
RELATED PARTY TRANSACTIONS

We are seeking a listing on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules. Pursuant to Rule 19C.11 of the Hong Kong Listing Rules, Chapter 14A of the Hong Kong Listing Rules governing connected transactions does not apply to us. The following discussion of related party transactions has been prepared pursuant to the requirements of Form 20-F of the SEC, and is included in this document for disclosure purposes only. For more information concerning our related party transactions for the three years ended December 31, 2019, see Note 30 to the consolidated financial statements of the Group shown in Appendix I to this document.

Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

PRC laws and regulations currently limit foreign ownership of companies that engage in businesses such as value-added telecommunications service business in China. Due to these restrictions, we operate our relevant business through contractual arrangements with our variable interest entities. For a description of these contractual arrangements, see “History and Corporate Structure—Contractual Arrangements”.

Agreements and Business Cooperation with Tencent

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

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

Business Cooperation with Tencent. Huang River Investment Limited, a wholly-owned subsidiary of Tencent, has been a principal shareholder of us since March 2014. In 2017, we generated RMB261 million commission services revenues from cooperation on advertising business with Tencent, RMB32 million revenues from services provided to and products sold to Tencent, and

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purchased a total amount of RMB675 million advertising resources and payment processing services from Tencent. In 2018, we generated RMB345 million commission services revenues from cooperation on advertising business with Tencent, RMB277 million revenues from services provided and products sold to Tencent, and purchased a total amount of RMB1,176 million advertising resources and payment processing services from Tencent. In 2019, we generated RMB288 million (US\$41 million) commission services revenues from cooperation on advertising business with Tencent, RMB399 million (US\$57 million) revenues from services provided to and products sold to Tencent, and purchased a total amount of RMB2,222 million (US\$319 million) advertising resources and payment processing services from Tencent. As of December 31, 2019, we had a total amount of RMB1,128 million (US\$162 million) due from Tencent, which was trade in nature. We expect that a substantial majority of total balance due from Tencent will be settled prior to the Listing.

Agreements and Transactions Relating to JD Digits

On March 1, 2017, we entered into a framework agreement, or the Framework Agreement, and an intellectual property license and software technology services agreement, or the JD Digits IPLA, with JD Digits, and certain entities controlled by Mr. Richard Qiangdong Liu, our chairman and chief executive officer, including Suqian Linghang Fangyuan Equity Investment Center, or Suqian Linghang, and Suqian Dongtai Jinrong Investment Management Center, or Suqian Dongtai. As of June 30, 2017, the reorganization of JD Digits had been completed. As a result, we disposed of all of our 68.6% equity interest in JD Digits and deconsolidated the financial results of JD Digits from ours since then. Pursuant to the agreements, we received approximately RMB14.3 billion in cash upon transaction closing with an economic gain of RMB14.2 billion and 40% of the future pre-tax profit of JD Digits when JD Digits has a positive pre-tax income on a cumulative basis. During the Track Record Period, we did not receive any profits from JD Digits under the profit-sharing arrangement, as JD Digits had not had a positive pre-tax income on a cumulative basis during this period. When JD Digits has a positive pre-tax income on a cumulative basis in a fiscal year, we will record the Maximum Interest in the profits of JD Digits under “Others, net” in our consolidated financial statements. In addition, we will be able to convert our profit sharing right with respect to JD Digits into 40% of JD Digits’s equity interest, subject to applicable regulatory approvals. The above percentage of profit sharing and maximum equity interest issuance to us, which we refer to as the Maximum Interest, is subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Digits. In connection with JD Digits’s additional round of financing in 2018, the Maximum Interest has been diluted to approximately 36%. Please see “History and Corporate Structure—Our Strategic Cooperations and Other Developments” for further information.

We have the right to convert the profit-sharing right into the Maximum Interest (approximately 36%) in JD Digits at any time, subject to satisfaction of the conditions set out in the Framework Agreement entered into with JD Digits. As of the Latest Practicable Date, we have not exercised such right to convert into equity interest in JD Digits. We, however, monitor the relevant conditions and assess the desirability of converting into equity interest in JD Digits on an ongoing basis, and may decide to exercise such right and convert the profit-sharing right into the Maximum Interest (approximately 36%) in JD Digits after the Listing. In the event that we decide to exercise such right, we will execute definitive agreements with JD Digits and its existing shareholders. Upon closing of the issuance of the Maximum Interest, the liquidity event payment and the profit-sharing arrangement under the Framework Agreement and JD Digits IPLA described in this section will automatically terminate, and we will account for such equity interest in JD Digits by using the equity method. See

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“History and Corporate Structure—Our Strategic Cooperations and Other Developments—JD Digits” for further details.

Framework Agreement

The Framework Agreement, as amended, contains the following major provisions:

Liquidity Event Payment

Under the Framework Agreement, in the event of a liquidity event of JD Digits, if our total ownership of equity interests in JD Digits, if any, acquired as described under “—Potential Equity Interest” below, has not reached the Maximum Interest, we would be entitled, at our election, to receive a one-time payment up to the Maximum Interest percentage of the equity value, immediately prior to such liquidity event of JD Digits. If we acquire equity interests in JD Digits in an aggregate amount less than the Maximum Interest, then the percentage of JD Digits’s equity value used to calculate the liquidity event payment will be reduced proportionately. The above-mentioned maximum percentage of JD Digits’s equity interest that may be issued to us and JD Digits’s equity value in the form of liquidity payment to us at our election are subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Digits, and have been diluted from 40% to approximately 36% in connection with JD Digits’s additional round of financing in 2018.

In lieu of receiving the liquidity event payment, we may elect to receive payments under the profit sharing provision of the JD Digits IPLA described below in perpetuity, subject to the receipt of regulatory approvals, including under applicable stock exchange listing rules, required to permit continuation of the profit share following a liquidity event of JD Digits. If we so elect, in connection with such a liquidity event, JD Digits must use its commercially reasonable efforts to obtain such regulatory approvals. If such approvals are not obtained, then JD Digits will pay us the liquidity event payment described above.

A “liquidity event” as defined in the Framework Agreement includes (i) a qualified initial public offering of JD Digits, (ii) a change of control transaction, (iii) a bona-fide issuance of approximately 40% or more of the securities of JD Digits on a fully-diluted basis, (iv) a bona-fide lease, sale or otherwise disposal of all or substantially all of the assets of JD Digits, and (v) a liquidation, dissolution or winding up of JD Digits.

Potential Equity Interest

The Framework Agreement provides for future potential equity issuances to us by JD Digits. Under the Framework Agreement, in the event that JD Digits applies for and receives certain PRC regulatory approvals in the future, JD Digits will issue and we will purchase newly issued equity interests in JD Digits, up to the full 40% equity interest, or such lesser equity interest as may be permitted by the applicable regulatory approvals. This maximum percentage of potential equity interest that may be issued to us upon receipt of PRC regulatory approvals is subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Digits, and has been diluted to approximately 36% in connection with JD Digits’s additional round of financing in 2018.

If we were to acquire any of such newly issued equity interests, we will have a pre-emptive right prior to the time of a qualified IPO of JD Digits, in the event JD Digits issues additional equity interests to third parties, that will entitle us to acquire additional equity interests in order to maintain the equity ownership percentage we hold in JD Digits immediately prior to such third-party issuances.

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If the liquidity event payment described above under “—Liquidity Event Payment” has not become payable upon a liquidity event of JD Digits, then our right to acquire up to the Maximum Interest will continue after such liquidity event.

The consideration to be paid by us to acquire any equity interest in JD Digits up to the Maximum Interest will be fully funded by payments from JD Digits in respect of certain intellectual property and software technology services we will provide to JD Digits.

To the extent we acquire the Maximum Interest pursuant to the provisions of the Framework Agreement, the liquidity event payment and the profit sharing arrangement under the JD Digits IPLA described in “—JD Digits Intellectual Property License and Software Technology Services Agreement” below will automatically terminate. If we acquire less than the Maximum Interest in JD Digits pursuant to the provisions of the Framework Agreement, the liquidity event payment amount and the profit sharing arrangement under the JD Digits IPLA will be proportionately reduced based on the amount of equity interests acquired by us.

We have the right to convert the profit-sharing right into the Maximum Interest (approximately 36%) in JD Digits at any time, subject to satisfaction of the conditions set out in the Framework Agreement entered into with JD Digits. As of the Latest Practicable Date, we have not exercised such right to convert into equity interest in JD Digits. We, however, monitor the relevant conditions and assess the desirability of converting into equity interest in JD Digits on an ongoing basis, and may decide to exercise such right and convert the profit-sharing right into the Maximum Interest (approximately 36%) in JD Digits after the Listing. In the event that we decide to exercise such right, we will execute definitive agreements with JD Digits and its existing shareholders. Upon closing of the issuance of the Maximum Interest, the liquidity event payment and the profit-sharing arrangement under the Framework Agreement and JD Digits IPLA described in this section will automatically terminate, and we will account for such equity interest in JD Digits by using the equity method. See “History and Corporate Structure—Our Strategic Cooperations and Other Developments—JD Digits” for further details.

We believe that under applicable regulatory rules and practices currently in effect, the relevant PRC approvals that JD Digits needs to obtain necessary for us to own any equity interest in JD Digits may be difficult to obtain. There can be no assurance that such applicable regulatory rules and practices will change in the near future.

Certain Restrictions on the Transfer of JD Digits Equity Interests

Pursuant to the Framework Agreement, certain parties thereto, including in some cases our company, are subject to restrictions on the transfer of equity interests in JD Digits, including:

- prior to our acquisition of the Maximum Interest, none of Suqian Linghang, Suqian Dongtai or JD Digits may transfer or issue, as applicable, any equity interest in JD Digits to a non-PRC person or entity, and JD Digits shall cause its other shareholders not to do so; and
- in the event that we acquire any equity interest in JD Digits, any transfer of equity interest in JD Digits by Suqian Linghang or Suqian Dongtai, on the one hand, or our company, on the other hand, will be subject to a right of first refusal by the other party.

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Non-competition Undertakings

Under the Framework Agreement, we and JD Digits have each agreed to certain limitations on our respective ability to enter into or participate in the same line of business as the other party. The Framework Agreement provides that JD Digits may not engage in the e-commerce business conducted by us from time to time, or the logical extensions thereof, and we are restricted from engaging in financial, financial derivatives and other finance-related business conducted by JD Digits and its subsidiaries from time to time, including consumer finance, supply chain finance, third-party payment, factoring, insurance brokerage and agency, crowdfunding, wealth management, securities brokerage, banking, financial leasing, asset management and credit reference businesses, except for insurance business and certain other permitted shared businesses. Each party may, however, make passive investments in competing businesses which such party does not control.

Corporate Governance Provisions

Pursuant to the Framework Agreement, we and JD Digits mutually recommended one person who JD Digits nominated as a member of its board of directors.

In addition, prior to our acquisition of the Maximum Interest, without the prior written consent of the audit committee of our board, JD Digits will not:

- issue any equity securities other than in a qualified IPO, unless the pre-money valuation of JD Digits on a consolidated basis implied by such issuance of equity securities is not less than the valuation of JD Digits implied by its issuance of equity securities to the investors as contemplated under the Framework Agreement;
- undertake or consummate, and neither Suqian Linghang nor Suqian Dongtai will otherwise permit, an initial public offering of JD Digits other than a qualified IPO; or
- undertake or consummate, and neither Suqian Linghang nor Suqian Dongtai will otherwise permit, any liquidity event of JD Digits involving a related party as a counter-party.

JD Digits Intellectual Property License and Software Technology Services Agreement

Under the terms of the JD Digits IPLA, we have agreed to license to JD Digits certain intellectual property rights and provide various software technology services to JD Digits.

Under the JD Digits IPLA, we will receive, in addition to a service fee, royalty streams related to JD Digits and its subsidiaries, which we refer to collectively as the profit sharing payments. The profit sharing payments will be paid annually and will equal the sum of an expense reimbursement plus the Maximum Interest percentage of the consolidated pre-tax income of JD Digits on a cumulative basis (subject to certain adjustments). The percentage of the consolidated pre-tax income of JD Digits payable to us in the form of the profit sharing payments is also subject to potential proportional dilution as a result of any future equity financings or ESOP pool increases of JD Digits.

In addition, if we acquire any equity interest in JD Digits as described above under “—Framework Agreement—Potential Equity Interest,” the profit sharing payments will be reduced in proportion to such equity issuance and, at or prior to the time of such equity issuance, JD Digits will make a payment to us in consideration for the reduction in profit sharing payments. This payment by JD Digits will effectively fund our subscription for equity interest of JD Digits, and will result in our acquiring equity interests in JD Digits with effectively no cash impact to us, subject to applicable taxes.

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The JD Digits IPLA will terminate (i) after our total equity interest ownership in JD Digits has reached the Maximum Interest, when a qualified IPO of JD Digits occurs; (ii) after a qualified IPO of JD Digits has occurred, when our total equity interest ownership in JD Digits reaches the Maximum Interest, each percentage above being subject to potential dilution as a result of any future equity financings or ESOP pool increases of JD Digits; or (iii) when the liquidity event payment as described above under “—Framework Agreement—Liquidity Event Payment” becomes payable.

Business Transactions with JD Digits and Its Subsidiaries

JD Digits is a related party controlled by our chairman of the board of directors and chief executive officer, Mr. Richard Qiangdong Liu, through his equity stake and voting arrangements in JD Digits. In 2017, 2018 and 2019, we provided services and sold goods to JD Digits in a total amount of RMB272 million, RMB449 million and RMB342 million (US\$49 million), respectively. In 2017, 2018 and 2019, JD Digits provided payment processing and other services to us in the amount of RMB2,936 million, RMB3,931 million and RMB4,981 million (US\$715 million), respectively. In 2017, 2018 and 2019, we recognized interest income in relation to the financial support provided to JD Digits in the amount of RMB871 million, RMB180 million and RMB41 million (US\$6 million), respectively.

Pursuant to our arrangements with JD Digits, when an individual customer or a corporate customer makes a credit purchase request on our online retail platform where we sell products directly to our customers, JD Digits will provide the individual customer or corporate customer with the related credit risk assessment services and repayment management services to facilitate the origination and repayment of the receivables. A portion of the monthly service fee paid by the individual customer or the corporate customer goes to JD Digits as compensation for the related services it provides. These services provided by JD Digits to individual customers or corporate customers on our online retail platform do not constitute related party transactions between us and JD Digits. We record such receivables generated by purchases made by individual or corporate customers on our online retail platform as accounts receivable. As of December 31, 2019 and March 31, 2020, we had accounts receivable (including accounts receivable that are due more than one year) of RMB1.2 billion and RMB3.7 billion, respectively, accounting for 0.5% and 1.4% of our total assets as of December 31, 2019 and March 31, 2020, respectively.

Pursuant to our arrangements with JD Digits, when an individual customer makes a credit purchase request to a third party merchant on our online marketplace where third party merchants sell products to our customers, JD Digits will provide the individual customer with the related credit risk assessment services and repayment management services to facilitate the origination and repayment of the receivables. To streamline the receivable servicing process and ultimately enhance customer experience on our online marketplace, we will subsequently purchase such receivables from the third party merchant at carrying value and record them as loans receivable on our balance sheet. A portion of the monthly service fee paid by the individual customer goes to JD Digits as compensation for the related services it provides. These services provided by JD Digits to individual customers on our online marketplace do not constitute related party transactions between us and JD Digits. As of December 31, 2019 and March 31, 2020, we had loans receivable (including loans receivable that are due more than one year) of RMB1.7 billion and RMB1.9 billion, respectively, accounting for 0.7% and 0.7% of our total assets as of December 31, 2019 and March 31, 2020, respectively.

JD Digits will purchase from us the accounts receivable and/or loans receivable generated from purchases made by individual customers on our online retail platform or online marketplace that are

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past due over certain agreed period of time at carrying value without recourse and also agree to bear other cost directly related to the consumer financing to absorb the risks. The total amount of such over-due receivables transferred from us to JD Digits was RMB497 million, RMB242 million and RMB189 million (US\$27 million) for each year ended December 31, 2017, 2018 and 2019, respectively.

In connection with the accounts receivable generated from purchases made by our corporate customers on our online retail platform, we will subsequently transfer such accounts receivable, with or without recourse at carrying value, to a subsidiary of JD Digits, which engages in the business of accounts receivable factoring with us and other third parties. For each transfer, JD Digits will charge us a factoring fee of a certain percentage of the carrying value of the accounts receivable. In 2017, 2018 and 2019, the accounts receivables transferred with recourse amounted to RMB167.9 million, RMB1,388 million and nil, respectively, and were not derecognized. Accounts receivable transferred with recourse in 2017 and 2018 were generated by purchases made by some of our key corporate customers that indicated their intention of only dealing with us (rather than JD Digits) in servicing those accounts receivable. In 2019, all of our key corporate customers approved of transferring accounts receivable to JD Digits without recourse. In 2017, 2018 and 2019, the accounts receivable transferred without recourse amounted to RMB1,584.0 million, RMB9,854 million and RMB24,586 million (US\$3,531 million), and were derecognized.

As of December 31, 2019, we have a total amount of RMB1,729 million (US\$248 million) due from JD Digits, of which an amount of RMB1,363 million was trade in nature and the remaining amount of RMB365 million was non-trade in nature. We expect that a substantial majority of total balance due from JD Digits will be settled prior to the Listing.

We expect that the terms of the existing collaboration with JD Digits will continue after the Listing.

As of June 30, 2017, the reorganization of JD Digits had been completed, and we disposed all of our equity interest in JD Digits. As part of the transaction, we received approximately RMB14.3 billion in cash with an economic gain of RMB14.2 billion in 2017. As JD Digits is under the common control of Mr. Richard Qiangdong Liu through his equity stake and voting arrangements, the gain of RMB14.2 billion was recorded directly to additional paid-in capital in shareholders' equity. We also retained the right to receive 40% of future pre-tax profit of JD Digits when JD Digits has a positive pre-tax income on a cumulative basis. In connection with JD Digits's additional round of financing in 2018, the percentage of profit sharing has been diluted to approximately 36%.

Transactions with Our Equity Investees and Other Related Parties

Traffic Support, Marketing and Promotion Services Provided to Bitauto and its subsidiaries, or Bitauto Group. Bitauto Group is an equity investee of us. In February 2015, we invested a combination of US\$400 million in cash and certain resources valued at US\$497 million as consideration for the newly issued ordinary shares of Bitauto. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Bitauto which had a fair value of US\$497 million were recorded as deferred revenues and would be recognized as net service revenues over the cooperation period of five years on a straight line basis starting from April 2015. In 2017, 2018 and 2019, net service revenues in the amount of RMB609 million, RMB609 million and RMB607 million (US\$87 million) had been recognized, respectively. In June 2016, we subscribed for 2,471,577 of

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newly issued ordinary shares from Bitauto for a consideration of US\$50 million. As of December 31, 2019, we had a total amount of RMB165 million (US\$24 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Bitauto Group.

Traffic Support, Marketing and Promotion Services Provided to Tuniu and its subsidiaries, or Tuniu Group. Tuniu Group is an equity investee of us. In May 2015, we invested in Tuniu with a combination of US\$250 million in cash and certain resources valued at US\$108 million as consideration for the newly issued ordinary shares of Tuniu. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Tuniu which had a fair value of US\$108 million were recorded as deferred revenues and would be recognized as net service revenues over the cooperation period of five years on a straight line basis starting from August 2015. In 2017, 2018 and 2019, net service revenues in the amount of RMB132 million, RMB132 million and RMB132 million (US\$19 million) had been recognized, respectively. As of December 31, 2019, we had a total amount of RMB83 million (US\$12 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Tuniu Group. As of December 31, 2019, we had an amount of RMB2,133 thousand (US\$306 thousand) due to Tuniu Group.

Business Transaction and Non-compete Obligation with Dada and its subsidiaries, or Dada Group. Dada Group is an equity investee of us. In April 2016, we contributed certain resources and US\$200 million in cash in exchange for newly issued equity interest in Dada. On the completion date of the transaction, the traffic support, marketing and promotion services to be provided to Dada which had a fair value of approximately US\$67 million were recorded as deferred revenues and would be recognized as net service revenues, and the non-compete obligation with Dada Group which had a fair value of approximately US\$83 million were recorded as other liabilities and would be recognized as other income over a period of seven years on a straight line basis starting from May 2016. In 2017, 2018 and 2019, other income in the amount of RMB80 million, RMB79 million and RMB82 million (US\$12 million) had been recognized, respectively. As of December 31, 2019, we had a total amount of RMB207 million (US\$30 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to Dada Group and a total amount of RMB277 million (US\$40 million) other liabilities in relation to non-compete obligation with Dada Group. In 2017, 2018 and 2019, we provided services and sold goods to Dada Group in a total amount of RMB100 million, RMB122 million and RMB133 million (US\$19 million), respectively, and in the same periods, we also received services from Dada Group in a total amount of RMB694 million, RMB939 million and RMB1,565 million (US\$225 million), respectively. As of December 31, 2019, we had a total amount of RMB208 million (US\$30 million) due to Dada Group.

Bridge Financing to Yixin and its subsidiaries, or Yixin Group. Yixin Group is an equity investee of us. On October 27, 2017, to provide a temporary bridge financing to Yixin Group Limited and its subsidiaries, or Yixin Group, we entered into an entrusted loan agreement with Yixin Group and an independent third-party PRC commercial bank whereby we lent a total of RMB1,000 million to Yixin Group. The commercial terms of the bridge loan were comparable to the terms in arms' length transactions with third-party borrowers. Yixin Group repaid the bridge loan and associated interest before December 31, 2017.

Business Transactions with Core Fund. JD Property, our property management group, owns, develops and manages our logistics facilities and other real estate properties to support JD Logistics and third parties. In February 2019, JD Property and GIC, Singapore's sovereign wealth fund, jointly established JD Logistics Properties Core Fund, L.P., or Core Fund, for a total committed capital of

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over RMB4.8 billion. We serve as the general partner of Core Fund and have committed 20% of its total capital as a limited partner, while GIC has committed the remaining 80%. The investment committee of Core Fund, which comprises representatives from us and GIC, oversees the key operations of Core Fund. Furthermore, in February 2019, we entered into a definitive agreement with Core Fund, pursuant to which we sold certain of our modern logistics facilities to Core Fund for a total gross asset value of RMB10.9 billion, to unleash the full potential of our balance sheet and optimize the use of capital for our future growth initiatives. In the second half of 2019, the closing conditions for the completed assets were met, and we recorded a total disposal gain of RMB3.8 billion for the completed assets in 2019. For the remaining logistics facilities under construction, we will derecognize these assets upon the completion and satisfaction of the hand over conditions. In addition, subsequent to the disposition, we have leased back these facilities for operational purposes, and JD Property has started serving as the asset manager managing Core Fund's assets. In 2019, we received lease and property management services from Core Fund in a total amount of RMB476 million (US\$68 million). Interest income in the amount of RMB75 million (US\$11 million) was recognized in 2019 in connection with our financial support provided to Core Fund. As of December 31, 2019, we had an amount of RMB1,149 million (US\$165 million) due from Core Fund.

Business Transactions with AiHuiShou and its subsidiaries, or AiHuiShou Group. AiHuiShou Group is an equity investee of us. In June 2019, we completed an investment of approximately RMB3.38 billion (US\$0.5 billion) in AiHuiShou International Co. Ltd., or AiHuiShou, an online second-hand consumer electronics trading platform. In connection with this investment, we merged our Paipai Secondhand business with and into AiHuiShou with certain exclusive traffic resources for the next five years, and additionally invested a certain amount of cash in exchange for additional preferred shares of AiHuiShou. Upon the completion of the transaction, the traffic support, marketing and promotion services to be provided to AiHuiShou Group were recorded as deferred revenues and would be recognized as net service revenues over the cooperation period of five years on a straight line basis starting from June 2019. As of December 31, 2019, we had a total amount of RMB1,899 million (US\$273 million) deferred revenues in relation to traffic support, marketing and promotion services to be provided to AiHuiShou Group. In 2018 and 2019, we provided services and sold goods to AiHuiShou Group in a total amount of RMB9 million and RMB349 million (US\$50 million), respectively. In 2018 and 2019, we also received services from AiHuiShou Group in a total amount of nil and RMB10 million (US\$2 million), respectively. As of December 31, 2019, we had an amount of RMB18 million (US\$3 million) due to AiHuiShou Group.

As of December 31, 2019, we have a total amount of RMB1,149 million (US\$165 million) due from Core Fund, of which an amount of RMB570 million was trade in nature and the remaining amount of RMB579 million was non-trade in nature. We expect that a substantial majority of total balance due from Core Fund will be settled prior to the Listing.

As of December 31, 2019, excluding the amount due from Core Fund aforementioned, our remaining balances with other major related parties were trade in nature and we expect that a substantial majority of the balances will be settled prior to the Listing.

Our transactions with equity investees other than those discussed above were insignificant, individually or in the aggregate, in each of the past three fiscal years.

Our revenues from related parties, excluding those from the major related parties as described above, represented approximately 0.01%, 0.06% and 0.13% of total net revenues of our company for

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the years ended December 31, 2017, 2018, and 2019, respectively. Transactions with related parties included in operating expenses, excluding those with the major related parties as described above, represented 0.07%, 0.14% and 0.20% of total operating expenses of our company for the years ended December 31, 2017, 2018, and 2019, respectively.

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