
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2024

Commission File Number: 001-35454

Vipshop Holdings Limited

**Vipshop Headquarters, 128 Dingxin Road
Haizhu District, Guangzhou 510220
People's Republic of China
(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release — Vipshop Reports Unaudited Second Quarter 2024 Financial Results |
| 99.2 | Amended and Restated 2014 Share Incentive Plan |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vipshop Holdings Limited

By: /s/ Mark Wang

Name: Mark Wang

Title: Chief Financial Officer

Date: August 20, 2024



Vipshop Reports Unaudited Second Quarter 2024 Financial Results

Conference Call to Be Held at 7:30 A.M. U.S. Eastern Time on August 20, 2024

Guangzhou, China, August 20, 2024 — Vipshop Holdings Limited (NYSE: VIPS), a leading online discount retailer for brands in China (“Vipshop” or the “Company”), today announced its unaudited financial results for the quarter ended June 30, 2024.

Second Quarter 2024 Highlights

- **Total net revenues** for the second quarter of 2024 were RMB26.9 billion (US\$3.7 billion), compared with RMB27.9 billion in the prior year period.
- **GMV¹** for the second quarter of 2024 was RMB50.6 billion, which largely stayed flat compared with that in the prior year period.
- **Gross profit** for the second quarter of 2024 increased by 2.2% year over year to RMB6.3 billion (US\$872.6 million) from RMB6.2 billion in the prior year period.
- **Net income attributable to Vipshop’s shareholders** for the second quarter of 2024 was RMB1.9 billion (US\$265.7 million), compared with RMB2.1 billion in the prior year period.
- **Non-GAAP net income attributable to Vipshop’s shareholders²** for the second quarter of 2024 was RMB2.2 billion (US\$298.0 million), compared with RMB2.4 billion in the prior year period.
- **The number of active customers³** for the second quarter of 2024 was 44.3 million, compared with 45.6 million in the prior year period.
- **Total orders⁴** for the second quarter of 2024 were 197.8 million, compared with 213.8 million in the prior year period.

¹ “Gross merchandise value (GMV)” is defined as the total Renminbi value of all products and services sold through the Company’s online sales business, online marketplace platform, Shan Shan Outlets, and other offline stores during the given period, including the Company’s websites and mobile apps, third-party websites and mobile apps, Shan Shan Outlets, and other offline stores, which were fulfilled by either the Company or its third-party merchants, regardless of whether or not the goods were delivered or returned. GMV includes shipping charges paid by buyers to sellers. For prudent considerations, the Company does not consider products or services to be sold if the orders were placed and canceled pre-shipment and only included orders that left the Company’s or other third-party vendors’ warehouses.

² Non-GAAP net income attributable to Vipshop’s shareholders is a non-GAAP financial measure, which, for the periods presented in this press release, is defined as net income attributable to Vipshop’s shareholders excluding (i) share-based compensation expenses, (ii) impairment loss of investments, (iii) investment (gain) loss and revaluation of investments excluding dividends, (iv) reconciling items on the share of equity method investments, and (v) tax effects on non-GAAP adjustments.

³ “Active customers” is defined as registered members who have purchased from the Company’s self-operated online sales business or the Company’s online marketplace platforms, excluding those who made their purchases from the Company’s online stores operated at third-party platforms, at least once during the relevant period. Beginning in the fourth quarter of 2023, the Company updated its definition of “active customers” to exclude registered members who make their purchases from the Company’s online stores operated at third-party platforms. The active customer figures for the historical periods presented in this press release have been retrospectively adjusted accordingly.

⁴ “Total orders” is defined as the total number of orders placed during the given period, including the orders for products and services sold through the Company’s online sales business and on the Company’s online marketplace platforms (excluding, for the avoidance of doubt, orders from the Company’s offline stores and outlets), net of orders returned.

Mr. Eric Shen, Chairman and Chief Executive Officer of Vipshop, stated, “Our second quarter results reflected the agility of our team and the resilience of our business model, as we achieved operational excellence in the face of slower sales momentum. The fundamental strength of our business was evidenced by the resilient performance of our core brands and active Super VIP members. In the second quarter, we continued to sharpen our focus on enriching merchandise offerings, delivering value, and providing worry-free services, which are our core competitive edges. Looking ahead, we will stay close to customer needs, continue investing in our merchandising capabilities, and consistently execute on the discount retail fundamentals to achieve quality growth for the long term.”

Mr. Mark Wang, Chief Financial Officer of Vipshop, further commented, “In the second quarter, we achieved solid profitability despite ongoing pressure on the topline growth. Our continued efforts in operating efficiency improvement helped us maintain consistent and healthy margins. Moreover, we accelerated our pace of preserving shareholder value with over US\$200 million having been utilized for share buybacks during the quarter, and a new share repurchase program of up to US\$1 billion will be in place after we fully utilize the remaining amount under the existing program. While uncertainties remain in the near term, we believe that our disciplined approach to managing the business, along with the long-term investments we are making in line with our strategy, positions us well to deliver sustainable and profitable growth in the long run.”

Second Quarter 2024 Financial Results

REVENUES

Total net revenues for the second quarter of 2024 were RMB26.9 billion (US\$3.7 billion), compared with RMB27.9 billion in the prior year period.

GROSS PROFIT

Gross profit for the second quarter of 2024 increased by 2.2% year over year to RMB6.3 billion (US\$872.6 million) from RMB6.2 billion in the prior year period. Gross margin for the second quarter of 2024 increased to 23.6% from 22.2% in the prior year period.

OPERATING EXPENSES

Total operating expenses for the second quarter of 2024 decreased by 4.2% year over year to RMB4.3 billion (US\$590.8 million) from RMB4.5 billion in the prior year period. As a percentage of total net revenues, total operating expenses for the second quarter of 2024 decreased to 16.0% from 16.1% in the prior year period.

- **Fulfillment expenses** for the second quarter of 2024 decreased by 0.8% year over year to RMB2.16 billion (US\$297.9 million) from RMB2.18 billion in the prior year period. As a percentage of total net revenues, fulfillment expenses for the second quarter of 2024 was 8.1%, compared with 7.8% in the prior year period.
- **Marketing expenses** for the second quarter of 2024 decreased by 17.0% year over year to RMB740.7 million (US\$101.9 million) from RMB892.5 million in the prior year period. As a percentage of total net revenues, marketing expenses for the second quarter of 2024 decreased to 2.8% from 3.2% in the prior year period.
- **Technology and content expenses** for the second quarter of 2024 increased by 10.0% year over year to RMB487.2 million (US\$67.0 million) from RMB443.0 million in the prior year period. As a percentage of total net revenues, technology and content expenses for the second quarter of 2024 was 1.8%, compared with 1.6% in the prior year period.

- **General and administrative expenses** for the second quarter of 2024 decreased by 6.5% year over year to RMB900.7 million (US\$123.9 million) from RMB963.1 million in the prior year period. As a percentage of total net revenues, general and administrative expenses for the second quarter of 2024 decreased to 3.4% from 3.5% in the prior year period.

INCOME FROM OPERATIONS

Income from operations for the second quarter of 2024 increased by 16.5% year over year to RMB2.2 billion (US\$307.2 million) from RMB1.9 billion in the prior year period. Operating margin for the second quarter of 2024 increased to 8.3% from 6.9% in the prior year period.

Non-GAAP income from operations⁵ for the second quarter of 2024, which excluded share-based compensation expenses, increased by 11.6% year over year to RMB2.6 billion (US\$352.9 million) from RMB2.3 billion in the prior year period. Non-GAAP operating margin⁶ for the second quarter of 2024 increased to 9.5% from 8.2% in the prior year period.

NET INCOME

Net income attributable to Vipshop's shareholders for the second quarter of 2024 was RMB1.9 billion (US\$265.7 million), compared with RMB2.1 billion in the prior year period. Net margin attributable to Vipshop's shareholders for the second quarter of 2024 was 7.2%, compared with 7.5% in the prior year period. Net income attributable to Vipshop's shareholders per diluted ADS⁷ for the second quarter of 2024 was RMB3.49 (US\$0.48), compared with RMB3.75 in the prior year period.

Non-GAAP net income attributable to Vipshop's shareholders for the second quarter of 2024, which excluded (i) share-based compensation expenses, (ii) impairment loss of investments, (iii) investment (gain) loss and revaluation of investments excluding dividends, (iv) reconciling items on the share of equity method investments, and (v) tax effects on non-GAAP adjustments, was RMB2.2 billion (US\$298.0 million), compared with RMB2.4 billion in the prior year period. Non-GAAP net margin attributable to Vipshop's shareholders⁸ for the second quarter of 2024 was 8.1%, compared with 8.6% in the prior year period. Non-GAAP net income attributable to Vipshop's shareholders per diluted ADS⁹ for the second quarter of 2024 was RMB3.91 (US\$0.54), compared with RMB4.30 in the prior year period.

For the quarter ended June 30, 2024, the Company's weighted average number of ADSs used in computing diluted income per ADS was 553,677,165.

BALANCE SHEET AND CASH FLOW

As of June 30, 2024, the Company had cash and cash equivalents and restricted cash of RMB21.6 billion (US\$3.0 billion) and short term investments of RMB1.9 billion (US\$264.3 million).

⁵ Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses.

⁶ Non-GAAP operating margin is a non-GAAP financial measure, which is defined as non-GAAP income from operations as a percentage of total net revenues.

⁷ "ADS" means American depositary share, each of which represents 0.2 Class A ordinary share.

⁸ Non-GAAP net margin attributable to Vipshop's shareholders is a non-GAAP financial measure, which is defined as non-GAAP net income attributable to Vipshop's shareholders, as a percentage of total net revenues.

⁹ Non-GAAP net income attributable to Vipshop's shareholders per diluted ADS is a non-GAAP financial measure, which is defined as non-GAAP net income attributable to Vipshop's shareholders, divided by the weighted average number of diluted ADSs outstanding for computing diluted earnings per ADS.

For the quarter ended June 30, 2024, net cash generated from operating activities was RMB287.1 million (US\$39.5 million), and free cash flow¹⁰, a non-GAAP measurement of liquidity, was as follows:

For the three months ended

| | June 30, 2023 RMB'000 | June 30, 2024 RMB'000 | June 30, 2024 US\$'000 |
|---|--------------------------|--------------------------|---------------------------|
| Net cash generated from operating activities | 4,053,402 | 287,090 | 39,505 |
| Reconciling items: | | | |
| Net impact from internet financing activities ¹¹ | 199,429 | 27,193 | 3,742 |
| Capital expenditures | (1,658,548) | (1,178,086) | (162,110) |
| Free cash inflow (outflow) | <u>2,594,283</u> | <u>(863,803)</u> | <u>(118,863)</u> |

For the trailing twelve months ended

| | June 30, 2023 RMB'000 | June 30, 2024 RMB'000 | June 30, 2024 US\$'000 |
|---|--------------------------|--------------------------|---------------------------|
| Net cash generated from operating activities | 11,764,313 | 9,626,765 | 1,324,687 |
| Reconciling items: | | | |
| Net impact from internet financing activities | 315,313 | (84,782) | (11,666) |
| Capital expenditures | (3,906,017) | (4,360,210) | (599,985) |
| Free cash inflow | <u>8,173,609</u> | <u>5,181,773</u> | <u>713,036</u> |

Share Repurchase Program

During the quarter ended June 30, 2024, the Company repurchased US\$205.9 million of its ADSs under its current US\$1 billion share repurchase program, which is effective through March 2025. As of June 30, 2024, the Company has an unutilized amount of US\$330.3 million under this program.

The board of directors has authorized a new share repurchase program under which the Company may repurchase up to US\$1 billion of its American depositary shares or Class A ordinary shares for a 24-month period commencing from the full utilization of the existing share repurchase program adopted in March 2023, as amended.

The Company will implement its share repurchases in accordance with applicable rules and requirements under the Securities Exchange Act of 1934, as amended, and the Company's insider trading policy. The Company's board of directors will review the share repurchase programs periodically, and may authorize adjustment of their terms and size. The Company expects to fund the repurchases out of its existing cash balance.

¹⁰ Free cash flow is a non-GAAP financial measure, which is defined as net cash from operating activities adding back the impact from internet financing activities and less capital expenditures, which include purchase and deposits of property and equipment and land use rights.

¹¹ Net impact from internet financing activities represents net cash flow relating to the Company's financial products, which are primarily consumer financing and supplier financing that the Company provides to its customers and suppliers.

Amended and Restated 2014 Share Incentive Plan

The Company adopted an Amended and Restated 2014 Share Incentive Plan, as approved and authorized by the board of directors of the Company and its compensation committee. This plan amends and restates the original plan in its entirety, primarily for the purpose of extending the term of the original plan, and assumes all awards granted under the original plan. The Amended and Restated 2014 Share Incentive Plan will expire upon the tenth anniversary of the effective date.

Business Outlook

For the third quarter of 2024, the Company expects its total net revenues to be between RMB20.5 billion and RMB21.6 billion, representing a year-over-year decrease of approximately 10% to 5%. These forecasts reflect the Company's current and preliminary view on the market and operational conditions, which is subject to change.

Exchange Rate

The Company's business is primarily conducted in China and the significant majority of revenues generated are denominated in Renminbi. This announcement contains currency translations of Renminbi amounts into U.S. dollars solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars are made at a rate of RMB7.2672 to US\$1.00, the effective noon buying rate on June 28, 2024 as set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that the Renminbi amounts could have been, or could be, converted, realized or settled into U.S. dollars at that rate on June 28, 2024, or at any other rate.

Conference Call Information

The Company will hold a conference call on Tuesday, August 20, 2024 at 7:30 am U.S. Eastern Time, 7:30 pm Beijing Time to discuss the financial results.

All participants wishing to join the conference call must pre-register online using the link provided below.

Registration Link: <https://register.vevent.com/register/B1fbccf9124acb48109bcc343f7ada8c5b>

Once pre-registration has been completed, each participant will receive dial-in numbers and a unique access PIN via email. To join the conference, participants should use the dial-in details followed by the PIN code.

A live webcast of the earnings conference call can be accessed at <https://edge.media-server.com/mmc/p/7y28oi6a>. An archived webcast will be available at the Company's investor relations website at <http://ir.vip.com>.

About Vipshop Holdings Limited

Vipshop Holdings Limited is a leading online discount retailer for brands in China. Vipshop offers high quality and popular branded products to consumers throughout China at a significant discount to retail prices. Since it was founded in August 2008, the Company has rapidly built a sizeable and growing base of customers and brand partners. For more information, please visit <https://ir.vip.com/>.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” and similar statements. Among other things, the business outlook and quotations from management in this announcement, as well as Vipshop’s strategic and operational plans, contain forward-looking statements. Vipshop may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in its annual report to shareholders, in press releases and other written materials, and in oral statements made by its officers, directors, or employees to third parties. Statements that are not historical facts, including statements about Vipshop’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Vipshop’s goals and strategies; Vipshop’s future business development, results of operations and financial condition; the expected growth of the online discount retail market in China; Vipshop’s ability to attract customers and brand partners and further enhance its brand recognition; Vipshop’s expectations regarding needs for and market acceptance of flash sales products and services; competition in the discount retail industry; fluctuations in general economic and business conditions in China and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Vipshop’s filings with the SEC. All information provided in this press release is as of the date of this press release, and Vipshop does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

Use of Non-GAAP Financial Measures

The condensed consolidated financial information is derived from the Company’s unaudited interim condensed consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), except that cash flows for the period presented and the detailed footnote disclosures required by Accounting Standards Codification 270, Interim Reporting (“ASC270”) have been omitted. Vipshop uses non-GAAP net income attributable to Vipshop’s shareholders, non-GAAP net income attributable to Vipshop’s shareholders per diluted ADS, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net margin attributable to Vipshop’s shareholders, and free cash flow, each of which is a non-GAAP financial measure. For the periods presented in this press release, non-GAAP net income attributable to Vipshop’s shareholders is net income attributable to Vipshop’s shareholders excluding (i) share-based compensation expenses, (ii) impairment loss of investments, (iii) investment (gain) loss and revaluation of investments excluding dividends, (iv) reconciling items on the share of equity method investments, and (v) tax effects on non-GAAP adjustments. Non-GAAP net income attributable to Vipshop’s shareholders per diluted ADS is computed using non-GAAP net income attributable to Vipshop’s shareholders divided by weighted average number of diluted ADS outstanding for computing diluted earnings per ADS. Non-GAAP income from operations is income from operations excluding share-based compensation expenses. Non-GAAP operating margin is non-GAAP income from operations as a percentage of total net revenues. Non-GAAP net margin attributable to Vipshop’s shareholders is non-GAAP net income attributable to Vipshop’s shareholders as a percentage of total net revenues. Free cash flow is net cash from operating activities adding back the impact from internet financing activities and less capital expenditures, which include purchase and deposits of property and equipment and land use rights. Impact from internet financing activities added back or deducted from free cash flow contains changes in the balances of financial products, which are primarily consumer financing and supplier financing that the Company provides to customers and suppliers. The Company believes that separate analysis and exclusion of the non-cash impact of (i) share-based compensation expenses, (ii) impairment loss of investments, (iii) investment (gain) loss and revaluation of investments excluding dividends, (iv) reconciling items on the share of equity method investments, and (v) tax effects on non-GAAP adjustments add clarity to the constituent parts of its performance. The Company reviews these non-GAAP financial measures together with GAAP financial measures to obtain a better understanding of its operating performance. It uses these non-GAAP financial measures for planning,

forecasting, and measuring results against the forecast. The Company believes that non-GAAP financial measures are useful supplemental information for investors and analysts to assess its operating performance without the effect of (i) share-based compensation expenses, (ii) impairment loss of investments, (iii) investment (gain) loss and revaluation of investments excluding dividends, (iv) reconciling items on the share of equity method investments, and (v) tax effects on non-GAAP adjustments. Free cash flow enables the Company to assess liquidity and cash flow, taking into account the impact from internet financing activities and the financial resources needed for the expansion of fulfillment infrastructure, technology platform, and Shan Shan Outlets. Share-based compensation expenses have been and will continue to be significant recurring expenses in its business. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact the Company's net income for the period. In addition, because non-GAAP financial measures are not measured in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies. One of the key limitations of free cash flow is that it does not represent the residual cash flow available for discretionary expenditures.

The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, or as a substitute for, the financial information prepared and presented in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the table captioned "Vipshop Holdings Limited Reconciliations of GAAP and Non-GAAP Results" at the end of this release.

Investor Relations Contact

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Vipshop Holdings Limited
Unaudited Condensed Consolidated Statements of Income and Comprehensive Income
(In thousands, except for share and per share data)

| | Three Months Ended | | | Six Months Ended | | |
|---|--------------------|---------------|---------------|------------------|---------------|---------------|
| | June 30, 2023 | June 30, 2024 | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2024 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Product revenues | 26,163,113 | 25,077,607 | 3,450,794 | 52,100,943 | 50,924,737 | 7,007,477 |
| Other revenues ⁽¹⁾ | 1,716,187 | 1,797,561 | 247,353 | 3,314,740 | 3,596,311 | 494,869 |
| Total net revenues | 27,879,300 | 26,875,168 | 3,698,147 | 55,415,683 | 54,521,048 | 7,502,346 |
| Cost of revenues | (21,677,355) | (20,533,956) | (2,825,566) | (43,309,175) | (41,634,335) | (5,729,075) |
| Gross profit | 6,201,945 | 6,341,212 | 872,581 | 12,106,508 | 12,886,713 | 1,773,271 |
| Operating expenses: | | | | | | |
| Fulfillment expenses ⁽²⁾ | (2,181,066) | (2,164,681) | (297,870) | (3,964,897) | (4,150,206) | (571,087) |
| Marketing expenses | (892,505) | (740,662) | (101,918) | (1,729,399) | (1,431,546) | (196,987) |
| Technology and content expenses | (443,046) | (487,156) | (67,035) | (835,809) | (969,057) | (133,347) |
| General and administrative expenses | (963,117) | (900,671) | (123,936) | (2,010,788) | (1,829,758) | (251,783) |
| Total operating expenses | (4,479,734) | (4,293,170) | (590,759) | (8,540,893) | (8,380,567) | (1,153,204) |
| Other operating income | 194,288 | 184,380 | 25,372 | 336,577 | 485,978 | 66,873 |
| Income from operations | 1,916,499 | 2,232,422 | 307,194 | 3,902,192 | 4,992,124 | 686,940 |
| Investment gain (loss) and revaluation of investments | 39,354 | (17,855) | (2,457) | 81,334 | (21,413) | (2,947) |
| Impairment loss of investments | (19,105) | (14,691) | (2,022) | (19,105) | (14,691) | (2,022) |
| Interest expense | (1,989) | (13,666) | (1,881) | (7,696) | (24,221) | (3,333) |
| Interest income | 183,168 | 191,656 | 26,373 | 405,133 | 407,713 | 56,103 |
| Exchange gain (loss) | 282,636 | (74,896) | (10,306) | 274,449 | (77,263) | (10,632) |
| Income before income tax expense and share of income of equity method investees | 2,400,563 | 2,302,970 | 316,901 | 4,636,307 | 5,262,249 | 724,109 |
| Income tax expenses | (339,056) | (405,646) | (55,819) | (729,201) | (1,024,932) | (141,035) |
| Share of income of equity method investees | 49,202 | 47,203 | 6,495 | 81,009 | 55,138 | 7,587 |
| Net income | 2,110,709 | 1,944,527 | 267,577 | 3,988,115 | 4,292,455 | 590,661 |
| Net income attributable to non-controlling interests | (13,255) | (13,320) | (1,833) | (31,931) | (44,538) | (6,129) |
| Net income attributable to Vipshop's shareholders | 2,097,454 | 1,931,207 | 265,744 | 3,956,184 | 4,247,917 | 584,532 |
| Shares used in calculating earnings per share ⁽³⁾ : | | | | | | |
| Weighted average number of Class A and Class B ordinary shares: | | | | | | |
| —Basic | 110,053,473 | 108,709,998 | 108,709,998 | 112,975,907 | 108,584,522 | 108,584,522 |
| —Diluted | 111,819,666 | 110,735,433 | 110,735,433 | 114,669,108 | 110,708,271 | 110,708,271 |
| Net earnings per Class A and Class B ordinary share | | | | | | |
| Net income attributable to Vipshop's shareholders—Basic | 19.06 | 17.76 | 2.44 | 35.02 | 39.12 | 5.38 |
| Net income attributable to Vipshop's shareholders—Diluted | 18.76 | 17.44 | 2.40 | 34.50 | 38.37 | 5.28 |
| Net earnings per ADS (1 ordinary share equals to 5 ADSs) | | | | | | |
| Net income attributable to Vipshop's shareholders—Basic | 3.81 | 3.55 | 0.49 | 7.00 | 7.82 | 1.08 |
| Net income attributable to Vipshop's shareholders—Diluted | 3.75 | 3.49 | 0.48 | 6.90 | 7.67 | 1.06 |

- (1) Other revenues primarily consist of product promotion and online advertising revenues, lease income mainly earned from the Shan Shan Outlets, fees charged to third-party merchants which the Company provides platform access for sales of their products, revenue from third-party logistics services, loan facilitation service income and membership fee income.
- (2) Fulfillment expenses include shipping and handling expenses, which amounted RMB1.6 billion and RMB1.5 billion in the three month periods ended June 30, 2023 and June 30, 2024, respectively.
- (3) Authorized share capital is re-classified and re-designated into Class A ordinary shares and Class B ordinary shares, with each Class A ordinary share being entitled to one vote and each Class B ordinary share being entitled to ten votes on all matters that are subject to shareholder vote.

- (1) Other revenues primarily consist of product promotion and online advertising revenues, lease income mainly earned from the Shan Shan Outlets, fees charged to third-party merchants which the Company provides platform access for sales of their products, revenue from third-party logistics services, loan facilitation service income and membership fee income.
- (2) Fulfillment expenses include shipping and handling expenses, which amounted RMB2.9 billion and RMB2.9 billion in the six month periods ended June 30, 2023 and June 30, 2024, respectively.
- (3) Authorized share capital is re-classified and re-designated into Class A ordinary shares and Class B ordinary shares, with each Class A ordinary share being entitled to one vote and each Class B ordinary share being entitled to ten votes on all matters that are subject to shareholder vote.

| | Three Months Ended | | | Six Months Ended | | |
|--|--------------------|---------------|---------------|------------------|---------------|---------------|
| | June 30, 2023 | June 30, 2024 | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2024 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Share-based compensation expenses are included in the operating expenses as follows: | | | | | | |
| Fulfillment expenses | 23,173 | 20,727 | 2,852 | 38,542 | 41,091 | 5,654 |
| Marketing expenses | 8,383 | 7,516 | 1,034 | 17,711 | 15,335 | 2,110 |
| Technology and content expenses | 92,906 | 96,856 | 13,328 | 154,273 | 190,288 | 26,185 |
| General and administrative expenses | 256,996 | 206,985 | 28,482 | 475,076 | 380,832 | 52,404 |
| Total | 381,458 | 332,084 | 45,696 | 685,602 | 627,546 | 86,353 |

Vipshop Holdings Limited
Unaudited Condensed Consolidated Balance Sheets
(In thousands, except for share and per share data)

| | <u>December 31, 2023</u> | <u>June 30, 2024</u> | <u>June 30, 2024</u> |
|--|--------------------------|--------------------------|-------------------------|
| | RMB'000 | RMB'000 | USD'000 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 25,414,729 | 21,030,780 | 2,893,932 |
| Restricted cash | 882,637 | 587,796 | 80,883 |
| Short term investments | 1,983,201 | 1,920,872 | 264,321 |
| Accounts receivable, net | 778,767 | 932,010 | 128,249 |
| Amounts due from related parties, net | 553,502 | 574,880 | 79,106 |
| Other receivables and prepayments, net | 2,298,612 | 2,529,655 | 348,092 |
| Loan receivables, net | 4,437 | 5,476 | 754 |
| Inventories | 5,644,713 | 4,172,868 | 574,206 |
| Total current assets | <u>37,560,598</u> | <u>31,754,337</u> | <u>4,369,543</u> |
| NON-CURRENT ASSETS | | | |
| Property and equipment, net | 16,882,100 | 17,585,608 | 2,419,860 |
| Deposits for property and equipment | 200,739 | 178,269 | 24,531 |
| Land use rights, net | 10,132,626 | 10,433,786 | 1,435,737 |
| Intangible assets, net | 332,821 | 329,733 | 45,373 |
| Investment in equity method investees | 2,155,561 | 2,063,075 | 283,889 |
| Other investments | 2,916,189 | 3,163,209 | 435,272 |
| Other long-term assets | 147,669 | 237,930 | 32,740 |
| Goodwill | 755,213 | 755,213 | 103,921 |
| Deferred tax assets, net | 685,017 | 689,995 | 94,946 |
| Operating lease right-of-use assets | 554,061 | 459,412 | 63,217 |
| Total non-current assets | <u>34,761,996</u> | <u>35,896,230</u> | <u>4,939,486</u> |
| TOTAL ASSETS | <u><u>72,322,594</u></u> | <u><u>67,650,567</u></u> | <u><u>9,309,029</u></u> |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short term loans | 1,425,576 | 2,485,533 | 342,021 |
| Accounts payable | 17,259,395 | 12,225,160 | 1,682,238 |
| Advance from customers | 1,689,881 | 1,319,266 | 181,537 |
| Accrued expenses and other current liabilities | 9,560,449 | 8,029,983 | 1,104,963 |
| Amounts due to related parties | 150,373 | 184,165 | 25,342 |
| Deferred income | 457,594 | 432,360 | 59,495 |
| Operating lease liabilities | 80,868 | 66,052 | 9,089 |
| Total current liabilities | <u>30,624,136</u> | <u>24,742,519</u> | <u>3,404,685</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liability | 692,492 | 647,273 | 89,068 |
| Deferred income-non current | 1,756,949 | 1,951,942 | 268,596 |
| Operating lease liabilities | 689,259 | 607,278 | 83,564 |
| Total non-current liabilities | <u>3,138,700</u> | <u>3,206,493</u> | <u>441,228</u> |
| TOTAL LIABILITIES | <u><u>33,762,836</u></u> | <u><u>27,949,012</u></u> | <u><u>3,845,913</u></u> |
| EQUITY: | | | |
| Class A ordinary shares (US\$0.0001 par value, 483,489,642 shares authorized, 98,877,929 and 99,958,367 shares issued, of which 92,900,247 and 91,129,644 shares were outstanding as of December 31, 2023 and June 30, 2024, respectively) | 62 | 63 | 9 |
| Class B ordinary shares (US\$0.0001 par value, 16,510,358 shares authorized, and 15,560,358 and 15,560,358 shares issued and outstanding as of December 31, 2023 and June 30, 2024, respectively) | 11 | 11 | 2 |
| Treasury shares, at cost (5,977,682 and 8,828,723 Class A shares as of December 31, 2023 and June 30, 2024, respectively) | (3,624,763) | (5,205,735) | (716,333) |
| Additional paid-in capital | 4,444,755 | 4,751,653 | 653,849 |
| Retained earnings | 36,836,928 | 39,414,170 | 5,423,570 |
| Accumulated other comprehensive loss | (695,589) | (684,551) | (94,197) |
| Non-controlling interests | 1,598,354 | 1,425,944 | 196,216 |
| Total shareholders' equity | <u>38,559,758</u> | <u>39,701,555</u> | <u>5,463,116</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u><u>72,322,594</u></u> | <u><u>67,650,567</u></u> | <u><u>9,309,029</u></u> |

Vipshop Holdings Limited
Reconciliations of GAAP and Non-GAAP Results

| | Three Months Ended | | | Six Months Ended | | |
|--|--------------------|------------------|----------------|------------------|------------------|----------------|
| | June 30, 2023 | June 30, 2024 | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2024 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Income from operations | 1,916,499 | 2,232,422 | 307,194 | 3,902,192 | 4,992,124 | 686,940 |
| Share-based compensation expenses | 381,458 | 332,084 | 45,696 | 685,602 | 627,546 | 86,353 |
| Non-GAAP income from operations | <u>2,297,957</u> | <u>2,564,506</u> | <u>352,890</u> | <u>4,587,794</u> | <u>5,619,670</u> | <u>773,293</u> |
| Net income attributable to Vipshop's shareholders | 2,097,454 | 1,931,207 | 265,744 | 3,956,184 | 4,247,917 | 584,532 |
| Share-based compensation expenses | 381,458 | 332,084 | 45,696 | 685,602 | 627,546 | 86,353 |
| Impairment loss of investments | 19,105 | 14,691 | 2,022 | 19,105 | 14,691 | 2,022 |
| Investment (gain) loss and revaluation of investments excluding dividends | (39,352) | 17,855 | 2,457 | (81,333) | 21,413 | 2,947 |
| Reconciling items on the share of equity method investments ⁽⁴⁾ | (22,897) | (15,124) | (2,081) | (37,612) | (28,647) | (3,942) |
| Tax effects on non-GAAP adjustments | (34,432) | (115,297) | (15,865) | (71,390) | (134,789) | (18,548) |
| Non-GAAP net income attributable to Vipshop's shareholders | <u>2,401,336</u> | <u>2,165,416</u> | <u>297,973</u> | <u>4,470,556</u> | <u>4,748,131</u> | <u>653,364</u> |

(4) To exclude the GAAP to non-GAAP reconciling items relating to investment (gain) loss and revaluation of investments on the share of equity method investments.

Shares used in calculating earnings per share:

| Weighted average number of Class A and Class B ordinary shares: | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| —Basic | 110,053,473 | 108,709,998 | 108,709,998 | 112,975,907 | 108,584,522 | 108,584,522 |
| —Diluted | 111,819,666 | 110,735,433 | 110,735,433 | 114,669,108 | 110,708,271 | 110,708,271 |
| Non-GAAP net income per Class A and Class B ordinary share | | | | | | |
| Non-GAAP net income attributable to Vipshop's shareholders—Basic | 21.82 | 19.92 | 2.74 | 39.57 | 43.73 | 6.02 |
| Non-GAAP net income attributable to Vipshop's shareholders—Diluted | 21.48 | 19.55 | 2.69 | 38.99 | 42.89 | 5.90 |
| Non-GAAP net income per ADS (1 ordinary share equal to 5 ADSs) | | | | | | |
| Non-GAAP net income attributable to Vipshop's shareholders—Basic | 4.36 | 3.98 | 0.55 | 7.91 | 8.75 | 1.20 |
| Non-GAAP net income attributable to Vipshop's shareholders—Diluted | 4.30 | 3.91 | 0.54 | 7.80 | 8.58 | 1.18 |

**VIPSHOP HOLDINGS LIMITED
AMENDED AND RESTATED 2014 SHARE INCENTIVE PLAN**

**ARTICLE I
PURPOSE**

The purpose of this Vipshop Amended and Restated 2014 Share Incentive Plan (the “Plan”) is to promote the success and enhance the value of Vipshop Holdings Limited, an exempted company formed under the laws of the Cayman Islands (the “Company”) by linking the personal interests of the members of the Board, Employees, and Consultants to those of the shareholders of the Company and by providing such individuals with an incentive for outstanding performance to generate superior returns to the shareholders of the Company. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. The Plan amends and restates the previously adopted 2014 Share Incentive Plan of the Company in its entirety and assumes all awards granted under the 2014 Share Incentive Plan.

**ARTICLE II
DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Applicable Laws” means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders, the rules of any applicable stock exchange or national market system, and the laws and the rules of any jurisdiction applicable to Awards granted to residents therein.

2.2 “Award” means an Option, a Restricted Share award, a Restricted Share Unit award, a Share Appreciation Right award, a Dividend Equivalents award, a Share Payment award, or a Deferred Share award granted to a Participant pursuant to the Plan or any other types of award as designed and approved from time to time by the Committee or the Board, as the case may be, pursuant to Article 12 of the Plan in compliance with Applicable Laws.

2.3 “Award Agreement” means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Change of Control” means a change in ownership or control of the Company effected through either of the following transactions:

(a) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities pursuant to a tender or exchange offer made directly to the Company’s shareholders which a majority of the Incumbent Board (as defined below) who are not affiliates or associates of the offeror under Rule 12b-2 promulgated under the Exchange Act do not recommend such shareholders accept, or

(b) the individuals who, as of the Effective Date, are members of the Board (the “Incumbent Board”), cease for any reason to constitute at least fifty percent (50%) of the Board; provided that if the election, or nomination for election by the Company’s shareholders, of any new member of the Board is approved by a vote of at least fifty percent (50%) of the Incumbent Board, such new member of the Board shall be considered as a member of the Incumbent Board.

2.6 “Code” means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 “Committee” means the committee of the Board described in Article 12.

2.8 “Consultant” means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 “Corporate Transaction” means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated, or (ii) immediately after which the holder(s) of the voting securities of the Company who hold(s) more than 50% of the combined voting power of the voting securities immediately prior to such transaction do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Ordinary Shares outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 “Deferred Share” means a right to receive a specified number of Shares during specified time periods pursuant to Article 9.3.

2.11 “Disability,” unless otherwise defined in the Award Agreement, means that the Participant qualifies to receive long-term disability payments under the Service Recipient’s long-term disability insurance program (if any), as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, “Disability” means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.12 “Dividend Equivalents” means a right granted to a Participant pursuant to Article 9.1 to receive the equivalent value (in cash or Share) of dividends paid on Share.

2.13 “Effective Date” shall have the meaning set forth in Section 13.1.

2.14 “Employee” means any person, including an officer or member of the Board of the Company, any Parent or Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director’s fee by a Service Recipient shall not be sufficient to constitute “employment” by the Service Recipient.

2.15 “Exchange Act” means the Securities Exchange Act of 1934 of the United States, as amended.

2.16 “Fair Market Value” means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, the New York Stock Exchange (“NYSE”), its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported on the website maintained by such exchange or market system or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of an Ordinary Share shall be the mean between the high bid and low asked prices for the Ordinary Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such transaction, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

2.17 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.18 "Independent Director" means (i) if the Shares or other securities representing the Shares are not listed on a stock exchange, a Director of the Company who is a Non-Employee Director; and (ii) if the Shares or other securities representing the Shares are listed on one or more stock exchanges, a Director of the Company who meets the independence standards under the applicable corporate governance rules of the stock exchange(s).

2.19 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.20 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.21 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.22 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.23 "Parent" means a parent corporation under Section 424(e) of the Code.

2.24 "Plan" means this Vipshop Amended and Restated 2014 Share Incentive Plan, as amended from time to time.

2.25 "PRC" means the People's Republic of China.

2.26 "Related Entity" means any business, corporation, partnership, limited liability company or other entity which is not a Subsidiary but is consolidated in the Company's consolidated financial statements prepared under the United States generally accepted accounting principles.

2.27 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.28 "Restricted Share Unit" means an Award granted pursuant to Section 7.

2.29 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.30 “Service Recipient” means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, Consultant or as a Director.

2.31 “Share” means the Class A ordinary share of the Company, par value US\$0.0001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 11.

2.32 “Share Appreciation Right” or “SAR” means a right granted pursuant to Article 8 to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.33 “Share Payment” means (a) a payment in the form of Shares, or (b) an option or other right to purchase Shares, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Article 9.2.

2.34 “Subsidiary” means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company, or an affiliated entity that the Company controls through contractual arrangements and consolidates the financial results according to the applicable accounting standards.

2.35 “Trading Date” means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE III **SHARES SUBJECT TO THE PLAN**

3.1 Number of Shares.

(a) Subject to the provisions of Article 10 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) is (i) 13,985,001, and (ii) an automatic increase on January 1 of each year after the Effective Date by that number of Shares representing 1.5% of the then total issued and outstanding share capital of the Company as of December 31 of the preceding year, or such less number as the Board shall determine.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Law or any exchange rule, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depositary Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depositary Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depositary Shares in lieu of Shares.

ARTICLE IV **ELIGIBILITY AND PARTICIPATION**

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE V **OPTIONS**

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed or variable price related to the Fair Market Value of the Shares; provided, however, that no Option may be granted to an individual subject to taxation in the United States at less than the Fair Market Value on the date of grant. The exercise price per Share subject to an Option may be adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws or any exchange rule, a re-pricing of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the Participants. Notwithstanding the foregoing, the exercise price per Share subject to an Option shall not be increased without the approval of the Participants.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 10.2. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, and the methods by which Shares shall be delivered or deemed to be delivered to Participants, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options shall be granted only to Employees of the Company, a Parent or Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Five years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant’s termination of employment as an Employee; and

(iii) One year after the date of the Participant’s termination of employment or service on account of Disability or death. Upon the Participant’s Disability or death, any Incentive Share Options exercisable at the Participant’s Disability or death may be exercised by the Participant’s legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant’s last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Share Option or dies intestate, by the person or persons entitled to receive the Incentive Share Option pursuant to the applicable laws of descent and distribution.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed US\$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company may not be less than 110% of Fair Market Value on the date of grant and such Option may not be exercisable for more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the fifth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

5.3 Substitution of Share Appreciation Rights. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have the right to substitute a Share Appreciation Right for such Option at any time prior to or upon exercise of such Option, provided that such Share Appreciation Right shall be exercisable for the same number of shares of Share as such substituted Option would have been exercisable for.

ARTICLE VI

RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE VII **RESTRICTED SHARE UNITS**

7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.3 Performance Objectives and Other Terms. The Committee, in its discretion, may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of Restricted Share Units that will be paid out to the Participants.

7.4 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, in Shares or in a combination thereof.

7.5 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however*, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

ARTICLE VIII **SHARE APPRECIATION RIGHTS**

8.1 Grant of Share Appreciation Rights.

(a) A Share Appreciation Right may be granted to any Participant selected by the Committee. A Share Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement.

(b) A Share Appreciation Right shall entitle the Participant (or other person entitled to exercise the Share Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Share Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Share Appreciation Right from the Fair Market Value of a Share on the date of exercise of the Share Appreciation Right by the number of Shares with respect to which the Share Appreciation Right shall have been exercised, subject to any limitations the Committee may impose.

8.2 Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 8.1(b) above shall be in cash, in Shares (based on its Fair Market Value as of the date the Share Appreciation Right is exercised) or a combination of both, as determined by the Committee in the Award Agreement.

(b) To the extent payment for a Share Appreciation Right is to be made in cash the Award Agreements shall to the extent necessary to comply with the requirements to Section 409A of the Code, specify the date of payment which may be different than the date of exercise of the Share Appreciation right. If the date of payment for a Share Appreciation Right is later than the date of exercise, the Award Agreement may specify that the Participant be entitled to earnings on such amount until paid.

(c) To the extent any payment under Section 8.1(b) is effected in Shares it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE IX OTHER TYPES OF AWARDS

9.1 Dividend Equivalents. Any Participant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on the Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

9.2 Share Payments. Any Participant selected by the Committee may receive Share Payments in the manner determined from time to time by the Committee; provided, that unless otherwise determined by the Committee such Share Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Participant. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific criteria determined appropriate by the Committee, determined on the date such Share Payment is made or on any date thereafter.

9.3 Deferred Shares. Any Participant selected by the Committee may be granted an award of Deferred Shares in the manner determined from time to time by the Committee. The number of shares of Deferred Shares shall be determined by the Committee and may be linked to such specific criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Shares underlying a Deferred Share award will not be issued until the Deferred Share award has vested, pursuant to a vesting schedule or criteria set by the Committee. Unless otherwise provided by the Committee, a Participant awarded Deferred Shares shall have no rights as a Company shareholder with respect to such Deferred Shares until such time as the Deferred Share Award has vested and the Shares underlying the Deferred Share Award has been issued.

9.4 Term. Except as otherwise provided herein, the term of any Award of Dividend Equivalents, Share Payments, or Deferred Share shall be set by the Committee in its discretion.

9.5 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Deferred Share or Share Payments; provided, however, that such price shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

9.6 Exercise Upon Termination of Employment or Service. An Award of Dividend Equivalents, Deferred Share, and Share Payments shall only be exercisable or payable while the Participant is an Employee, Consultant or a member of the Board, as applicable; provided, however, that the Committee in its sole and absolute discretion may provide that an Award of Dividend Equivalents, Share Payments, or Deferred Share may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change of Control of the Company, or because of the Participant's retirement, death or Disability, or otherwise.

9.7 Form of Payment. Payments with respect to any Awards granted under this Article 9 shall be made in cash, in Shares or a combination of both, as determined by the Committee.

9.8 Award Agreement. All Awards under this Article 9 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

ARTICLE X

PROVISIONS APPLICABLE TO AWARDS

10.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

10.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

10.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to 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 members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive 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 a Subsidiary 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.

10.4 Beneficiaries. Notwithstanding Section 10.3, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

10.5 Share Certificates.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Share pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by Applicable Laws, the Company shall not deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded on the books of the Company or, as applicable, its transfer agent or share plan administrator.

10.6 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

10.7 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the PRC, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE XI
CHANGES IN CAPITAL STRUCTURE

11.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the shares of Shares or the share price of a Share, the Committee shall make such proportionate adjustments, if any, as deemed appropriate or necessary by the Committee to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

11.2 Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either 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 realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) provide for payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date as determined by the Committee such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

11.3 Outstanding Awards — Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, 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 (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of such Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

11.4 Outstanding Awards — Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 11, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

11.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE XII **ADMINISTRATION**

12.1 Committee. The Plan shall be administered by the Compensation Committee of the Board; provided, however that the Compensation Committee may delegate to a committee the authority to grant or amend Awards to Participants other than Independent Directors and executive officers of the Company (such committee being the "Committee"). The Committee shall consist of two or more individuals who are officers and/or directors of the Company. Reference to the Committee shall refer to the Board if the Compensation Committee ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to the Committee members, Independent Directors and executive officers of the Company and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

12.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

- (a) Designate Participants to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Participant;
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(j) Reduce the exercise price per Share subject to an Option; and

(k) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan, including design and adopt from time to time new types of Awards that are in compliance with Applicable Laws.

12.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE XIII **EFFECTIVE AND EXPIRATION DATE**

13.1 Effective Date. This Plan shall become effective as of the date on which the Board adopts the Plan, or as otherwise specified by the Board when adopting the Plan (the "Effective Date").

13.2 Replacement of Original Plan. The Plan shall replace the previously adopted 2014 Share Incentive Plan in its entirety. The Awards granted and outstanding under the 2014 Share Incentive Plan and the evidencing original Award Agreements shall remain effective and binding under the Plan, subject to any amendment and modification to the original Award Agreements that the Committee, in its sole discretion, shall determine.

13.3 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE XIV
AMENDMENT, MODIFICATION, AND TERMINATION

14.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; provided, however, that to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, unless the Company decides to follow home country practice pursuant to Section 303A of the NYSE Listed Company Manual applicable to foreign private issuers, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, including any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 11), (ii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a change in eligibility requirements.

14.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 14.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE XV
GENERAL PROVISIONS

15.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

15.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

15.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws, including without limitation the PRC tax laws, rules, regulations and government orders or the U.S. Federal, state or local tax laws, as applicable. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's payroll tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

15.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or service of any Service Recipient.

15.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

15.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

15.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

15.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

15.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

15.10 Fractional Shares. If an exercise of any Award shall result in the creation of a fractional Share under the Award, the Committee may determine, in its discretion, whether (i) such fractional Share shall be issued, or (ii) cash (in the amount equal to the product of such fraction multiplied by the Fair Market Value of a Share on the date the fractional Share otherwise would have been issued) shall be given in lieu of such fractional Share, or (iii) such fractional Share shall be eliminated by rounding up or down as appropriate.

15.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, if and when the Company is subject to Section 16 of the Exchange Act, the Plan and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by the Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule, as applicable.

15.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Share or otherwise shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

15.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

15.14 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

15.15 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with applicable laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; provided, however, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan.