and expertise to the board of directors of several public companies. He was a member of the board of directors of The People's Insurance Company (Group) of China Limited (PICC), a company listed on the Hong Kong Stock Exchange, from September 2009 to April 2018. He served as a member of the board of directors of China Cinda Asset Management Co. Ltd, a company listed on the Hong Kong Stock Exchange from June 2013 to September 2019. He currently serves as director of Kweichow Moutai Company Limited, a company listed on the Shanghai Stock Exchange. He served as director of Shanghai Shyndec Pharmaceutical Co., Ltd., a company listed on the Shanghai Stock Exchange, from November 2016 to February 2019, and served as director of SANY Heavy Industry, a company listed on the Shanghai Stock Exchange, from January 2013 to August 2019. Professor Xu received his Ph.D. in accounting from the University of Minnesota, as well as a master's degree in management and a bachelor's degree in mathematics, both from Wuhan University.

Save as disclosed above, none of our directors holds any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document. See the section headed "Statutory and General Information" in Appendix IV to this document for further information about the directors, including the particulars of their service contracts and remuneration, and the section headed "Major Shareholders" for disclosure of interests of the directors and executive officers. There is no material matter relating to our directors that needs to be brought to the attention of our shareholders and the information of our Directors disclosed in this document comply with the requirements under Rule 13.51(2) in all material respects.

Senior Management

Lei Xu (徐雷) is the chief executive officer of JD Retail, and is responsible for the development, operation and strategy of our retail business, both online and offline. Since joining us in 2009, Mr. Xu has held several leadership roles within the sales and marketing divisions of our retail business, including head of marketing and branding, head of JD Wireless, and head of our marketing and platform operations. Under his leadership, we successfully rebranded ourselves from 360buy to JD.com and launched our popular mascot, Joy. Mr. Xu was responsible for the launch of JD Plus, the first paid membership service in China's e-commerce industry, as well as our Super Brand Day strategic marketing program. He also leads our Kepler open platform, a key pillar of our "Retail as a Service" strategy that leverages our strengths in logistics, marketing, financial services, and other areas to help partners to expand their online businesses. Before joining us, Mr. Xu held several senior management roles in marketing and operations at Lenovo, Allyes and Belle E-Commerce. Mr. Xu will serve as director of Dada Nexus Limited starting from the SEC's declaration of effectiveness of Dada Nexus Limited's registration statement on Form F-1. Mr. Xu holds an EMBA degree from China Europe International Business School.

Zhenhui Wang (王振輝) is the chief executive officer of JD Logistics, an integrated supply chain infrastructure service provider. Mr. Wang joined JD in April 2010, and he has served as CEO of JD Logistics since 2017. Under his leadership, JD Logistics expanded its services to third parties beyond the JD ecosystem and pioneered the use of automation and 5G technology in logistics, launching the world's first fully-automated warehouse and 5G-powered logistics park. Driven by his "3S" (short-chain, smart, synergic) theory of logistics, Mr. Wang is leading the development of a global smart supply chain network and an open platform for digital supply chain. Mr. Wang previously held several leadership roles at JD, including General Manager of North China region, Head of Smart Devices Business and Head of Fulfillment Operations. Prior to joining JD, He held senior roles at Lenovo and other companies. Mr. Wang currently serves as a director of ESR Cayman Limited, a company listed on the Hong Kong Stock Exchange, and a director of CSG Smart Science and Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Wang also serves as a director of Dada Nexus Limited, a company that has filed a registration statement on Form F-1 to the SEC. Mr. Wang holds an EMBA from China Europe International Business School and a bachelor's degree in engineering from Beijing University of Science and Technology.

Sandy Ran Xu (許冉) has served as our chief financial officer since June 2020. Ms. Xu joined our company in July 2018 as vice president of finance and was promoted to senior vice president in January 2020. From July 2018 to May 2020, Ms. Xu oversaw group finance, accounting and tax functions in addition to serving as chief financial officer of JD Retail Business Group, where she has played a critical role in improving JD Retail's financial and operational performance in 2019. Prior to joining our company, Ms. Xu was an audit partner and spent nearly 20 years with PricewaterhouseCoopers Zhong Tian LLP, Beijing office and PricewaterhouseCoopers LLP, San Jose office, focusing on TMT industry and U.S. capital markets. Ms. Xu was a Certified Public Accountant in both China and the United States. Ms. Xu serves as a director of Dada Nexus Limited, a company that has filed a registration statement on Form F-1 to the SEC. Ms. Xu received her bachelor's degree with a double major in information science and economics from Peking University.

Yayun Li (李婭雲) is our chief compliance officer, overseeing compliance, legal affairs and internal audits, as well as information security. She joined us in December 2007. Prior to her current role, Ms. Li served as vice president of our compliance department, where she developed a strong ethics and compliance program predicated on a "zero-tolerance" policy towards counterfeits and promoted a companywide culture of integrity by launching fraud prevention training, a whistle-blower program and an internal fraud investigation framework. She has also been responsible for establishing effective compliance and internal controls to meet U.S. listing requirements. Prior to her role in compliance, Ms. Li served as the head of our legal team. Ms. Li holds a master's degree in law from Renmin University of China and an EMBA from China Europe International Business School.

COMPENSATION

Compensation of Directors and Executive Officers

For fiscal years 2017, 2018 and 2019, we paid and accrued aggregate fees, salaries and benefits (excluding equity-based grants) of up to approximately RMB11.5 million, RMB9.3 million and RMB12.0 million, respectively, to our executive officers, and approximately US$0.2 million, US$0.2 million and US$0.2 million, respectively, to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and consolidated variable interest entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

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

The board, acting on the recommendation of our compensation committee, may determine the remuneration to be paid to our directors. We do not provide employee directors with any additional remuneration for serving as directors other than their remuneration as our employees. Pursuant to our service agreements with our directors, neither we nor our subsidiaries provide benefits to directors upon termination of service.

For information regarding equity-based grants to directors and executive officers, see "—Share Incentive Plan."

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. Without the foregoing causes, we may also terminate an executive officer's employment in accordance with the applicable law of the jurisdiction where the executive officer is based, and in such case of termination by us, we will provide severance payments to the executive officer as expressly required by such applicable law. The executive officer may resign at any time with a 30-day advance written notice.

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

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

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

Share Incentive Plan

Our currently effective share incentive plan, or the Share Incentive Plan, was adopted in November 2014. The number of shares reserved for future issuances under the Share Incentive Plan will be increased by a number equal to 1% of the total number of outstanding shares as of the last day of the immediately preceding fiscal year, on the first day of each fiscal year during the term of the Share Incentive Plan commencing with the fiscal year ended December 31, 2018. The maximum aggregate number of our shares which may be issued pursuant to all awards under the Share Incentive Plan is 555,266,499 shares as of the December 31, 2019, consisting of 106,850,910 shares that have been issued to and reserved with Fortune Rising Holdings Limited, and 448,415,589 shares that are reserved under the Share Incentive Plan. Fortune Rising Holdings Limited holds these ordinary shares for the purpose of transferring such shares to the plan participants according to our awards under the Share Incentive Plan.

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

Types of Awards

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

Plan Administration

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

Award Agreement

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

Eligibility

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

Acceleration of Awards upon Change in Control

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

Vesting Schedule

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

Exercise of Options

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

Transfer Restrictions

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

Termination of the Share Incentive Plan

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

Share-based Awards Granted

As of March 31, 2020, the awards that had been granted to our directors, officers, employees and consultants and remained outstanding included (i) restricted share units to receive an aggregate of 102,503,866 ordinary shares, excluding restricted share units that were forfeited, canceled, or vested after the relevant grant date, and (ii) options to purchase an aggregate of 33,795,734 ordinary shares, excluding options that were forfeited, canceled, or exercised after the relevant grant date. As of March 31, 2020, the share-based awards granted by Company to the eligible employees and non-employees and remained outstanding represented 5% and 1% of the Company's total issued shares, respectively. The non-employees include ex-employees and consultants of the Company.

Share-based Awards Held by Our Directors and Officers

In May 2015, the board of directors approved a 10-year compensation plan for Mr. Richard Qiangdong Liu, under which, Mr. Liu will receive RMB1.00 per year in cash salary and zero cash bonus during the 10-year period and in the meantime, Mr. Liu was granted an option to acquire a total of 26,000,000 Class A ordinary shares of our company, at an exercise price of US$16.70 per share or US$33.40 per ADS, subject to a 10-year vesting schedule with 10% of the award vested on each anniversary of the grant date. We will not grant any additional equity incentive to Mr. Liu during the 10-year period. The number of restricted shares, restricted share units and options granted to each of our other directors and executive officers represents less than 1% of our total outstanding ordinary shares on an as-converted basis as of March 31, 2020. The awards to our other directors and executive officers have two-year, four-year, five-year or six-year vesting schedule, with an equal installment vesting at the end of each calendar year following the grant or on the anniversary of the grant date. Starting from 2016, certain awards have multiple tranches with tiered vesting commencement dates from 2016 to 2020, and each of the tranches is subject to a six-year vesting schedule.

The following table summarizes the outstanding RSUs and options held as of March 31, 2020 by our directors and executive officers, as well as by their affiliates, under our Share Incentive Plan.

Name	Number of outstanding RSUs/options granted	Exercise price (US$ per RSU/ option granted)	Year of grant	Year of expiration
Richard Qiangdong Liu	26,000,000	16.70	2015	2025
Martin Chi Ping Lau	—	—	—	—
Ming Huang	*	—	2013-2020	—
Louis T. Hsieh	*	—	2014-2018	—
Dingbo Xu	*	—	2018	—
Lei Xu	*	13.03	2015	2025
	*	—	2015-2020	—
Zhenhui Wang	*	13.03	2015	2025
	*	—	2015-2016	—
Sidney Xuande Huang	*	3.96	2013	2023
	*	—	2013-2016	—
Sandy Ran Xu	*	—	2018-2019	—
Yayun Li	*	3.96-13.03	2013-2015	2023-2025
	*	—	2013-2016	—

Note:

* The RSUs and options in aggregate held by each of these directors and executive officers and their affiliates represent less than 1% of our total outstanding shares.

JD Logistics Share-based Awards

In addition, JD Logistics adopted its own share incentive plan in 2018, which permits JD Logistics to grant stock options, restricted share units and other types of awards its employees, directors and consultants. As of December 31, 2019, JD Logistics had granted 271,320,500 share options.

BOARD PRACTICES

Nomination and Terms of Directors

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

Under our current Memorandum and Articles, our board of directors will not be able to form a quorum without Mr. Richard Qiangdong Liu for so long as Mr. Liu remains a director. We will put forth a resolution at or before our next annual general meeting after the Listing which is expected to be held around mid-2021 to revise our Articles, so that the quorum necessary for the transaction of the business of the directors shall be a majority of the members of our board of directors. See “Information about the Listing—Our Articles of Association” for further details.

Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in April 2014. Our code of ethics is publicly available on our website.

Duties of Directors

Under Cayman Islands law, all of our directors owe us fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in good faith and in a manner they believe to be in our best interests. Our directors also have a duty to exercise the skill they actually possess and the care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our Articles of Association, as amended and restated from time to time. We have the right to seek damages if a duty owed by any of our directors is breached.

Board Committees

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

Audit Committee

Our audit committee consists of Louis T. Hsieh, Ming Huang and Dingbo Xu. Mr. Hsieh is the chairman of our audit committee. We have determined that Mr. Hsieh, Mr. Huang and Mr. Xu satisfy the “independence” requirements of Nasdaq and Rule 10A-3 under the Securities Exchange Act of 1934.

The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee

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

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

Nominating and Corporate Governance Committee

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

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;

- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Terms of Directors and Executive Officers

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