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

FORM 20-F

(Mark One)

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013.

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report. . . . . .

For the transition period from to

Commission file number: 001-35454

Vipshop Holdings Limited

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

No. 20 Huahai Street,
Liwan District, Guangzhou 510370
The People's Republic of China

(Address of principal executive offices)

Donghao Yang
Vipshop Holdings Limited
No. 20 Huahai Street,
Liwan District, Guangzhou 510370
Telephone: +86 (20) 2233-0000
Facsimile: +86 (20) 2233-0111

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which each class is to be registered
American depositary shares, each representing 2 ordinary shares, par value $0.0001 per share	New York Stock Exchange
Ordinary share, par value $0.0001 per share*	New York Stock Exchange

* Not for trading, but only in connection with the listing of American depositary shares on the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

The number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report: 111,665,972 ordinary shares, par value US$0.0001 per share, as of December 31, 2013.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes o No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

☒ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o | Accelerated filer ☒ | Non-accelerated filer o

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

US GAAP ☒ | International Financial Reporting Standards as issued by the International Accounting Standards Board o | Other o

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

o Item 17 o Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

o Yes o No

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INTRODUCTION

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- "ADSs" refers to our American depositary shares, each of which represents two ordinary shares;
- "we," "us," "our company" and "our" refer to Vipshop Holdings Limited, its subsidiaries and consolidated affiliated entities;
- "China" or "PRC" refers to the People's Republic of China, excluding, for the purpose of this annual report only, Taiwan, Hong Kong and Macau;
- an "active customer" for a given period refers to any registered member on vip.com who has purchased products from us at least once during such period;
- a "repeat customer" for a given period refers to any customer who (i) is an active customer during such period, and (ii) had purchased products from us at least twice during the period from our inception on August 22, 2008 to the end of such period. Orders placed by a repeat customer during a given period include all orders placed by the customer during such period even if the customer made the first purchase from us in the same period;
- a "registered member" refers to any consumer who has registered and created an account on our vip.com website;
- "daily unique visitors" refers to the number of different IP addresses from which a website is visited during a given day;
- "monthly unique visitors" refers to the number of different IP addresses from which a website is visited during a given month;
- "cumulative customers" refers to all customers who had purchased products from us at least once during the period from our inception on August 22, 2008 to a specified date;
- "DCM Entities" refers to, as the context may require, any or all of our shareholding entities affiliated with DCM. See "Item 6.E. Directors, Senior Management and Employees—Share Ownership."
- "Sequoia Entities" refers to, as the context may require, any or all of our shareholding entities affiliated with Sequoia Capital China. See "Item 6.E. Directors, Senior Management and Employees—Share Ownership."
- "iResearch" refers to Shanghai iResearch Co., Ltd., an independent research company that we commissioned to provide information on the industry in which we operate, and "iResearch Report" refers to the 2011 China Online Shopping Report issued in August 2011 and updated in March 2014, an industry report commissioned by us and prepared by iResearch;
- "shares" or "ordinary shares" refers to our ordinary shares, par value US$0.0001 per share; and
- "Renminbi" or "RMB" refers to the legal currency of China and all references to "$", "US$", "dollars" or "U.S. dollars" refers to the legal currency of the United States.

Unless otherwise noted, all translations from Renminbi to U.S. dollars in this annual report were made at RMB6.0537 to US$1.00, the noon buying rate for December 31, 2013 as set forth in the H.10 statistical release of the Federal Reserve Board. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government restricts the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions. On April 18, 2014, the noon buying rate set forth in the H.10 statistical release of the Federal Reserve Board was RMB6.2240 to US$1.00.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements relating to:

- our goals and strategies;
- our future business development, results of operations and financial condition;
- the expected growth of the online discount retail market in China;
- our ability to attract customers and brand partners and further enhance our brand recognition;
- our expectations regarding demand for and market acceptance of flash sales products and services;
- competition in our industry;
- fluctuations in general economic and business conditions in China; and
- assumptions underlying or related to any of the foregoing.

You should read thoroughly this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

This annual report also contains certain data and information, which we obtained from various government and private publications, including the iResearch Report. Although we believe that the publications and reports are reliable, we have not independently verified the data. Statistical data in these publications includes projections that are based on a number of assumptions. If any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

- *Selected Financial Data*

Selected Consolidated Financial Data

The following selected consolidated statements of income (loss) data for the three years ended December 31, 2011, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2012 and 2013 have been derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" in this annual report. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

Our selected consolidated statements of income (loss) data for the two years ended December 31, 2009 and 2010, and our selected consolidated balance sheet data as of December 31, 2009, 2010 and 2011 have been derived from our audited consolidated financial statements not included in this annual report.

Our historical results do not necessarily indicate results expected for any future periods.

	For the year ended December 31,									
	2009		2010		2011		2012		2013	
	US$	%	US$	%	US$	%	US$	%	US$	%
	(in US$, except percentages and number of shares and per share and per ADS data)									
Selected Consolidated Statements of Income (Loss) Data:										
Product revenue	2,804,830	100.0	32,582,115	100.0	226,291,723	99.6	690,057,249	99.7	1,680,560,853	99.1
Other revenue	—	—	—	—	851,153	0.4	2,055,715	0.3	16,111,882	0.9
Total net revenues	2,804,830	100.0	32,582,115	100.0	227,142,876	100.0	692,112,964	100.0	1,696,672,735	100.0
Cost of goods sold(1)	(2,576,191)	(91.8)	(29,374,315)	(90.2)	(183,801,334)	(80.9)	(537,637,860)	(77.7)	(1,288,900,456)	(76.0)
Gross profit	228,639	8.2	3,207,800	9.8	43,341,542	19.1	154,475,104	22.3	407,772,279	24.0
Operating expenses(2):										
Fulfillment expenses(3)	(611,333)	(21.8)	(5,809,118)	(17.8)	(45,478,327)	(20.0)	(96,523,444)	(13.9)	(197,812,615)	(11.7)
Marketing expenses	(303,509)	(10.8)	(2,438,066)	(7.5)	(15,253,325)	(6.7)	(32,272,629)	(4.7)	(74,498,341)	(4.4)
Technology and content expenses	(103,235)	(3.7)	(562,120)	(1.7)	(5,516,361)	(2.4)	(14,644,113)	(2.1)	(40,399,276)	(2.4)
General and administrative expenses	(650,786)	(23.2)	(2,843,583)	(8.7)	(84,575,539)	(37.3)	(25,541,812)	(3.7)	(49,943,775)	(2.9)
Total operating expenses	(1,668,863)	(59.5)	(11,652,887)	(35.7)	(150,823,552)	(66.4)	(168,981,998)	(24.4)	(362,654,007)	(21.4)
Other income	59,470	2.1	78,675	0.2	564,182	0.2	2,563,321	0.4	8,708,487	0.5
(Loss) income from operations	(1,380,754)	(49.2)	(8,366,412)	(25.7)	(106,917,828)	(47.1)	(11,943,573)	(1.7)	53,826,759	3.2
(Loss) income before income tax	(1,380,707)	(49.2)	(8,365,848)	(25.7)	(107,271,525)	(47.2)	(8,765,901)	(1.3)	70,849,654	4.2
Income tax expenses	—	—	—	—	—	—	(706,173)	(0.1)	(18,549,791)	(1.1)
Net (loss) income	(1,380,707)	(49.2)	(8,365,848)	(25.7)	(107,271,525)	(47.2)	(9,472,074)	(1.4)	52,299,863	3.1
Deemed dividend on issuance of Series A Preferred Shares	—	—	—	—	(49,214,977)	(21.7)	—	—	—	—
Net (loss) income attributable to ordinary shareholders	(1,380,707)	(49.2)	(8,365,848)	(25.7)	(156,486,502)	(68.9)	(9,472,074)	(1.4)	52,299,863	3.1
Net (loss) income per share:										
—Basic	(0.03)	—	(0.18)	—	(3.38)	—	(0.11)	—	0.48	—
—Diluted	(0.03)	—	(0.18)	—	(3.38)	—	(0.11)	—	0.45	—
Weighted average number of shares used in computing net earnings (loss) per share:										
—Basic	47,775,000		47,775,000		46,255,574		88,849,206		108,962,637	
—Diluted	47,775,000		47,775,000		46,255,574		88,849,206		115,495,173	
Net earnings (loss) per ADS(4)										
—Basic	(0.06)	—	(0.35)	—	(6.77)	—	(0.21)	—	0.96	—
—Diluted	(0.06)	—	(0.35)	—	(6.77)	—	(0.21)	—	0.90	—

(1) Excluding shipping and handling expenses, and including inventory write down which amounted to US$31.7 thousand, US$2.6 million, US$1.7 million, US$12.2 million and US$33.9 million for the years ended December 31, 2009, 2010, 2011, 2012 and 2013, respectively.

(2) Including share-based compensation expenses as set forth below:

	For the year ended December 31,				
	2009	2010	2011	2012	2013
			(in US$)		
Allocation of share-based compensation expenses:*					
Fulfillment expenses	—	—	297,095	292,866	721,531
Marketing expenses	—	—	184,404	169,100	381,326
Technology and content expenses	—	—	729,420	897,133	3,275,228
General and administrative expenses	—	—	72,716,983	6,237,850	8,078,178
Total	—	—	73,927,902	7,596,949	12,456,263

* The share-based compensation expenses for 2011 included (a) US$63.9 million in share-based compensation expenses in connection with the unvested shares of our co-founders; (b) US$6.2 million in shared-based compensation expenses in connection with a transfer of ordinary shares between our co-founders; and (c) US$3.8 million share-based compensation expenses in connection with share options granted to executive officers and employees. In addition, unrecognized share-based compensation expenses as of December 31, 2011 were US$19.8 million, which were related to the unvested share options granted to our executive officers and employees. The unrecognized share-based compensation expenses were expected to be recognized over a weighted-average period of 3.06 years on a straight-line basis as of December 31, 2011. The share-based compensation expenses for 2012 included US$7.6 million share-based compensation expenses in connection with share options and non-vested shares granted to our executive officers, independent directors, employees and a consultant. The unrecognized share-based compensation expenses related to share options and non-vested shares were US$14.5 million and US$2.1 million, and were expected to be recognized over a weighted-average period of 2.45 years and 3.62 years on a straight-line basis as of December 31, 2012, respectively. The share-based compensation expenses for 2013 US$12.5 million share-based compensation expenses in connection with share options and

non-vested shares granted to our executive officers, independent directors, employees and a consultant. The unrecognized share-based compensation expenses related to share options and non-vested shares were US$14.9 million and US$17.4 million, and were expected to be recognized over a weighted-average period of 2.09 years and 3.26 years on a straight-line basis as of December 31, 2013, respectively. See "Item 5.A. Operating And Financial Review and Prospects—Operating Results—Critical Accounting Policies—Share-Based Compensation" for details.

(3) Including shipping and handling expenses, which amounted to US$0.3 million, US$4.3 million, US$29.4 million, US$53.9 million and US$117.5 million in the years ended December 31, 2009, 2010, 2011, 2012 and 2013, respectively.

(4) Each ADS represents two ordinary shares.

	As of December 31,				
	2009	2010	2011	2012	2013
			(in US$)		
Summary Consolidated Balance Sheets Data:					
Cash and cash equivalents	287,720	1,111,091	44,954,778	124,472,629	334,715,019
Total current assets	2,584,046	15,567,836	158,278,041	381,952,106	1,036,947,746
Total assets	2,739,835	17,132,690	167,435,320	398,917,120	1,072,059,941
Total liabilities	4,289,798	27,244,271	149,146,118	316,334,306	828,804,543
Total shareholders' (deficit) equity	(1,549,963)	(10,111,581)	18,289,202	82,582,814	243,255,398

- *Capitalization and Indebtedness*

Not Applicable.

- *Reasons for the Offer and Use of Proceeds*

Not Applicable.

- *Risk Factors*

Risks Relating to Our Business and Industry

Our limited operating history makes it difficult to evaluate our business and prospects.

We commenced operations in August 2008 and have a limited operating history. We have experienced rapid growth in our business since our inception. As of December 31, 2013, we had attracted 48.8 million registered members and over 12 million cumulative customers, and had promoted and sold products for over 8,700 domestic and international brands. Our total net revenues increased from US$227.1 million in 2011 to US$692.1 million in 2012 and to US$1.7 billion in 2013. However, our historical growth rate may not be indicative of our future performance. We cannot assure you that we will be able to achieve similar results or grow at the same rate as we did in the past. It is also difficult to evaluate our prospects, as we may not have sufficient experience in addressing the risks to which companies operating in new and rapidly evolving markets, such as the online discount retail market, may be exposed. You should consider our prospects in light of the risks and uncertainties fast-growing companies with a limited operating history may encounter.

If we are unable to manage our rapid growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have experienced a period of rapid growth and expansion that has demanded, and will continue to demand, significant financial and managerial resources. We plan to further increase our sales through enhancing our brand recognition, growing our customer base and increasing customer spending on our website.

We intend to continue investing in our logistics network and warehousing capacity to support our long-term growth. To further improve our nationwide fulfillment capabilities, we plan to add more logistics centers and warehouses in strategic locations in China. However, we do not have experience in operating our own logistics centers. As a result, we cannot assure you that we will be able to execute our expansion plan as expected. In addition, through our acquisition of a 75% equity interest in Lefeng.com Limited, or Lefeng, we now control their warehouses and will need to integrate them into our logistics network. If we are unable to successfully consolidate our warehouse operations with Lefeng's in a timely manner, we will not be able to take full advantage of our warehousing capacity, and our short-term growth will suffer. Finally, our expansion also requires us to continue to effectively manage our relationships with brand partners and with third-party delivery companies to ensure efficient and timely delivery of our products. To continue our business growth, we will also need to allocate significant managerial and financial resources in retaining, training, managing and motivating our workforce.

We also seek to broaden our product offerings through third-party sellers offering their own products on our online platform. The offerings of products and services by such third-party sellers may differ in quality and value in comparison to those that are offered by us directly. Such expansion will require us to introduce new product categories and work with different groups of brand partners to address the needs of different kinds of consumers. We have limited or no experience in some of our newer product offerings, such as online sales of proprietary cosmetics brands of third-party platforms, and our expansion into these new product categories may not achieve broad customer acceptance. These offerings may present new and difficult technology or operational challenges, and we may be subject to claims if customers of these offerings experience service disruptions or failure or other quality issues. In addition, our profitability, if any, in our newer product categories may be lower than in our older categories, which may adversely affect our overall profitability and results of operations. Furthermore, there is no assurance that we will be able to recoup our investments in introducing these new product categories.

All of these endeavors involve risks. We can provide no assurance that we will successfully execute these expansion plans and strategies. We may fail to acquire financial or managerial resources needed for our business growth in a timely and cost-efficient manner, or at all. We cannot assure you that we will be able to manage our growth effectively, and any failure to do so may have a material adverse effect on our business and prospects.

If we are unable to offer branded products at attractive prices to meet customer needs and preferences, or if our reputation for selling authentic, high-quality products suffers, we may lose customers and our business, financial condition and results of operations may be materially and adversely affected.

Our future growth depends on our ability to continue to attract new customers as well as to increase the spending and repeat purchase rate of existing customers. Constantly changing consumer preferences have historically affected, and will continue to affect, the online retail industry. Consequently, we must stay abreast of emerging lifestyle and consumer preferences and anticipate product trends that will appeal to existing and potential customers. As we implement our strategy to offer a personalized web-interface focusing on deep curation and targeted offerings desired by our customers, we expect to face additional challenges in the selection of products and services. Our ability to offer individually-tailored merchandise is dependent on our IT systems, including our big data and business intelligence system, to collect and provide accurate and reliable information on consumer interests. In addition, most of our customers are urban and educated consumers who choose to purchase branded products on our website due to the deep price discounts that we offer. Also, we are focused on only offering authentic products on our website, as perception by our customers or prospective customers that any of our products are not authentic, or are lacking in quality, could cause our reputation to suffer. This is particularly important for cosmetics products, which we expect to

account for an increasing proportion of our revenues, partly as a result of our acquisition of Lefeng, and for which we do not accept returns once a product has been opened. While our company's representatives generally check the products that we sell to confirm their authenticity and quality, there can be no assurance that our suppliers have provided us with authentic products or that all products that we sell are of the quality expected by consumers. If our customers cannot find desired products within our product portfolio at attractive prices, or if our reputation for selling authentic, high-quality product suffers, our customers may lose interest in our website and thus may visit our website less frequently or even stop visiting our website altogether, which in turn, may materially and adversely affect our business, financial condition and results of operations.

Our business and results of operations may be materially and adversely affected if we are unable to maintain our customer experience or provide high quality customer service.

The success of our business largely depends on our ability to provide superior customer experience and high quality customer service, which in turn depends on a variety of factors, such as our ability to continue to provide a reliable and user-friendly website interface for our customers to browse and purchase our products, reliable and timely delivery of our products, and superior after sales services. Our sales may decrease if our website services are severely interrupted or otherwise fail to meet our customer requests. Should we or our third-party delivery companies fail to provide our product delivery and return services in a convenient or reliable manner, or if our customers are not satisfied with our product quality, our reputation and customer loyalty could be negatively affected. In addition, we also depend on our call center and online customer service representatives to provide live assistance to our customers. If our call center or online customer service representatives fail to satisfy the individual needs of customers, our reputation and customer loyalty could be negatively affected and we may lose potential or existing customers and experience a decrease in sales. As a result, if we are unable to continue to maintain our customer experience and provide high quality customer service, we may not be able to retain existing customers or attract new customers, which could have a material adverse effect on our business, financial condition and results of operations.

Any harm to our vip.com and lefeng.com brands or failure to maintain our reputation may materially and adversely affect our business and growth prospects.

We believe that the recognition and reputation of our *vip.com* and *lefeng.com* brands among our customers and brand partners have significantly contributed to the growth of our business. Maintaining and enhancing the recognition and reputation of our brand are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand and may negatively impact our brand and reputation if not properly managed. These factors include our ability to:

- provide satisfactory user experience as consumer preferences evolve and as we expand into new product categories;
- increase brand awareness among existing and potential customers through various marketing and promotional activities;
- maintain the popularity, attractiveness and quality of the products we offer;
- maintain the efficiency, reliability and quality of our fulfillment services; and
- preserve our reputation and goodwill in the event of any negative media publicity on internet security or product quality or authenticity issues affecting us or other online retail businesses in China.

A public perception that non-authentic or counterfeit goods are sold on our website, even if factually incorrect, could damage our reputation, reduce our ability to attract new customers or retain

our current customers, and diminish the value of our brand. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our website, products and services, it may be difficult to maintain and grow our customer base, and our business and growth prospects may be materially and adversely affected.

If we fail to manage our relationships with, or otherwise fail to procure products at favorable terms from, our existing brand partners, or if we fail to attract new brand partners, our business and growth prospects may suffer.

We source our products from both domestic and international brand partners. As of December 31, 2011, 2012 and 2013, we worked with 1,075, 2,759 and 4,287 brand partners, respectively. We depend significantly on our ability to source products from brand partners at favorable pricing terms, typically at a substantial discount to the original sales price. However, our agreements do not ensure the long-term availability of merchandise or the continuation of particular pricing practices. Our contracts with our brand suppliers typically do not restrict the brand partners from selling products to other buyers. We cannot assure you that our current brand partners will continue to sell products to us on commercially acceptable terms, or at all. In the event that we are not able to purchase merchandise at favorable pricing terms, our revenues, profit margin and earnings may be materially and adversely affected. Our brand partners primarily include brand owners, and to a lesser extent, brand distributors and resellers. In the event any brand distributor or reseller does not have authority from the relevant brand owner to sell certain products to us, such brand distributor or reseller may cease selling such products to us at any time, which may adversely affect our business and revenues. Furthermore, although as an online distributor, we are not required to obtain customs clearance or other related permits as to the sale of imported products, we are required under the relevant PRC laws to check whether our brand partners who have imported such products have obtained the requisite import related permits or filings and whether the products have passed the quality inspection before they are sold and distributed in the China market. If any of our brand partners has not paid the required import tariffs or fails to obtain clearance from the customs or inspection and quarantine bureaus and sold such imported products to us, we may be subject to fines, suspension of business, as well as confiscation of products illegally sold and the proceeds from such sales, depending on the nature and gravity of such liabilities. In addition, if our brand partners cease to provide us with favorable payment terms or return policies, our requirements for working capital may increase, resulting in a negative effect on our cash flows from operating activities, and our operations may be materially and adversely affected. We will also need to establish new brand partner relationships to ensure that we have access to a steady supply of products on favorable commercial terms. Furthermore, our relationships with some brand partners, particularly international brand partners of apparel products in China, may be adversely affected as a result of our sale of branded products that are directly procured from overseas markets. If we are unable to develop and maintain good relationships with brand partners that would allow us to obtain a sufficient amount and variety of quality merchandise on acceptable commercial terms, it may inhibit our ability to offer sufficient products sought by our customers, or to offer these products at prices acceptable to them. Any negative developments in our relationships with brand partners could materially and adversely affect our business and growth prospects. In addition, as part of our growth strategy, we plan to further expand our brand and product offerings. If we fail to attract new brand partners to sell their branded products to us due to any reason, our business and growth prospects may be materially and adversely affected.

We primarily use third-party delivery companies to deliver our products, and if they fail to provide reliable delivery services, our business and reputation may be materially and adversely affected.

We primarily deliver products through third-party delivery companies and are relying more on regional and local couriers which have a smaller scale of operations than nation-wide delivery companies. Currently, we maintain long-term cooperation arrangements with a number of third-party

delivery companies to deliver our products to our customers. Interruptions to or failures in these third parties' delivery services could prevent the timely or proper delivery of our products. These interruptions may be due to events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, transportation interruptions or labor unrest or shortage. If our third-party delivery companies fail to comply with applicable rules and regulations in China, our delivery services may be materially and adversely affected. We may not be able to find alternative delivery companies to provide delivery services in a timely and reliable manner, or at all. As competition intensifies in the future, we expect that we will be required to ensure faster delivery times, which could place increasing pressure on our delivery network. Delivery of our products could also be affected or interrupted by the merger, acquisition, insolvency or government shut-down of the couriers we engage to make deliveries, especially those local couriers with relatively small business scales.

We began to establish our own in-house delivery capabilities in Shanghai in 2011, and we may face additional challenges in managing our relationship with third-party delivery companies as a result of establishing our in-house delivery operations.

If our products are not delivered in proper condition or on a timely basis, our business and reputation could suffer. Although we typically require the delivery companies, especially the local couriers, to make cash deposits or guarantee payments securing their due performance of duties as part of our engagement with them, such security may not be sufficient to recover the losses that we sustain as a result of their failure to perform.

If we do not compete effectively against existing or new competitors, we may lose market share and customers.

The online discount retail market is rapidly evolving and competitive. Our primary competitors include major B2C e-commerce companies in China that sell a broad range of products and services online, such as Tmall, JD.com and Dangdang, and other online discount retail companies in China. We compete with others based on a number of factors, including:

- ability to identify products in demand among consumers and source these products on favorable terms from brand suppliers;
- pricing;
- breadth and quality of product offerings;
- website features;
- customer service and fulfillment capabilities; and
- reputation among consumers and brands.

Some of our current and potential competitors may have significantly greater resources, longer operating histories, larger customer bases and greater brand recognition. As the online discount retail market in China is expected to grow rapidly, many new competitors and some existing B2C e-commerce companies may enter into this market. In addition, other online retailers may be acquired by, receive investment from or enter into strategic relationships with, well- established and well-financed companies or investors which would help enhance their competitive positions. Some of our competitors may be able to secure more favorable terms from brand partners, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to their website and systems development than us. In addition, new and enhanced technologies may increase the competition in the online retail industry. Increased competition may negatively affect our business development, online retail and brand recognition, which may in turn affect our market share and operating margins. We can provide no assurance that we will be able to compete effectively against our competitors, and competitive pressure may have a material adverse effect on our business, prospects, financial condition and results of operations.

We have a history of net losses and may incur net losses in the future. Before 2011, we had also experienced negative cash flow from operating activities.

We have incurred net losses since our inception in August 2008. Our net losses amounted to US$107.3 million and US$9.5 million in the years ended December 31, 2011 and 2012, respectively. In the year ended December 31, 2013, our net income amounted to US$52.3 million. As of December 31, 2013, we had accumulated losses of US$123.7 million. We generated net cash from operating activities of US$1.3 million, US$111.6 million and US$437.1 million in 2011, 2012 and 2013, respectively. Although we have achieved net profit since the fourth quarter of 2012, we cannot assure you that we can continue to generate net profits or maintain positive cash flow from operating activities in the future. Our ability to be profitable depends on our ability to grow our business and increase our total net revenues and our ability to control our costs and operating expenses. Although we have experienced significant revenue growth since our inception, such growth may not be sustainable and we may continue to incur net losses in future periods or fail to maintain positive cash flow from operating activities. We have incurred in the past and expect to continue to incur in future periods share-based compensation expenses and we expect our costs and other operating expenses to continue to increase as we expand our business, either of which will reduce our net income and may result in future losses. If our costs and operating expenses continue to increase without a commensurate increase in our revenue, our business, financial condition and results of operations will be negatively affected, and we may need additional capital to fund our continued operations. In addition, in February 2014, we acquired a 75% equity interest in Lefeng from its parent company Ovation Entertainment Limited, or Ovation. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Lefeng and Ovation". Before this acquisition, Ovation restructured its online platform business conducted through *lefeng.com* by transferring certain assets and liabilities, including domain names (which were subsequently transferred to Vipshop Information), trademarks, copyrights and employees that form part of the online platform business to Lefeng. Ovation's online platform business has historically incurred net losses. After our acquisition, such acquired online platform business may continue to incur net losses and as a result, may have a material adverse effect as to our business, financial condition and results of operations.

We may suffer losses if we are unable to effectively manage our inventory.

Due to the nature of the flash sales business, we need to manage a large volume of inventory turnover. We depend on our forecasts of demand and popularity for various kinds of products to make decisions regarding product purchases. Our customers may not order products at levels expected by us. In addition, any unfavorable market or industry conditions or change in consumer trends and preferences may limit our ability to accurately forecast the inventory levels to meet customer demand. We generally have the right to return unsold items for most of our products to our brand partners. In order to secure more favorable commercial terms, we may need to continue to enter into supply arrangements without unconditional return clauses or with more restrictive return policies.

We recorded US$1.7 million, US$12.2 million and US$33.9 million in inventory write-downs in the years ended December 31, 2011, 2012 and 2013, respectively. Such write-downs primarily reflected the estimated market value of damaged or obsolete inventory. In addition, in October 2010, when we were in the process of implementing our new IT systems, improving our inventory count procedures and relocating our warehouse, some of our inventory stock items were not properly recorded in the inventory ledger, resulting in discrepancies between the inventory ledger and our actual inventory stock. We recorded write-downs of such discrepancies. While we have implemented policies to reduce the risk of such discrepancies occurring again, we cannot guarantee that these discrepancies will not occur.

If we fail to manage our inventory effectively in the future, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values and write-downs, which could have a material adverse effect upon our business, financial condition and results of operations. In addition, if we are

unable to sell products or if we are required to lower sale prices in order to reduce inventory level or to pay higher prices to our brand partners in order to secure the right to return products to our brand partners, our profit margins might be negatively affected. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. If we do not accurately predict product demand, our business, financial condition and results of operations may be materially and adversely affected.

If we are subject to higher than expected product return rates, our business, financial condition and results of operations may be materially and adversely affected.

Purchases of apparel, fashion accessories and other items over the internet may be subject to higher return rates than merchandise sold at physical stores. We have established a seven-day product return policy in order to accommodate our customers and to overcome any hesitance that they may have in shopping on our website. Our product return rates decreased from 2011 to 2012 and increased slightly from 2012 to 2013. If we are unable to efficiently manage our product return rates within an appropriate range relative to our sales volume, or if our product return rates increase or are higher than expected, our revenues and costs can be negatively impacted. In addition, as we cannot return some products to our brand partners pursuant to our contracts with them, if return rates for such products increase significantly, we may experience an increase in our inventory balance, inventory impairment and fulfillment cost, which may materially and adversely affect our working capital. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We rely on online retail of apparel products for a significant portion of our total net revenues.

Historically, online retail sales of apparel products accounted for a significant portion of our total net revenues. We expect that sales of these products will continue to grow and represent a significant portion of our total net revenues in the near future. We have increased our offerings to include other product categories, including fashion items, cosmetics and home goods, as well as leisure travel packages and other lifestyle products, and expect to continue to expand our product offerings to gradually diversify our revenue sources in the future. However, the sales of these new products and services may not increase to a level that would reduce our dependence on our current line of products and services. Any failure in maintaining or increasing the number of our online retail customers or our sales volumes could result in our inability to retain or capture a sufficient share of the new markets that we are targeting. Any event that results in a reduction in our sales of apparel products could materially and adversely affect our ability to maintain or increase our current level of revenue, our profitability and business prospects.

We plan to expand our logistics network. If we are not able to manage such expansion successfully, our growth potential, results of operations and business could be materially and adversely affected.

Our logistics network, currently consisting of regional logistics centers located in Guangdong Province in Southern China, Jiangsu Province in Eastern China, Sichuan Province in Western China and Tianjin in Northern China, is essential to our business growth. We have used and intend to continue using a portion of the proceeds from the follow-on public offering of ADSs that we completed in March 2013, or the 2013 offering, and the public offering of 1.50% convertible senior notes due 2019 that we completed in March 2014, or the 2014 offering, to expand our logistics network to accommodate increasing volumes of customer orders, enhance customer services, provide better coverage across China, invest in IT system and mobile channel, and other general purposes. As part of our expansion plan, we expect to add more logistics centers in the future. In 2011, we started to provide our own delivery service in Shanghai and may expand our in-house delivery service coverage to other areas. However, we do not have experience in operating our own logistics centers and delivery

operations. As a result, we cannot assure you that our plans to operate our own logistics centers and delivery operations will be successful. The expansion of our logistics network will put pressure on our managerial, financial, operational and other resources. We cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plan. Nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plan. If we are unable to secure new facilities for the expansion of our logistics operations, or to effectively control expansion-related expenses, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Uncertainties regarding the growth and sustained profitability of the online retail market in China, in particular, the development of the online flash sales business model, could adversely affect our business, prospects, financial condition and results of operations.

All of our total net revenue is generated through an online retail business model, and in particular, an online flash sales business model. While online retail businesses have existed in China since the 1990s, only recently have a limited number of these companies become profitable. The flash sales business model originated in Europe in 2001 and then spread to the U.S. The business model was not introduced to China until recently. The long term viability and prospects of the online retail industry, particularly companies utilizing an online flash sales business model, and B2C e-commerce business generally in China, remain untested and subject to significant uncertainty. Our business, financial condition and results of operations will depend on numerous factors affecting the development of the online flash sales business and, more broadly, the online retail and e-commerce businesses in China, which may be beyond our control. These factors include the general economic conditions in China, the growth of internet usage, the confidence in and level of e-commerce and online spending, the emergence of alternative retail channels or business models, the success of marketing and brand building efforts by e-commerce and flash sales companies, and the development of payment, logistics, after- sale and other services associated with e-commerce and flash sales.

The proper functioning of our IT systems is essential to our business. Any failure to maintain the satisfactory performance, security and integrity of our website and systems will materially and adversely affect our business, reputation, financial condition and results of operations.

Our IT systems mainly include technology infrastructure supporting our *vip.com* user-interface website, as well as our customer service, enterprise resource planning, warehouse and logistics management, product information management, business intelligence and administration management systems. The satisfactory performance, reliability and availability of our IT systems are critical to our success, our ability to attract and retain customers and our ability to maintain a satisfactory customer experience and level of customer service.

Our servers may be vulnerable to computer viruses, user traffic boom that exceeds the capacity of our servers, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays in transaction processing, loss of data or the inability to accept and fulfill customer orders. We can provide no assurance that we will not experience such unexpected interruptions. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could damage our reputation and result in a material decrease in our revenue. We have experienced one instance of system failure in January 2013 caused by unexpectedly large user traffic during a discount campaign, which was subsequently resolved.

Additionally, we have used and expect to continue using a portion of the proceeds of the 2013 and 2014 offerings to continue to upgrade and improve our IT systems to support our business growth. However, we cannot assure you that we will be successful in executing these system upgrade and

improvement strategies. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. If our existing or future IT systems do not function properly, it could cause system disruptions and slow response times, affecting data transmission, which in turn, could materially and adversely affect our business, financial condition and results of operations.

If we fail to successfully adopt new technologies or adapt our website and systems to changing customer requirements or emerging industry standards, our business, financial condition and results of operations may be materially and adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our website. The online retail industry is characterized by rapid technological evolution, changes in end user requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices that could render our existing proprietary technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, enhance our existing services, develop new services and technologies that address the increasingly sophisticated and varied needs of our existing and prospective customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of website and other proprietary technology entails significant technical and business risks. We can provide no assurance that we will be able to use new technologies effectively or adapt our website, proprietary technologies and transaction-processing systems to meet customer requirements or emerging industry standards. If we are unable to accurately project the need for such system expansion or upgrade or to adapt our systems in a cost-effective and timely manner in response to changing market conditions or customer requirements, whether for technical, legal, financial or other reasons, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Our wide variety of accepted payment methods subjects us to third-party payment processing-related risks.

We accept payments using a variety of methods, including cash on delivery, bank transfers, online payments with credit cards and debit cards issued by major banks in China, and payment through third-party online payment platforms, such as *alipay.com* and *tenpay.com*. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and cash on delivery options. We also rely on third parties to provide payment processing services. For example, we use third-party delivery companies for our cash on delivery payment options. If these companies become unwilling or unable to provide these services to us, or if their services quality deteriorates, our business could be disrupted. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

The security of operations of, and fees charged by, third-party online payment platforms may have material and adverse effects on our business.

Currently, we accept payments through third-party online payment platforms, such as *alipay.com* and *tenpay.com*. In 2013, 54.5% of our total net revenues were collected through online payment systems. We expect that an increasing amount of our sales will be conducted over the internet as a

result of the growing use of online payment systems. In all these online payment transactions, secured transmission of confidential information such as customers' credit card numbers and personal information over public networks is essential to maintain consumer confidence.

We do not have control over the security measures of our third party online payment vendors, and security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that we use. If a well-publicized internet or mobile network security breach were to occur, users concerned about the security of their online financial transactions may become reluctant to purchase on our website even if the publicized breach did not involve payment systems or methods used by us. In addition, there may be billing software errors that would damage customer confidence in these online payment systems. If any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we may lose customers and customers may be discouraged from purchasing on our website, which may have an adverse effect on our business.

In addition, there are currently only a limited number of third party online payment systems in China, such as *alipay.com* and *tenpay.com*. If any of these major payment systems decides to significantly increase the percentage fee they charge us for using their payment systems, our results of operations may be materially and adversely affected.

Our growth and profitability depend on the level of consumer confidence and spending in China.

Our business, financial condition and results of operations are sensitive to changes in overall economic and political conditions that affect consumer spending in China. The retail industry, including the online retail sector in general and the flash sales business in particular, is highly sensitive to general economic changes. Online purchases tend to decline significantly during recessionary periods and substantially all of our total net revenue is derived from online retail sales in China. Many factors outside of our control, including inflation and deflation, interest rates, volatility of equity and debt securities markets, taxation rates, employment and other governmental policies can adversely affect consumer confidence and spending. The domestic and international political environments, including military conflicts and political turmoil or social instability, may also adversely affect consumer confidence and reduce spending, which could in turn materially and adversely affect our business, financial condition and results of operations.

We may incur liability for counterfeit or unauthorized products sold or information posted on our website.

We have been and may continue to be subject to allegations that some of the items sold on our website are counterfeited or without authorization from the relevant brand owner. In addition, *lefeng.com*, the online retail website now owned by Lefeng which we acquired a 75% equity interest of in February 2014, has been subject to allegations that some of the items sold on the website are counterfeited or without authorization from the relevant brand owner. As of December 31, 2011, 2012 and 2013, we worked with 1,075, 2,759 and 4,287 brand partners, respectively. We can provide no assurance that measures we have adopted in the course of sourcing such products to ensure their authenticity or authorization and to minimize potential liability of infringing third parties' rights will be effective. Any inadvertent sales of counterfeit, non-authentic or unauthorized items, or public perception of such incidents, could harm our reputation, impair our ability to attract and retain customers and cause us to incur additional costs to respond to any incident of this nature. In the event that counterfeit products, unauthorized products or products, images, logos or any other information on our website that otherwise infringes third parties' rights are sold or posted on our website, we could also face infringement claims. We have occasionally received claim letters alleging our infringement of third-party rights. Although we have not suffered any material adverse impact due to these claims, we cannot assure you that in the future, we will not be required to allocate significant resources and incur

material expenses regarding such claims. We could be required to pay substantial damages or to refrain from the sale of relevant products in the event that a claimant prevails in any proceedings against us. Forms of potential liabilities under PRC law if we negligently participated or assisted in infringement activities associated with counterfeit goods include injunctions to cease infringing activities, rectification, compensation and administrative penalties. Moreover, our reputation could be negatively affected due to the negative publicity of any infringement claim against us. Any third-party claims may have a material adverse effect on our business, prospects, financial condition and results of operations.

Failure to protect confidential information of our customers and our network against security breaches could damage our reputation and brand and substantially harm our business and results of operations.

A significant challenge to e-commerce and communications is the secure transmission of confidential information over public networks. Currently, all product orders and, in some cases, payments for products we offer, are made through our website and systems. In such transactions, maintaining security for the transmission of confidential or private information on our website and systems, such as customers' personal information, payment related information and transaction information, is essential to maintain consumer confidence in our website and systems.

We have adopted rigorous security policies and measures, including encryption technology, to protect our proprietary data and customer information. However, advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold as a result of our customers' visits on our website. Such individuals or entities obtaining our customers' confidential or private information may further engage in various other illegal activities using such information. In addition, we have limited control or influence over the security policies or measures adopted by third-party providers of online payment services through which some of our customers may elect to make payment for purchases at our website. Furthermore, our third-party delivery companies may also violate their confidentiality obligations and disclose or use information about our customers illegally. Although we do not believe that we will be held responsible for any such illegal activities, any negative publicity on our website's safety or privacy protection mechanism and policy could have a material adverse effect on our public image and reputation. We cannot assure you that similar events will not occur in the future, which could negatively affect our brand and reputation.

In addition, the methods used by hackers and others engaged in illegal online activities are increasingly sophisticated and constantly evolving. Significant capital, managerial and other resources may be required to ensure and enhance information security or to address the issues caused by such security failure. Any perception by the public that e-commerce and transactions, or the privacy of user information, are becoming increasingly unsafe or vulnerable to attack could inhibit the growth of online retail and other online services generally, which may also in turn reduce the number of orders we receive and materially and adversely affect our business, financial condition and results of operations.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and other intellectual property as critical to our business. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements and license agreements with our employees, brand partners and others, to protect our proprietary rights. As of December 31, 2013, we own 30 registered trademarks, copyrights to 22 software products developed by us relating to various aspects of our operations, and 12 registered domain names that are material to

our business, including *vip.com* and *vipshop.com*. See "Item 4.B. Information on the Company—Business Overview—Intellectual Property."

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality agreements and license agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Future strategic alliances or acquisitions may have a material adverse effect on our business, financial condition and results of operations.

We may pursue selected strategic alliances and potential strategic acquisitions that are complementary to our business and operations, including opportunities that can help us promote our brand to new customers and brands, expand our product offerings and improve our technology infrastructure. We may also pursue strategic initiatives with brands and platforms in international markets.

Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non- performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor the actions of our partners. To the extent a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party.

In addition, although we have no current acquisition plans, we may consider entering into strategic acquisition of other companies, businesses, assets or technologies that are complementary to our business and operations as part of our growth strategy. For example, we acquired a 75% equity interest in Lefeng from Ovation, in February 2014. Lefeng owns and operates the online retail business conducted through *lefeng.com*, an online retail website specialized in selling cosmetics and fashion products in China. The total consideration paid by us for the acquisition is approximately US$132.5 million, including cash payment and financing in connection with assumed liabilities. Subsequently in the same month, we acquired a 23% equity interest, on a fully diluted basis, in Ovation for a total consideration of approximately US$55.8 million pursuant to a share purchase and subscription agreement with Ovation and certain of its existing shareholders. Strategic acquisitions and subsequent integrations of newly acquired businesses would require significant managerial and financial resources and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our growth and business operations. The costs of identifying and consummating acquisitions may be significant. We may also incur significant expenses in obtaining approvals from shareholders and relevant government authorities in China and elsewhere in the world. Our failure to consummate acquisitions could also require us to pay certain pre-negotiated fees and expenses. Acquired businesses or assets may not generate expected financial results and may have historically incurred and continue to incur losses. In addition, acquisitions could also require the use of substantial amounts of cash, issuances of equity or debt securities, incurrence of significant goodwill

and related impairment charges, amortization expenses for intangible assets and exposure to potential unknown liabilities of the acquired businesses or assets, including liabilities as the result of historical actions of the acquired businesses. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. Any such negative developments could have a material adverse effect on our business, financial condition and results of operations.

Any interruption in the operation of our logistics centers or data centers for an extended period may have an adverse impact on our business.

Our ability to process and fulfill orders accurately and provide high quality customer service depends on the efficient and uninterrupted operation of our four regional logistics centers and our self-owned servers located in data centers operated by major PRC internet datacenter providers. Our regional logistics centers and data centers may be vulnerable to damage caused by fire, flood, power loss, telecommunications failure, break-ins, earthquake, human error and other events. We have developed a disaster tolerant system which includes real-time data mirroring, daily off-line data back-up and redundancy and load balancing. However, we do not carry business interruption insurance. The occurrence of any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be subject to product liability claims if people or properties are harmed by the products we sell.

We sell products manufactured by third parties, some of which may be defectively designed or manufactured. As a result, sales of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties subject to such injury or damage may bring claims or legal proceedings against us as the retailer of the product or as the marketplace service provider. We do not currently maintain any third-party liability insurance or product liability insurance in relation to products we sell. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation.

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

Risks associated with our business and operations include, but are not limited to, damage to properties due to fire, explosions and other accidents, business interruption due to power shortages or network failure, product liability claims, transportation damages, losses of key personnel and risks posed by natural disasters including storms, floods and earthquakes, any of which may result in significant costs or business disruption. We have maintained insurance coverage we consider necessary and sufficient for our business, and customary for the industry in which we operate, including all risk property insurance covering our equipment, facilities, inventories and other properties. However, as the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business-related insurance products. We do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain key-man life insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss to be sustained or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

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

Our business operations depend on the continuing efforts of our management, particularly the executive officers named in "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management" in this annual report. If one or more of our management were unable or unwilling to continue their employment with us, we might not be able to replace them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. Our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our management may join a competitor or form a competing company. We can provide no assurance that we will be able to successfully enforce our contractual rights included in the employment agreements we have entered into with our management team, in particular in China, where all these individuals reside. As a result, our business may be negatively affected due to the loss of one or more members of our management.

If we are unable to attract, train and retain qualified personnel, our business may be materially and adversely affected.

We intend to hire and retain additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly management, technical, marketing and other operational personnel with expertise in the online retail industry. Our experienced mid- level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. Since our industry is characterized by high demand and intense competition for talent, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all. If we are unable to attract, train and retain qualified personnel, our business may be materially and adversely affected.

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

We lease various properties for offices, logistics centers, data centers and customer service centers. We may not be able to successfully extend or renew such leases and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and such failure in relocating our affected operations could affect our business and operations.

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

Some of our lessors do not have proper ownership certificates for the properties we lease, or have other restrictions on their ownership of the properties. In particular, our office in Guangzhou is located on land allocated by local government, and the lessor has not obtained the relevant governmental approvals for leasing these premises. Some of our leased properties were mortgaged by the owners to third parties before we entered into lease agreements with them, and if such owners fail to perform their obligations secured by such properties and the mortgage is enforced by the third parties, we may be unable to continue to lease such properties and may be forced to relocate. In addition, most of our

leasehold interests in leased properties have not been registered with relevant PRC government authorities as required by the PRC law. According to PRC laws, rules and regulations, the failure to register the lease agreement will not affect its effectiveness between the tenant and the landlord, however, the landlord and the tenant may be subject to administrative fines of up to RMB10,000 (US$1,652) each for such failure to register the lease. As of the date of this annual report, we are not aware of any claims or actions being contemplated or initiated by government authorities or any third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged by the governmental authorities or third parties alleging ownership of such properties. In the event that our use of properties is successfully challenged, we may be forced to relocate the affected operations. We can provide no assurance that will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations or prevent fraud, and investor confidence and the market price of our ADSs may be materially and adversely affected.

Prior to our initial public offering in March 2012, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures.

We are subject to the reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, has adopted rules requiring public companies to include a report of management on the effectiveness of such companies' internal control over financial reporting in its annual report on Form 20-F. In addition, an independent registered public accounting firm for a public company must issue an attestation report on the effectiveness of our internal control over financial reporting for the year ended December 31, 2013, to be included in this annual report, as we ceased to be an emerging growth company under the JOBS Act in 2013. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2013. In addition, our independent registered public accounting firm attested the effectiveness of our internal control and reported that our internal control over financial reporting was effective as of December 31, 2013. If we fail to achieve and maintain an effective internal control environment for our financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act. We may therefore need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports. As a result, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

Our business, financial condition and results of operations, as well as our ability to obtain financing, may be adversely affected by the downturn in the global or Chinese economy.

The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and the economy is facing new challenges, including the escalation of the European sovereign debt crisis since 2011 and the slowdown of the Chinese economy in 2012 and 2013. Economic

conditions in China are sensitive to global economic conditions. Our business and operations are primarily based in China and substantially all of our revenues are derived from our operations in China. Accordingly, our financial results have been, and are expected to continue to be, affected by the economy and online retail industry in China. Although the economy in China has grown significantly in the past decades, any severe or prolonged slowdown in the global and/or Chinese economy could reduce our customers' expenditures for our products, which in turn may adversely affect our results of operations and financial condition. The growth rate of China's GDP decreased in 2012 and 2013, and it is uncertain whether this economic slowdown will continue into 2014 and beyond. The online retail industry is particularly sensitive to economic downturns, and the macroeconomic environment in China may affect our business and prospects. A prolonged slowdown in China's economy may lead to a reduced level of online purchasing activities, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, a slowdown in the global or China's economy or the recurrence of any financial disruptions may have a material and adverse impact on financings available to us. The weakness in the economy could erode investors' confidence, which constitutes the basis of the credit markets. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including China. There have also been concerns over unrest in the Middle East and Africa, which have resulted in volatility in oil and other markets, and over the possibility of a war involving Iran. There have also been concerns about the economic effect of the earthquake, tsunami and nuclear crisis in Japan and tensions in the relationship between China and Japan. The recent financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Our results of operations are subject to quarterly fluctuations due to a number of factors that could adversely affect our business and the trading price of our ADSs.

We experience seasonality in our business, reflecting a combination of seasonal fluctuations in internet usage and traditional retail seasonality patterns. For example, we generally experience less user traffic and purchase orders during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Furthermore, sales in the traditional retail industry are significantly higher in the fourth quarter of each calendar year than in the preceding three quarters. Due to the foregoing factors, our financial condition and results of operations for future quarters may continue to fluctuate and our historical quarterly results may not be comparable to future quarters. As a result, the trading price of our ADSs may fluctuate from time to time due to seasonality.

Risks Relating to Our Corporate Structure and Restrictions on Our Industry

Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our website.

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide internet content distribution services. Specifically, foreign investors are not allowed to own more than 50% of the equity interests in any entity conducting an internet content

distribution business. The Ministry of Industry and Information Technology, or the MIIT, issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the MIIT Circular, in July 2006. The MIIT Circular reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign invested enterprises and obtain business operating licenses for internet content provision, or ICP, to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China.

We are a Cayman Islands company and our PRC subsidiary, Vipshop (China) Co., Ltd., or Vipshop China, is considered a wholly foreign owned enterprise. To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements entered into between (a) Vipshop China, (b) Guangzhou Vipshop Information Technology Co., Ltd., or Vipshop Information, our consolidated affiliated entity, and (c) shareholders of Vipshop Information. Vipshop Information holds the licenses and permits that are essential to the operation of our business. For a detailed description of these licenses and permits, see "Item 4.B. Information on the Company—Business Overview—Regulation." Vipshop Information is a PRC limited liability company owned by our co-founders and directors, all of whom are PRC citizens. As a result of these contractual arrangements, we exert control over Vipshop Information and consolidate its operating results in our financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see "Item 4.C. Information on the Company—Organizational Structure."

In the opinion of our PRC counsel, Han Kun Law Offices, our current ownership structure, the ownership structure of our PRC subsidiaries and our consolidated affiliated entity, each as described in this annual report, are in compliance with existing PRC laws, rules and regulations, and the contractual arrangements between Vipshop China, our consolidated affiliated entity and its shareholders, each as described in this annual report, are not in violation of any existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, we cannot assure you that PRC government authorities will not ultimately take a view contrary to or otherwise different from that of our PRC counsel.

In or around September 2011, various media sources reported that the China Securities Regulatory Commission, or the CSRC, had prepared a report proposing pre-approval by a competent central government authority of offshore listings by China-based companies with variable interest entity structures, such as ours, that operate in industry sectors subject to foreign investment restrictions. However, it is unclear whether the CSRC officially issued or submitted such a report to a higher level government authority or what any such report provides, or whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or what they would provide. If our ownership structure, contractual arrangements and businesses of our company, Vipshop China or our consolidated affiliated entity are found to be in violation of any existing or future PRC laws or regulations, the relevant governmental authorities, including the CSRC, would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of Vipshop China or our consolidated affiliated entity, revoking the business licenses or operating licenses of Vipshop China or our consolidated affiliated entity, shutting down our servers or blocking our website, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from our initial public offering, 2013 offering or 2014 offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations.

We rely on contractual arrangements with our consolidated affiliated entity and its shareholders for the operation of our business, which may not be as effective as direct ownership. If our consolidated affiliated entity and its shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to arbitration or litigation to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.

Because of PRC restrictions on foreign ownership of internet-based businesses in China, we depend on contractual arrangements with our consolidated affiliated entity, Vipshop Information, in which we have no ownership interest, to partly conduct our operations. These contractual arrangements, governed by PRC law, are intended to provide us with effective control over our consolidated affiliated entity and allow us to obtain economic benefits from it. Although we have been advised by our PRC counsel, Han Kun Law Offices, that these contractual arrangements are valid, binding and enforceable under current PRC laws, these contractual arrangements may not be as effective in providing control as direct ownership. For example, our consolidated affiliated entity and its shareholders could breach their contractual arrangements with us by, among other things, failing to operate our online retail business in an acceptable manner or taking other actions that are detrimental to our interests. If we hold controlling equity interest in our consolidated affiliated entity, we would be able to exercise our shareholder rights to effect changes to its board of directors, which in turn could implement changes at the management and operational level of the consolidated affiliated entity. However, under the current contractual arrangements, if our consolidated affiliated entity or its shareholders fail to perform their obligations under these contractual arrangements, we may have to incur substantial costs to enforce such arrangements, and rely on legal remedies, including arbitration and litigation, under PRC law, which may not be sufficient or effective. In particular, the contractual arrangements provide that any dispute arising from these arrangements will be submitted to the China International Economic and Trade Arbitration Commission South China Sub- Commission for arbitration, the ruling of which will be final and binding. The legal framework and system in China, particularly those relating to arbitration proceedings, is not as developed as other jurisdictions such as the United States. As a result, significant uncertainties relating to the enforcement of legal rights through arbitration, litigation and other legal proceedings remain in China, which could limit our ability to enforce these contractual arrangements and exert effective control over our consolidated affiliated entity. If we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation, and we may not be able to consolidate the financial results of Vipshop Information into our consolidated financial statements in accordance with U.S. GAAP. See "—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us."

The shareholders of our consolidated affiliated entity have potential conflicts of interest with us, which may adversely affect our business.

Each shareholder of our consolidated affiliated entity is a shareholder and/or director of our company. Equity interest held by each of these shareholders in our company is less than its interest in our consolidated affiliated entity as a result of our introduction of the DCM Entities, the Sequoia Entities, and public investors as shareholders of our company. In addition, such shareholders' equity interest in our company will be further diluted as a result of any future offering of equity securities. As a result, conflicts of interest may arise as a result of such dual shareholding and governance structure.

Each of these shareholders is also a director of our company, and has a duty of care and loyalty to our company and to our shareholders as a whole under Cayman Islands law. Under the contractual arrangements with our consolidated affiliated entity and its shareholders, (a) we may replace any such individual as a shareholder of our consolidated affiliated entity at our discretion, and (b) each of these individuals has executed a power of attorney to appoint Vipshop China or its designated third party to

vote on their behalf and exercise shareholder rights of our consolidated affiliated entity. However, we cannot assure you that these individuals will act in the best interests of our company should any conflicts of interest arise, or that any conflicts of interest will be resolved in our favor. These individuals may breach or cause our consolidated affiliated entity to breach the existing contractual arrangements. If we cannot resolve any conflicts of interest or disputes between us and any of these individuals, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We may lose the ability to use and enjoy assets held by our consolidated affiliated entity that are important to the operation of our business if such entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements with our consolidated affiliated entity, such entity holds certain assets that are important to the operation of our business. If our consolidated affiliated entity goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If our consolidated affiliated entity undergoes a voluntary or involuntary liquidation proceeding, the unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Our contractual arrangements with our consolidated affiliated entity may result in adverse tax consequences to us.

We may be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between Vipshop China and our consolidated affiliated entity were not entered into on an arm's length basis and therefore constitute favorable transfer pricing arrangements. If this occurs, the PRC tax authorities could request that our consolidated affiliated entity adjust its taxable income, if any, upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by increasing our consolidated affiliated entity's tax expenses without reducing our tax expenses, which could subject our consolidated affiliated entity to late payment fees and other penalties for underpayment of taxes. The PRC Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. As a result, our contractual arrangements with our consolidated affiliated entity may result in adverse tax consequences to us.

If our consolidated affiliated entity fails to obtain and maintain the requisite assets, licenses and approvals required under PRC law, our business, financial condition and results of operations may be materially and adversely affected.

Foreign investment and the internet industry in China are highly regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of the internet industry. See "Item 4.B. Information on the Company—Business Overview—Regulation." Our PRC subsidiaries and consolidated affiliated entity are required to obtain and maintain certain assets relevant to its business as well as applicable licenses or approvals from different regulatory authorities in order to provide its current services. These assets and licenses are essential to the operation of our business and are generally subject to annual review by the relevant governmental authorities. Furthermore, our PRC subsidiaries and our consolidated affiliated entity may be required to obtain additional licenses. If we fail to obtain or maintain any of the required, assets, licenses or approvals, our continued business operations in the

internet industry may subject it to various penalties, such as confiscation of illegal net revenue, fines and the discontinuation or restriction of our operations. Any such disruption in the business operations of our consolidated affiliated entity will materially and adversely affect our business, financial condition and results of operations. For instance, we have recently started a pilot program to provide our own delivery service in Shanghai. We do not currently charge additional fees for such service. Under PRC law, we are required to obtain a road transportation permit and an express delivery service permit from relevant governmental authorities to provide delivery service. As of the date of this annual report, we have not obtained all the relevant permits. As a result, we may be subject to penalties, such as fines and ban on providing such service in the future. In addition, Vipshop Information is preparing to update its ICP license with respect to *lefeng.com* with the local branch of the MIIT, and Lefeng (Shanghai) Information Technology Co., Ltd., or Lefeng Shanghai, is preparing to register its issuance and sale of single purpose commercial pre-paid cards with the Ministry of Commerce.

Risks Relating to Doing Business in China

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

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

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

We conduct our business primarily through Vipshop China, our PRC subsidiary, and Vipshop Information, our consolidated affiliated entity in China. Our operations in China are governed by PRC laws and regulations. Vipshop China is a foreign invested enterprise and is subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to foreign invested enterprises. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual or tort rights. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until some time after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of the internet-related business include, but are not limited to, the following:

- We only have contractual control over our website. We do not directly own our website through our subsidiaries due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including ICP services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

- There are uncertainties relating to the regulation of the internet- related business in China, including evolving licensing practices. This means that some of our permits, licenses or operations may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licenses. If we fail to maintain any of these required licenses or approvals, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations. Any such disruption in our business operations may have a material and adverse effect on our results of operations.

- New laws and regulations may be promulgated that will regulate internet activities, including online retail businesses. If these new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of,

internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain any new licenses required under any new laws or regulations. There are also risks that we may be found to violate the existing or future laws and regulations given the uncertainty and complexity of China's regulation of internet-related business.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business, and we may be liable for content that is displayed on our website.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the internet. The PRC government has prohibited the distribution of information through the internet that it deems to be in violation of PRC laws and regulations. If any of our internet content were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions of our customers or users of our website or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be prevented from operating our website in China.

Our auditor is not inspected fully by PCAOB and, as such, you are deprived of the benefits of such inspection.

As an auditor of companies that are publicly traded in the United States and a firm registered with the PCAOB, Deloitte Touche Tohmatsu is required by the laws in the United States to undergo regular inspections by PCAOB to assess its compliance with the laws of the United States and the professional standards of the PCAOB. However, because we have substantial operations within the PRC, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese government authorities, our auditor is not currently inspected fully by the PCAOB.

Inspections of other auditors conducted by the PCAOB outside of China have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, shareholders may be deprived of the benefits of PCAOB inspections, and may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Proceedings instituted by the SEC against five Mainland China-based accounting firms, including the affiliate of our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Mainland Chinese affiliates of the "big four" accounting firms, (including the Mainland affiliate of our auditors). and also against Dahua (the former BDO affiliate in China). The Rule 102(e) proceedings initiated by the SEC relate to these firms' failure to produce documents, including audit work papers, in response to the request of the SEC pursuant to Section 106 of the Sarbanes- Oxley Act of 2002, as the auditors located in Mainland China are not in a position lawfully to produce documents directly to the SEC because of restrictions under PRC law and specific directives issued by the China Securities Regulatory Commission. The issues raised by the proceedings affect equally all audit firms based in Mainland China and all China-based businesses with securities listed in the United States.

In January 2014, the administrative judge reached an Initial Decision that the "big four" accounting firms in Mainland China should be barred from practicing before the Commission for six months. Although the principal auditor of our financial statements is Deloitte Touche Tohmatsu in Hong Kong, which is not subject to the proceedings or the Initial Decision, our auditors use their Mainland China affiliate to assist in the auditing of the Mainland China components of our operations. However, it is currently impossible to determine the ultimate outcome of this matter as the accounting firms have filed a petition for review of the Initial Decision and pending that review the effect of the Initial Decision is suspended. It will, therefore, be for the Commissioners of the SEC to make a legally binding order specifying the sanctions if any to be placed on these audit firms. Once such an order was made, the accounting firms would have a further right to appeal to the US Federal courts, and the effect of the order might be further suspended pending the outcome of that appeal.

Depending upon the final outcome, listed companies in the United States with major Mainland China operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which may result in their delisting. Moreover, any negative news about the proceedings against these audit firms may erode investor confidence in China-based, United States listed companies and the market price of our ADSs may be adversely affected.

Fluctuations in exchange rates may have a material adverse effect on your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and elsewhere in the world. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. The PRC government has allowed the RMB to appreciate slowly against the U.S. dollar again, and it has gradually appreciated against the U.S. dollar since June 2010, though there have been periods when the U.S. dollar has appreciated against the RMB as well. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. There remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in greater fluctuation of the Renminbi against the U.S. dollar.

All of our total net revenues and most of our expenses are denominated in Renminbi. Any significant revaluation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, an appreciation of Renminbi against the U.S. dollar would reduce the amount of Renminbi we would receive if we need to convert U.S. dollars into Renminbi. Conversely, a significant depreciation of the Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. We did not enter into any hedging transactions to hedge our exposure to the risks relating to fluctuations in exchange rates. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of Vipshop China in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and consolidated affiliated entity to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

We principally rely on dividends and other distributions on equity paid by Vipshop China in China to fund our cash and financing requirements, and any limitation on the ability of Vipshop China to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from Vipshop China in China for our cash requirements, including for the service of any debt we may incur. Our subsidiaries' ability to distribute dividends is based upon their distributable earnings which are mainly derived from the payments for products and services from our consolidated affiliated entity. Current PRC regulations permit our PRC subsidiaries to pay dividends to Vipshop HK only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China and our consolidated affiliated entity is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of such entity in China is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. These reserves are not distributable as cash dividends. As of December 31, 2013, we had, on a consolidated basis, accumulated losses of US$123.7 million, representing losses incurred in Vipshop China, our consolidated affiliated entity and certain subsidiaries. As a result, such entities in China are not able to distribute dividends to us until their accumulated losses have been made up. Furthermore, if Vipshop China in China incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to Vipshop HK could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of our debt and equity offerings to make loans or additional capital contributions to Vipshop China in China.

Any funds we transfer to Vipshop China, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign invested enterprises in China, capital contributions to Vipshop China are subject to the approval of the PRC Ministry of Commerce or its local branches and registration with other governmental authorities in China. In addition, (a) any foreign loan procured by Vipshop China is required to be registered with SAFE or its local branches, and (b) Vipshop China may not procure loans which exceed the difference between its registered capital and its total investment amount as approved by the PRC Ministry of Commerce or its local branches. Any medium or long term loan to be provided by us to our consolidated affiliated entity must be approved by the National Development and Reform Commission and SAFE or its local branches. We may not obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registration, our ability to use the proceeds of our debt and equity offerings and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142. SAFE Circular 142 regulates the conversion by a foreign invested enterprise of foreign currency into Renminbi by restricting the usage of converted Renminbi. SAFE Circular 142 provides that any Renminbi capital converted from registered capital in foreign currency of a foreign invested enterprise may only be used for purposes within the business scope approved by PRC governmental authority and such Renminbi capital may not be used for equity investments within the PRC unless otherwise permitted by the PRC law. In addition, SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from registered capital in foreign currency of a foreign invested enterprise. The use of such Renminbi capital may not be changed without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been utilized. As a result, we are required to apply Renminbi funds converted from the net proceeds we received from our public offerings of debt and equity securities within the business scope of Vipshop China. SAFE Circular 142 may significantly limit our ability to transfer the net proceeds from the public offerings of debt and equity securities to Vipshop China or invest in or acquire any other companies in the PRC. Furthermore, SAFE promulgated a circular on November 9, 2010, or SAFE Circular 59, which tightens the regulation over settlement of net proceeds from offshore offerings. In particular, it is specifically required that any net proceed settled from offshore offerings shall be applied in the manner described in the offering documents. SAFE also promulgated SAFE Circular 45 in November 2011, which, among other things, restrict a foreign-invested enterprise from using Renminbi funds converted from its registered capital to provide entrusted loans or repay loans between non-financial enterprises. Violations of these circulars could result in severe monetary or other penalties. SAFE Circular 142, SAFE Circular 59 and SAFE Circular 45 may significantly limit our ability to transfer to and use in China the net proceeds from our public offerings of equity securities, which may adversely affect our business, financial condition and results of operations.

Certain regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on

Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council on August 3, 2008, were triggered. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress on August 30, 2007 which became effective on August 1, 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds (for example, during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion (US$1.6 billion) and at least two of these operators each had a turnover of more than RMB400 million (US$65.1 million) within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion (US$0.3 billion) and at least two of these operators each had a turnover of more than RMB400 million (US$65.1 million) within China) must be cleared by the Ministry of Commerce before they can be completed. We believe that the turnover of acquired business of Lefeng in 2013 is less than RMB400 million (US$65.1 million) within China and have not sought clearance from the Ministry of Commerce, but we cannot assure you that the Ministry of Commerce will not take a view contrary to ours. In addition, PRC national security review rules which became effective on September 1, 2011 require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE has promulgated several regulations, including the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or Circular 75, effective on November 1, 2005 and its implementation rules. These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations are applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. Under these foreign exchange regulations, PRC residents who make, or have prior to the implementation of these foreign exchange regulations made, direct or indirect investments in offshore special purpose vehicles, or SPVs, will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contribution into its subsidiary in China.

All of our shareholders that we are aware of being subject to the SAFE regulations have completed all necessary registrations with the local SAFE branch as required by Circular 75 by the end of 2013. They are also required to amend their registrations after the completion of our acquisition of equity interests in Lefeng and Ovation in February 2014 and the 2014 offering and are in the process of doing so. We cannot assure you, however, that all of these individuals may continue to make required filings or updates on a timely manner, or at all. We can provide no assurance that we are or will in the future continue to be informed of identities of all PRC residents holding direct or indirect interest in our company. Any failure or inability by such individuals to comply with the SAFE regulations may subject us to fines or legal sanctions,

such as restrictions on our cross-border investment activities or our PRC subsidiaries' ability to distribute dividends to, or obtain foreign- exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly-Listed Companies issued by SAFE in March 2007. Under these rules, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC resident employees who participate in the employee stock incentive plans, which we adopted in March 2011 and March 2012, respectively, have been subject to these regulations since our company became a publicly-listed company in the United States in March 2012. We have been assisting our PRC option grantees to complete the required registrations and procedures on a quarterly basis. If we or our PRC option grantees fail to comply with these regulations, we or our PRC option grantees may be subject to fines and other legal or administrative sanctions. See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulations on Stock Incentive Plans."

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

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the State Administration of Taxation, or the SAT, on December 10, 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. SAT further released the SAT Public Notice (2011) No. 24, or SAT Public Notice 24, which took effect on April 1, 2011, to clarify several issues related to SAT Circular No. 698. Under SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from a disposition of any equity interests of an overseas holding company. In addition, the PRC resident enterprise may be required to provide necessary assistance to support the enforcement of SAT Circular 698.

There is uncertainty as to the application of SAT Circular 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise remain unclear. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. Therefore, neither we nor the selling shareholders of Lefeng and Ovation have undertaken the filing formalities for our acquisition of equity interests in Lefeng and Ovation, respectively. However, SAT Circular 698 may be determined by the tax authorities to be applicable to us in our acquisition of equity interests in Lefeng and Ovation, and our non-resident shareholders who acquired our shares outside of the open market and subsequently sell our shares in our private financing transactions or in the open market if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors may become at risk of being taxed under SAT Circular 698 and may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698, which may have a material adverse effect on our financial condition and results of operations or such non-resident shareholders' investments in us.

It is unclear whether we will be considered a PRC "resident enterprise" under the PRC Enterprise Income Tax Law and, depending on the determination of our PRC "resident enterprise" status, our global income may be subject to the 25% PRC enterprise income tax, which could have a material adverse effect on our results of operations.

Under the PRC Enterprise Income Tax Law and its implementation rules, which became effective in January 2008, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules of the Enterprise Income Tax Law define the term "de facto management bodies" as "establishments that carry out substantial and overall management and

control over the manufacturing and business operations, personnel, accounting, properties, etc., of an enterprise." On April 22, 2009, the SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Further, Circular 82 states that certain PRC- controlled enterprises will be classified as "resident enterprises" if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and half or more of the senior management or directors having voting rights. In addition, the SAT issued a bulletin on July 27, 2011, effective September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulation on Tax—PRC Enterprise Income Tax Law and Individual Income Tax Law." Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. In addition to the uncertainty regarding how the new resident enterprise classification may apply, it is also possible that the rules may change in the future, possibly with retroactive effect. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a resident enterprise and may therefore be subject to the enterprise income tax at 25% on our global income as well as PRC enterprise income tax reporting obligations. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Dividends and/or interest payable to our foreign investors and gains on the sale of our ADSs or ordinary shares or notes by our foreign investors may become subject to taxes under PRC tax laws.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends and/or interest payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends and/or interest are not effectively connected with such establishment or place of business, to the extent such dividends and/or interest are derived from sources within the PRC. Similarly, any gain realized on the transfer of ADSs or ordinary shares or notes by such investors is also subject to PRC tax at a rate of 10%, subject to any reduction or exemption set forth in relevant tax treaties, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends and/or interest paid on our ordinary shares or ADSs or notes, and any gain realized from the transfer of our ordinary shares or ADSs or notes, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulation on Tax—PRC Enterprise Income Tax Law and Individual Income Tax Law." Furthermore, if we are deemed a PRC resident enterprise, dividends and/or interest payable to investors that are non-PRC individual investors and any gain realized on the transfer of ADSs or ordinary shares or notes by investors may be subject to PRC tax at a rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties. It is unclear whether, if we are considered a PRC resident enterprise, holders of our ADSs or ordinary shares or notes would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas (although we do not expect to withhold at treaty rates if any withholding is required). If dividends and/or interest payable to our non-PRC investors, or gains from the transfer of our ordinary shares or ADSs or notes by such investors are subject to PRC tax, the value of your investment in our ordinary shares or ADSs or notes may be adversely affected.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations.

On June 29, 2007, the Standing Committee of the National People's Congress of China enacted the Labor Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012. The Labor Contract Law introduces specific provisions related to fixed-term employment contracts, part- time employment, probation, consultation with labor union and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining, which together represent enhanced enforcement of labor laws and regulations. According to the Labor Contract Law, an employer is obliged to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract must have an unlimited term, with certain exceptions. The employer must pay severance to an employee where a labor contract is terminated or expires, with certain exceptions. In addition, the government has continued to introduce various new labor-related regulations after the effectiveness of the Labor Contract Law. Among other things, it is required that that annual leave ranging from five to 15 days be made available to employees and that the employee be compensated for any untaken annual leave days in the amount of three times of the employee's daily salary, subject to certain exceptions. As a result of these new regulations designed to enhance labor protection and increasing labor costs in China, our labor costs are expected to increase. In addition, as the interpretation and implementation of these new regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed in compliance with the new regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected.

Our failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations. We have not made adequate employee benefit payments as required under applicable PRC labor laws. Accruals for the underpaid amounts as recorded were US$89 thousand, US$0.5 million, US$1.6 million, US$2.2 million and US$3.0 million as of December 31, 2009, 2010, 2011, 2012 and 2013, respectively. Our failure in making contributions to various employee benefit plans and in complying with applicable PRC labor-related laws may subject us to late payment penalties. If we are subject to such penalties in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

An occurrence of a widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be adversely affected by the effects of Influenza A virus subtype H1N1, or the H1N1 virus, Severe Acute Respiratory Syndrome, or SARS, avian influenza or other epidemics or outbreaks on the economic and business climate. A prolonged outbreak of any of these illnesses or other adverse public health developments in China or elsewhere in the world could have a material adverse effect on our business operations. Such outbreaks could significantly impact the online retail industry and cause a temporary closure of the facilities we use for our operations. Such impact or closures would severely disrupt our operations and adversely affect our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our partners were suspected of having the H1N1 virus, SARS or avian influenza, since this could require us or our partners to quarantine some or all of such employees or disinfect the facilities used for our operations and may deter our customers or potential customers from purchasing or accepting our products. In addition, our business, financial condition and results of operations could be adversely affected to the extent that an outbreak harms the global or Chinese economy in general, such as wars, acts of terrorism, snowstorms, earthquakes, fire, floods, environmental accidents, power shortage or communication interruptions.

Risks Related to Our Ordinary Shares and ADSs

The market price for our ADSs has fluctuated and may be volatile.

The market price for our ADSs has fluctuated since we first listed our ADSs. Since our ADSs became listed on the New York Stock Exchange, or the NYSE, on March 23, 2012, the trading price of our ADSs have ranged from US$4.12 to US$182.00 per ADS, and the last reported trading price on March 31, 2014 was US$149.30 per ADS.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly results of operations and changes of our expected results;
- announcements by us or our competitors of new services, acquisitions, strategic relationships, joint ventures or capital investments;
- additions to or departures of our senior management personnel;
- detrimental negative publicity about us, our competitors or our industry;
- changes in financial estimates by securities research analysts;
- regulatory developments affecting us, our brand partners or our industry;
- changes in the economic performance or market valuations of other internet, e-commerce or online retail companies in China;
- changes in major business terms between our brand suppliers and us;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding shares or ADSs; and
- sales or perceived potential sales of additional equity securities or ADSs.

The trading price of the senior convertible notes we offered in 2014 is expected to be significantly affected by the market price of our ADSs, as well as the general level of interest rates and our credit quality. This may result in significantly greater volatility in the trading price of the senior convertible notes we offered in 2014 than would be expected for nonconvertible debt securities we may issue.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. The securities of some China-based companies that are listed in the United States have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of the securities of these China-based companies after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. Furthermore, some negative news and perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure including the use of variable interest entities or other matters of other China-based companies have negatively affected the attitudes of investors towards China- based companies, including us, in general in the past, regardless of whether we have engaged in any inappropriate activities, and any news or perceptions with a similar nature may continue to negatively affect us in the future. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.

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

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no assurance that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

Substantial future sales or perceived potential sales of our ADSs, ordinary shares or other equity securities in the public market could cause the price of our ADSs to decline and therefore adversely impact the value of the senior convertible notes we offered.

Sales of our ADSs, ordinary shares or other equity securities in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline and therefore adversely impact the value of the senior convertible notes we offered in the 2014 offering. As of the date of this annual report, we had 111,665,972 ordinary shares outstanding, including 60,454,987 ordinary shares represented by ADSs. All ADSs representing our ordinary shares are freely transferable by persons other than our "affiliates" without restriction or additional registration under the Securities Act.

Certain holders of our ordinary shares will have the right to cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

The fundamental change repurchase feature of the senior convertible notes we offered in the 2014 offering may delay or prevent an otherwise beneficial attempt to take over our company.

The terms of the senior convertible notes we offered in the 2014 offering require us to repurchase the notes in the event of certain fundamental changes. A takeover of our company could trigger an option of the note holders to require us to repurchase the notes. This may have the effect of delaying or preventing takeover of our company that would otherwise be beneficial to our investors.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this annual report and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attached to ordinary shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attached to ordinary shares represented by the ADSs. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares in accordance with these instructions. See "Item 10.B. Additional Information—Memorandum and Articles of Association—Voting Rights."

We cannot assure you that you will receive the voting materials in time to instruct the depositary to vote the ordinary shares underlying your ADSs, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will as a result not have the opportunity to exercise a right to vote. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. Although you may directly exercise your right to vote by withdrawing the ordinary shares underlying your ADSs, you may not be able to do so, on a timely basis or at all, to allow you to vote with respect to any specific matter.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause a registration statement, if filed, to be declared effective. There might not be an exemption from registration under the Securities Act available to us for our rights offering. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

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

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

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct substantially all of our operations in China and substantially all of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands and conduct substantially all of our operations in China through our PRC subsidiaries and consolidated affiliated entity. Substantially all of our directors and officers reside outside the United States and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and China may render you unable to

enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Law (2013 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority in a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, shareholders in Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our memorandum and articles of association contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our third amended and restated memorandum and articles of association contain certain provisions that could limit the ability of third parties to acquire control of our company, including a provision that grants authority to our board directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. The provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

Our existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

As of March 31, 2014, our co-founders and shareholders, Mr. Eric Ya Shen and Mr. Arthur Xiaobo Hong, beneficially owned an aggregate of 14.6% and 10.3% of our outstanding shares, respectively, all of our directors and existing officers beneficially owned an aggregate of 41.0% of our outstanding shares and the Sequoia Entities and the DCM Entities beneficially owned an aggregate of 9.4% and 7.0%, respectively, of our outstanding shares.

As a result, our existing shareholders have substantial influence over our business and corporate matters, including without limitation, decisions regarding mergers and consolidations, asset disposals and director elections. They may exercise their shareholder rights in a way that they believe is in their best interest, which may conflict with the interest of our other shareholders. These actions may be taken even if they are opposed by our other shareholders. Our concentrated ownership structure may also discourage, delay or prevent a change in control of our company, which could deprive our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. For more information regarding our principal shareholders, see "Item 6.E. Directors, Senior Management and Employees—Share Ownership."

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could subject United States investors in the ADSs or ordinary shares to significant adverse United States income tax consequences.

Depending upon the value of our ADSs and ordinary shares and the nature of our assets and income over time, we could be classified as a "passive foreign investment company", or "PFIC," for United States federal income tax purposes. Although the law in this regard is unclear, we treat Vipshop Information as being owned by us for United States federal income tax purposes, not only because we control its management decisions but also because we are entitled to substantially all of the economic benefits associated with this entity, and, as a result, we combine this entity's operating results in our consolidated financial statements. If it were determined, however, that we are not the owner of Vipshop Information for United States federal income tax purposes, we would likely be treated as a PFIC for the current taxable year or any future taxable year.

Assuming that we are the owner of Vipshop Information for United States federal income tax purposes, and based upon our current income and assets and projections as to the value of our ADSs and ordinary shares as of December 31, 2013, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future. While we do not expect to become a PFIC, if, among other matters, our market capitalization is less than anticipated or subsequently declines, we may be a PFIC for the current or future taxable years. The determination of whether we are or will be a PFIC will also depend, in part, on the composition of our income and assets, which will be affected by how, and how quickly, we use our liquid assets and the cash raised in the offering that we completed in March 2014. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, including ascertaining the fair market value of our assets on a quarterly basis and the character of each item of income we earn, we can provide no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

If we were to be classified as a PFIC in any taxable year, a U.S. Holder (as defined in "Item 10.E. Additional Information—Taxation—Material United States Federal Income Tax Considerations") would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of United States federal income tax that a U.S. Holder could derive from investing in a non-United States corporation that does not distribute all of its earnings on a current basis. Further, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. For more information see "Item 10.E. Additional Information—Taxation—Material Unted States Federal Income Tax Considerations—Passive Investment Company Considerations."

As a company incorporated in the Cayman Islands, we may adopt certain home country practices in relation to corporate governance matters. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.

As a non-U.S. company with ADSs listed on the NYSE, we are subject to the NYSE corporate governance listing standards. However, in reliance on Section 303A.11 of the NYSE Listed Company Manual, which permits a foreign private issuer to follow the corporate governance practices of its home country, we may adopt certain corporate governance practices that may differ significantly from the NYSE corporate governance listing standards. We have followed and intend to continue to follow the applicable corporate governance standards under the NYSE corporate governance standards and we are not aware of any significant differences between our corporate governance practices and those followed by domestic companies under the NYSE listing standards. However, we may adopt certain practices that are in compliance with the laws of the Cayman Islands, which may differ from more stringent requirements imposed by the NYSE rules and as such, our shareholders may be afforded less protection under Cayman Islands law than they would under the NYSE rules applicable to U.S. domestic issuers.

We incurred increased costs as a result of being a public company, and we cannot predict or estimate the amount of additional future costs we may incur or the timing of such costs.

As a public company, we have incurred significant accounting, legal and other expenses that we did not incur when we were a private company, including additional costs associated with our public company reporting obligations. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and the NYSE, requires significantly heightened corporate governance practices for public companies, including Section 404 relating to internal control over financial reporting. As our revenues for the last fiscal year exceeded US$1 billion, we are no longer qualified as an "emerging growth company" pursuant to the JOBS Act, and we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with reasonable certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A *History and Development of the Company*

Our Company

We are a holding company incorporated in the Cayman Islands and conduct our business through our subsidiaries and consolidated affiliated entity in China. We started our operations in August 2008 when our founders established Vipshop Information in China. In order to facilitate foreign investment in our company, our founders incorporated Vipshop Holdings Limited, an offshore holding company in Cayman Islands, in August 2010. In October 2010, Vipshop Holdings established Vipshop International Holdings Limited, or Vipshop HK, a wholly owned subsidiary, in Hong Kong. Subsequently, Vipshop HK established a wholly owned PRC subsidiary, Vipshop (China) Co., Ltd., or Vipshop China, in January 2011.

From 2011 to 2014, Vipshop China newly established eleven wholly owned PRC subsidiaries to support our regional business expansion, namely, Vipshop (Kunshan) E-Commerce Co., Ltd., Vipshop (Jianyang) E- Commerce Co., Ltd., Vipshop (Tianjin) E-Commerce Co., Ltd., Vipshop (Hubei) E-Commerce Co., Ltd., Vipshop (Zhaoqing) E- Commerce Co., Ltd., Vipshop (Zhuhai) E-Commerce Co., Ltd., Vipshop (Foshan) E-Commerce Co., Ltd., Chongqing Vipshop E- Commerce Co., Ltd., Pinheng (Shanghai) E-Commerce Co., Ltd., Guangzhou Pinwei Software Co., Ltd., and Shanghai Pinzhong Factoring Co., Ltd. and Vipshop Information newly established three wholly owned PRC subsidiaries, namely, Guangzhou Vipshop Networks Technology Co., Ltd., Guangzhou Pinxin Investment Holding Co., Ltd., and Chongqing Vipshop Investment Co., Ltd. We wound down Vipshop (Beijing) E-Commerce Co., Ltd. in 2013 as we relocated our northern China logistics center from Beijing to Tianjin due to costs and other considerations.

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and

other government regulations. We are a Cayman Islands company and our PRC subsidiary, Vipshop China, is a wholly foreign owned enterprise. As a wholly foreign owned enterprise, Vipshop China is restricted from holding the licenses that are necessary for our online operation in China. To comply with these restrictions, we conduct our online operations principally through Vipshop Information, our consolidated affiliated entity in China. Vipshop Information operates our website and holds the licenses necessary to conduct our internet- related operations in China.

See "Item 4.C. Information on the Company—Organizational Structure" for a diagram illustrating our corporate structure as of December 31, 2013.

On March 23, 2012, our ADSs began trading on the NYSE under the ticker symbol "VIPS." We issued and sold a total of 11,176,470 ADSs, representing 22,352,940 ordinary shares, at an initial offering price of $6.50 per ADS.

On March 13, 2013, we completed a follow-on public offering of 7,200,000 ADSs by our company and certain of our selling shareholders, or the 2013 offering, at a public offering price of US$24.00 per ADS. Concurrently, the underwriters exercised in full the option to purchase an aggregate of 1,080,000 additional ADSs from certain selling shareholders at the public offering price of the 2013 offering.

On February 14, 2014, we acquired a 75% equity interest in Lefeng.com Limited, or Lefeng, from its parent company Ovation Entertainment Limited, or Ovation. Before this acquisition, Lefeng had been a wholly-owned subsidiary of Ovation. To facilitate the acquisition, Ovation has restructured its online platform business conducted through lefeng.com, an online retail website specialized in selling cosmetics and fashion products in China, by transferring certain assets and liabilities, including domain names (which were subsequently transferred to Vipshop Information), trademarks, copyrights and employees that form part of the online platform business, to Lefeng. The total consideration payable by the Company for the acquisition was approximately US$132.5 million including cash payment and financing in connection with assumed liabilities.

In connection with the acquisition, we and a subsidiary of Lefeng have entered into framework supply agreements with a PRC affiliate of Ovation, pursuant to which Ovation's PRC affiliate agreed to supply cosmetics, apparel, healthcare products, food and other consumer products developed under Ovation's proprietary brands exclusively to us for sale to consumers through vip.com, lefeng.com and other third-party websites. If our sales of Ovation products to consumers through vip.com, lefeng.com and other third-party websites in 2014 are less than RMB900 million (US$148.7 million), we would be required to purchase additional products from Ovation to the extent of the shortfall. We would be entitled to sales rebates depending on the amount of sales achieved for Ovation's proprietary brands after such sales exceed RMB900 million (US$148.7 million).

Subsequently on February 21, 2014, we acquired a 23% equity interest, on a fully diluted basis, in Ovation for a total consideration of approximately US$55.8 million pursuant to a share purchase and subscription agreement with Ovation and certain of its existing shareholders. Through this strategic investment, we have gained access to a consistent supply of Ovation branded cosmetic products as well as Ovation's expertise in branding, marketing and research and development of proprietary products, which we expect would help promote our brand and support our efforts to expand our user base. In addition, as a result of our acquisition of this 23% equity interest in Ovation, on a fully diluted basis, we now own, directly or indirectly, a total of 80.75% equity interest in Lefeng. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Lefeng and Ovation" for a discussion on our loan arrangements entered into to finance our acquisitions of equity interests in Lefeng and Ovation.

On March 17, 2014, we completed a public offering of 1,140,000 ADSs by certain of our selling shareholders, representing 2,280,000 ordinary shares, at a public offering price of US$143.74 per ADS, and US$550,000,000 aggregate principal amount of our 1.50% convertible senior notes due 2019, or the

2014 offering. Concurrently, the underwriters exercised in full the option to purchase an aggregate of 171,000 additional ADSs from certain selling shareholders at the public offering price of the 2014 offering and up to an additional US$82,500,000 aggregate principal amount of our 1.50% convertible senior notes due 2019.

Our principal executive offices are located at No. 20 Huahai Street, Liwan District, Guangzhou, Guangdong 510370 the People's Republic of China. Our telephone number at this address is +86 (20) 2233-0000. Our registered office in the Cayman Islands is located at the office of International Corporation Services Ltd., P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands. We also have three branches in Beijing, Shanghai and Shenzhen, China. Our agent for service of process in the United States is Law Debenture Corporate Services Inc. located at 400 Madison Avenue, 4th Floor, New York, New York 10017. Our website is *www.vip.com*.

B *Business Overview*

Overview

We are China's leading online discount retailer for brands as measured by total revenues in 2013 and the number of monthly unique visitors in December 2013, according to the iResearch Report. We offer high-quality branded products to consumers in China through flash sales on our *vip.com* website. Flash sales represent a new online retail format combining the advantages of e-commerce and discount sales through selling a finite quantity of discounted products or services online for a limited period of time. Since our inception in August 2008, we have attracted a large and growing number of consumers and popular brands. We had 48.8 million registered members and over 12 million cumulative customers and promoted and sold products for over 8,700 popular domestic and international brands as of December 31, 2013.

Our business model provides a unique online shopping experience for our customers. We offer new sales events daily with a curated selection of popular branded products at deeply discounted prices in limited quantities during limited time periods, creating the element of "thrill and excitement" associated with our unique customer shopping experience. Our strong merchandizing expertise enables us to select the brand composition and product mix of our daily sales events that appeal to our customers, who mostly consist of urban and educated individuals in China who are seeking lifestyle enhancements. We have built a highly engaged and loyal customer base that contributes to our sales growth, while also enabling us to attract new customers primarily through word-of-mouth referrals. A majority of our customers have purchased products from us more than once. Our total number of repeat customers was 0.9 million, 2.6 million and 6.0 million in 2011, 2012 and 2013, respectively, representing 60.6%, 63.9% and 63.8%, respectively, of the total number of our active customers during the same periods. Orders placed by our repeat customers accounted for 91.9%, 93.2% and 93.0%, respectively, of our total orders during the same periods.

We are a preferred online flash sales channel in China for popular domestic and international brands. We believe that well-known and popular brands are attracted to our website and services because of our ability to monetize large volumes of their inventory in short periods of time, increase consumer awareness of their brands and products, reach potential customers throughout China, and fulfill their demand for customer data analysis and inventory management. Among the brands that have promoted and sold products on our website, substantially all of them have returned to pursue additional sales opportunities with us. To date, we have the exclusive rights to sell selected products from over 1,100 popular brands.

We strive to optimize every aspect of our operations as we continue to grow our business. We generally have the right to return unsold items for most of our products to our brand partners. Our logistics operations and inventory management systems are specifically designed to support the frequent

sales events on our website and handle a large volume of inventory turnover. We use both leading delivery companies with nationwide coverage and quality regional and local couriers to ensure reliable and timely delivery. We have developed our IT infrastructure to support the surge of visitor traffic to our website during the peak hours of our daily flash sales. We believe that our efficient operational and management systems combined with our robust IT infrastructure set a solid foundation for our continuing growth.

We began our operations in August 2008 and have grown significantly since then. In 2011, 2012 and 2013, we fulfilled approximately 7.3 million, 21.9 million and 49.2 million customer orders, respectively, and we generated total net revenues of US$227.1 million, US$692.1 million and US$1.7 billion, respectively. In 2011 and 2012, we incurred net losses of US$107.3 million and US$9.5 million, respectively. In 2013, we generated net income of US$52.3 million. Our net loss in 2011 and 2012 and net income in 2013 reflected non-cash share-based compensation expenses in an aggregate amount of US$73.9 million, US$7.6 million and US$12.5 million, respectively.

PRC laws and regulations currently limit foreign ownership of companies that provide internet-based services, such as our online retail business. To comply with these restrictions, we conduct our online operations principally through our consolidated affiliated entity, Guangzhou Vipshop Information Technology Co., Ltd., or Vipshop Information. We face risks associated with our corporate structure, as our control over Vipshop Information is based upon contractual arrangements rather than equity ownership. See "Item 4.C. Information on the Company—Organizational Structure" and "Item 3.D. Key Information —Risk Factors—Risks Relating to Our Corporate Structure and Restrictions on Our Industry."

Our Flash Sales Model

Flash sales embody characteristics of value, quality and convenience that are well suited to brand-conscious consumers in China seeking quality goods at substantial discounts. Through our flash sales model, we sell limited quantities of deeply discounted branded products online for limited periods of time. We optimize the brand composition and product mix of our daily sales events based on our strong merchandizing expertise. As of December 31, 2013, we have offered diversified product offerings from over 8,700 popular domestic and international brands, including apparel for women, men and children, fashion goods, cosmetics, home goods and other lifestyle products. We carefully select well-known and popular mid-level to premium brands and products that appeal to a broad base of consumers with different purchasing powers throughout China. To foster customer confidence of purchasing quality products from our website, we provide limited product quality insurance for our products.

We offer new sales events daily starting at 10 a.m. Beijing time, and our website experiences a surge of visitor traffic in the ensuing two hours as consumers are eager to purchase popular deals of the day before they are sold out. In 2013, during the peak hours of our daily sales, average hourly visitor traffic to our website was over three times higher than the hourly average number of unique visitors to our website per day during the month. To provide our customers with a greater opportunity to purchase featured discounted products, each customer is limited to purchasing two pieces of the same item and each shopping cart can only hold 20 items at one time, except for food products. Unpaid items in the shopping cart will be automatically returned to the available products pool in 20 minutes. Consequently, customers must make quick purchase decisions within a limited period of time, adding to the thrill of the experience.

Our flash sales model is also characterized by the high frequency and a large volume of inventory turnover. During 2013, we hosted 20,122 flash sales events, each lasting three to five days in general.

Our Website

Through our website *vip.com*, we offer a curated selection of products and services for consumers of different age groups and income levels throughout China to allow them to conveniently purchase branded products online without the hassle of shopping for bargain sales at crowded stores.

Our website design offers many user-friendly features that enhance customer experience and convenience:

- *Browsing*. All visitors to our website can browse and view our sales events, but a customer must register as a member, which is free, in order to participate in the sales events. Our website features a variety of different brands and products for each daily sales. For each featured brand, consumers can view a short flash animation to receive background information on a particular brand with which they are not already familiar. In addition, we provide customers with curated descriptions and proprietary photographs of each product shown from multiple angles. Our website also provides advance previews of upcoming sales of highly sought-after products. We sort our product offerings into different categories, such as "women," "men," "children," "lifestyle" and "luxury goods" so that our customers can easily find the products they are interested in.

- *Daily Sales Events.* New sales events start daily at 10 a.m. Beijing time and typically last for three to five days. Each sale item is available in limited quantities and remains on sale only while supplies last. We thoroughly plan in advance our daily sales to offer a balanced and complementary mix of brands and products.

- *Ordering.* To order products on our website, our customers simply click on a button to add an item to their virtual shopping cart. To execute orders, customers click on the "check-out" button and are prompted to supply shipping details and payment details in the case of first-time customers buying from our website. Repeat customers can access their preferred checkout options after logging on to their Vipshop member accounts. Our members can track the status of their purchases and available credits online through their Vipshop member accounts. Customers can always access our customer service representatives online or by phone for assistance while they are shopping online or after the order is placed.

In October 2009, we launched our mobile internet website, *m.vipshop.com*, based on wireless application protocol, or WAP, which is designed to optimize the viewing experience and load time on mobile device web browsers. We conduct new sales events on our mobile internet website twice per day starting at 10 a.m. and 8 p.m. Beijing time, respectively, and mobile access enables our customers to access and shop on our website at anytime from anywhere as long as they are connected to the internet. We introduced mobile applications for the iPad™, iPhone™, Android™ and Symbian™ devices in 2011 to increase our customer stickiness and to further enhance customer engagement through mobile devices. As a result, the number of downloads of our applications increased from approximately 0.2 million downloads in the first quarter of 2013 to approximately 5.6 million downloads in the fourth quarter of 2013, and the number of our mobile active customers increased from approximately 0.3 million in the first quarter of 2013 to approximately 1.2 million in the fourth quarter of 2013. We believe that consumers' increasing reliance on mobile internet through smartphones and other mobile devices presents opportunities for us to further enhance customer experience and increase customer stickiness.

To diversify our offerings of products and brands that cater to individual preferences, we launched new channels on our website such as a groupbuy channel called Vipshop Groupon and a channel designated for promotion of chic and trendy branded products called Vipshop Beauty, a channel designed to sell furniture, upholstery, bed and bath, kitchen, home and electronics products called Vipshop Home and a channel designed to sell maternity, infant and children's products called Vipshop

Baby. We believe that the introduction of these new channels provides brands meaningful alternatives to monetize their inventory quickly and to increase consumer awareness throughout China.

Similar to *vip.com*, we offer a variety of products and services for consumers through *lefeng.com*, specializing in branded cosmetics, apparel, healthcare products, food and other consumer products.

In addition to our websites, we have opened seven store outlets in the Guangzhou area and one near our Jianyang warehouse to sell certain clearance inventories. Sales through these stores have been immaterial for our business as a whole. We currently have no plans to expand into offline retail sales, except for the limited purpose of liquidating our clearance inventories. In 2013, we generated US$1.5 million gross revenues (including VAT) from offline retail stores.

Our Brand Partners

Since our inception in August 2008, we have attracted a broad and diverse group of brands enabling our website to become the online shopping destination of choice for urban, fashion-oriented and value conscious consumers. Our brand partners include primarily brand owners, and to a lesser extent, brand distributors and resellers. In 2011, 2012 and 2013, we worked with 1,075, 2,759 and 4,287 brand partners, respectively. None of the brands accounted for more than 3% of our total revenues in 2011, 2012 and 2013. To date, substantially all of our brand partners have sought to pursue new sales opportunities with us. We believe that our ability to assist brands in effectively selling their inventory and in fulfilling their demand for marketing, customer data analysis and inventory management will attract new brands and build stronger ties with our existing brand partners.

Brand Selection and Procurement

Brand Selection

We have implemented a strict and methodical brand selection process. Our merchandizing team, which consisted of 881 members as of December 31, 2013, is responsible for identifying potential qualified brands based on our selection guidelines. We carefully select prospective brand partners, choosing to work only with those that are well-known and offer high quality or premium products that are popular among consumers in China, and that are willing to provide competitive prices and favorable payment credit and product return terms. We generally select brands that have an established network of stores in major department stores or shopping malls in China. We seek input from our customers in the brand selection process. Through our homepage, consumers can send us suggestions regarding the brands they would like to be able to purchase from us. Once a potential brand is identified, we conduct due diligence reviews on its qualifications, including whether it holds the proper business operation licenses and safety, sanitary and quality certifications, and trademark registration certificates and license agreements in relation to the branded products. This review process helps to ensure that we maintain a portfolio of brands with high quality standards and good reputation that can meet our customers' expectations.

We generally enter into supply agreements with brands based on our standard form. We regularly communicate with our brand partners to discuss the dates and specific product offerings for particular sales events, striving to achieve favorable results for all constituents. Due to the short-term nature of each flash sales event, for some brands, we enter into separate agreements for each flash sales event on our website. For other brands with whom we have established long-term relationships, we often enter into supply agreements with them on an annual basis, with the agreements providing a general framework for an agreed-upon number of flash sales events during the contract year. As we continue to focus on building long-term relationships with our brand partners, we plan to implement framework agreements with our brand partners with supplemental supply orders for each flash sales event.

In each supply agreement, a brand partner grants us authorization to market and sell products of a particular brand on our website and provides us with the official description and logo of the brand. In addition, we require our brand partners that contract with us to observe our anti-bribery and anti-corruption policy.

Product Selection

Our key management team members have extensive experience in the retail industry with insightful knowledge and understanding of consumers' needs and preferences. Before each flash sales event, we consider and analyze historical data, fashion trends, seasonality and customer feedback to project how many items of a particular product we should offer for the event. To maximize daily sales, we carefully plan our product mix to achieve a balanced and complementary product offering across different

We effectively gather, analyze and use customer behavior and transaction data through our customer relationship management and business intelligence systems. In addition to utilizing our customer data to strategize our upcoming flash sales event to enhance the timeliness and relevancy of our product offerings, we also provide relevant portions of these data to our brand partners to help them optimize their product development and sales and marketing strategies and further promote additional sales opportunities with us.

Inventory Management

For brands where we have established long-term relationships, we typically do not pay any deposit on the products we purchase. For other brands, however, we generally pay a deposit ranging from 10% to 15% of the total price for each purchase order.

We generally have the right to return unsold items within a period after the end of a sales event. We typically pay for the purchase order in installments with the last installment paid upon full settlement of the unsold items or returned products we receive from customers. For some products, such as certain sporting goods, which we do not have the right to return the unsold products to the brand partners, we have been able to utilize our strong marketing expertise regarding customer preferences to achieve quick inventory turnover.

We have implemented an inventory management system to manage the information related to our procurement plan, quality control upon receipt, stock maintenance, stock deliveries, sales invoicing and sales recording. We use an enterprise resource planning (ERP) system to monitor and actively track sales data. This system helps us make timely adjustments to our procurement plan and minimize excess inventory.

Quality Control

In addition to our brand selection process, we have adopted stringent quality assurance and control procedures for products delivered through our logistics network. We carefully inspect all products delivered to our logistics centers, rejecting or returning products that do not meet our quality standards or the purchase order specifications. We also inspect all products before shipment from our logistics centers to our customers. We believe that our strict brand selection process and quality control procedures enable us to ensure the high quality level of products sold on our website and increase customer satisfaction.

Our Product Offerings

Product Categories

We offer a curated selection of apparel, fashion goods, cosmetics, home goods and lifestyle products from popular domestic and international brands. The following table illustrates our current product categories:

Product Category	Product Description
Womenswear	Women's apparel, featuring a variety of apparel and styles for different age groups, including casual wear, jeans, dresses, outerwear, swimsuits, lingerie, pajamas and maternity clothes.
Menswear	Men's apparel, featuring a variety of apparel and styles for different age groups, including casual and smart- casual T-shirts, stylish polo shirts, jackets, pants and underwear.
Footwear	Shoes for women and men designed in a variety of styles, for both casual and formal occasions.
Accessories	Fashion accessories in various styles and materials for women and men, including belts, fashionable jewelry, watches and glasses complementing our apparel offerings.
Handbags	Purses, satchels, duffel bags and wallets in many colors, styles and materials.
Children	Apparel, gear and accessories, furnishings and decor, toys and games for boys, girls, infants and toddlers of all age groups.
Sportswear and sporting goods	Sports apparel, sports gear and footwear for tennis, badminton, soccer and swimming.
Cosmetics	High quality, affordable skin care and cosmetic products, including cleansers, lotions, face and body creams, face masks, sunscreen, foundations, lipsticks, eye shadows and nail polish.
Home goods and other lifestyle products	Home goods with an extensive selection of home furnishings, including bedding and bath product, home decor, dining and tabletop items, and small household appliances.
Luxury goods	Internationally-known premium designer apparel, footwear and accessories.
Gifts and miscellaneous	Snacks, health supplements and occasion-based gifts, such as chocolates, moon-cakes and tea.

We pay close attention to every aspect of our services to enhance our customers' shopping experience. For each purchase, we arrange items neatly and thoughtfully within each delivery box. Unlike many in-store sales items which have been tried on numerous times, are on display for a lengthy period of time or may have minor defects, each item purchased from our website is new, contains its original tag and packaging and must pass our strict quality control inspection prior to shipping.

Pricing

We price products on our website at significant discounts, typically ranging from 30% to 70% off the original retail price, which is one of the key elements in the "thrill and excitement" shopping experience that we create. Our attractive pricing is made possible by cost savings achieved through

volume discounts that we receive, in particular for off-season or slower-moving inventory, and the absence of physical retail space and related overhead costs. We typically negotiate with our brand partners for prices that are competitive with those offered to other discount sales channels.

Payment, Fulfillment and Return

Payment

We provide our customers with the flexibility to choose from a number of payment options. Our payment options include cash on delivery, bank transfers, online payments with credit cards and debit cards issued by major banks in China, and payment through third-party online payment platforms, such as *alipay.com* and *tenpay.com*. Under the cash on delivery option, our third-party delivery service providers deliver products to customers' designated addresses and collect payment on site. As of December 31, 2013, we had built an extensive distribution network to deliver products and provide our cash-on-delivery payment option to customers in over 350 cities across China. This payment method not only provides our customers with a secure and convenient payment option, but also reduces our operating expenses as we can combine payment and delivery services by using the same third-party delivery service providers, without incurring additional fees. In addition, as most of our third-party delivery service providers are large and reputable companies in China and generally make cash deposits or guarantee payments to us in order to secure the performance of their duties, our payment collection risk is very limited.

Fulfillment

We have established a logistics network and warehousing capacity with nationwide coverage. We have adopted a flexible logistics model supported by our robust and advanced warehouse management system. We use a mix of top delivery companies with nationwide coverage and quality regional or local couriers to ensure reliable and timely delivery.

Logistics Network and Warehouse Management System

Our logistics network consists of regional logistics centers strategically located in Guangdong Province in Southern China, Kunshan in Jiangsu Province in Eastern China (which is within close proximity of Shanghai), Chengdu in Sichuan Province in Western China and Tianjin in Northern China.

Our warehouse management system enables us to closely monitor each step of the fulfillment process from the time a purchase order is confirmed with the brand partners and the product stocked in our logistics centers, up to when the product is packaged and picked up by delivery service providers for shipment to a customer. Shipments from brand partners first arrive at one of our regional logistics centers, depending on demand from each warehouse. At each logistics center, inventory is bar-coded and tracked through our management information system, allowing real-time monitoring of inventory levels across our logistics network and item tracking at each logistics center. As we offer a curated selection of brands and products for each daily sales, our logistics centers and inventory management systems are specifically designed to support the frequent sales events on our flash sales website and a large volume of inventory turnover. In 2011, 2012 and 2013, we processed approximately 7.3 million, 21.9 million and 49.2 million customer orders, respectively.

Delivery Services

We deliver orders placed on our website to all areas in China through leading reputable third-party delivery companies with nationwide coverage, including EMS, Shunfeng and Zhaijisong, and quality regional and local couriers. For luxury goods orders, we deliver the products by FedEx with an "anti- tampering lock" device to further enhance customer trust. For delivery to smaller cities, we use a

combination of national delivery companies and regional or local couriers to achieve greater operational efficiency and ensure timely delivery to our customers. We bundle packages for customers in smaller cities within a particular region and ship in bulk by national delivery companies to regional or local couriers who in turn deliver locally to our customers. We began to establish our own in-house delivery capabilities in Shanghai in 2011. Our use of reputable national delivery companies and regional and local couriers in conjunction with our own delivery network which is being built up in selected regions such as Shanghai allows us to maintain operational flexibility and accommodate order demand, thereby ensuring high service quality.

We leverage our large-scale operations and reputation to obtain favorable contractual terms from third-party delivery companies. To reduce the risk of reliance on any single delivery company, we typically contract with two or more regional delivery companies in each major city. We regularly monitor and review the delivery companies' performance and their compliance with our contractual terms. In addition, we typically require the delivery companies to pay deposits or provide payment guarantees before providing services to us. We typically negotiate and enter into logistics agreements on an annual basis.

Return Policy

Due to the limited quantities of each featured flash sales product, we do not offer a product exchange service but customers may return products purchased from our website. We offer a seven-day product return policy where our customers can return products purchased on our website within seven days of receipt of the products as long as the products are unused, unwashed, unworn, undamaged and in their original packaging and in original condition. For return of luxury goods, the anti-tampering lock on the product must remain intact.

Once a customer submits a return application request online, our customer service representatives will review and process the request or contact the customer by e-mail or by phone if there are any questions relating to the request. Upon our receipt of the returned product, we credit the customer's Vipshop member account or credit card with the purchase price. We also provide a shipping allowance of up to RMB10 (US$1.65) for all shipments within China. We believe our hassle-free return policies help to increase customer spending and enhance customer loyalty.

Customer Service

We believe that our emphasis on customer service enhances our ability to maintain a large and loyal customer base and create a positive customer experience, encouraging repeat visits and purchases. We have a dedicated customer service team responsible for handling general customer inquiries and requests, assisting customers with their ordering process, investigating the status of orders, shipments and payments, resolving customer complaints, and providing other after-sales services. Our customers can contact customer service representatives through our customer service e-mail, real-time online chat, or our customer service hotline 15 hours a day, seven days a week. As of December 31, 2013, our customer service center, located in our headquarters in Guangzhou, had 528 well-trained employees.

We maintain service quality by carefully selecting personnel, providing our customer service representatives with extensive training, and regularly monitoring and evaluating the performance of each representative. Each new customer service representative is required to complete a mandatory training program in Guangzhou, conducted by experienced managers and covering product knowledge, complaint handling, service attitude and communication skills. To facilitate timely resolution of customer complaints, we also train and empower our customer service representatives to resolve complaints and remedy situations within a specified authorized amount determined based on their seniority without having to get approval from their supervisors. To maintain control over the quality of

customer services, we do not outsource any of our e-mail, online live chat or call center customer service operations.

Marketing

We believe that the most efficient form of marketing for our business is to continually improve and enhance the element of "thrill and excitement" associated with the customer shopping experience. This promotes word-of-mouth referrals and repeat customer visits to our website. Historically, we have not incurred substantial marketing expense, and have been able to build a large base of loyal customers with relatively low customer acquisition cost primarily through providing our customers with an enjoyable, satisfying and rewarding shopping experience and using cost-effective marketing means.

As part of our viral marketing strategy, we provide various incentives to our existing customers to increase their spending and loyalty. Our customers can earn reward points upon registration and for each purchase they make, and may exchange the reward points for coupons, gifts and lucky draw opportunities on our website. Our customers may also earn reward points by introducing new members and customers to our website. In addition, we encourage our customers to share their successful flash sales shopping experiences through social media and microblogging websites in China. We offer an "easy-to-share" function which enables our customers to easily share their shopping experiences with us on social networking internet platforms and microblogging websites.

We also conduct marketing efforts online through search engines and portals in China and enhance our brand awareness by engaging in cost-effective brand promotion activities such as sponsoring high profile events.

Technology

Our IT systems are designed to enhance efficiency and scalability, and play an important role in the success of our business. We rely on a combination of internally developed proprietary technologies and commercially available licensed technologies to improve our website and management systems in order to optimize every aspect of our operations for the benefit of our customers and brand partners.

We have adopted a service-oriented architecture supported by data processing technologies which consists of front-end and back-end modules. Our network infrastructure is built upon self-owned servers located in data centers operated by major PRC internet data center providers. We are implementing enhanced cloud architecture and infrastructure for our core data processing system to augment our existing virtual private network as we continue to expand our operations in new geographic locations, enabling us to achieve significant internal efficiency through a virtual and centralized network platform.

Our front-end modules, which refer to modules supporting our *vip.com* user-interface website, mainly include product display, registered member account management, category browsing, online shopping cart, order processing functions and payment functions. Our front-end modules are supported by our proprietary content distribution network, dynamic and distributed cluster and a core database, providing our customers with quicker access to the product display they are interested in, and facilitating faster processing of their purchases. We have developed our IT systems to handle a surge of visitor traffic to our website during the peak hours of our daily sales from 10 a.m. to 12 p.m. Beijing time, providing our customers with a smooth online shopping experience.

Our back-end modules, which refer to modules supporting our business operations, mainly include customer service, ERP system, warehouse and logistics management, product information management, business intelligence and administration management systems. Our customer service system mainly consists of our customer relationship management system, our audio and online customer service system and our customer data analysis and membership management system. We believe that we are

one of the few PRC e-commerce companies to implement an ERP system, which we have customized to integrate our management of brand partners, accounting and product distribution information. Our warehouse and logistics management system primarily consists of our warehouse management system and our track data storage and automated warehouse and logistics operations, which allows us to efficiently manage our inventories, track the products, and deliver the products to our customers on a timely basis. We have designed our product information management system to perform a variety of functions such as products filing, products photographing, products-information compiling, sample products management, online sales scheduling and other functions relating to on-line sales of goods. This system greatly enhances the efficiency of our operations.

Our customer relationship management and business intelligence systems enable us to effectively gather, analyze and make use of internally-generated customer behavior and transaction data. We regularly use this information in planning our marketing initiatives for upcoming flash sales. In addition, we also provide selected data to our brand partners to help them optimize their product development and sales and marketing strategies. Our business intelligence system is an intelligence system built with the proprietary cloud computing infrastructure, providing decision-making intelligence such as dashboards operation, operational analysis, market analysis, sales forecasts and products such as anti-fraud filters, precision marketing, personalized recommendations and other application-oriented intelligent products that facilitate data-driven decision-making and increase our product sales.

We have developed most of the key business modules through our internal IT department. We also license software from reputable third-party providers, such as Manhattan Information System and Oracle, and work closely with these third-party providers to customize the software for our operations. We have implemented a number of measures to protect against failure and data loss. We have developed a disaster tolerant system for our key business modules which includes real-time data mirroring, daily off-line data back-up and redundancy and load balancing.

We believe that our module-based systems are highly scalable, which enable us to quickly expand system capacity and add new features and functionality to our systems in response to our business needs and evolving customers' demands without affecting the operation of existing modules. We have also adopted rigorous security policies and measures, including encryption technology, to protect our proprietary data and customer information.

Intellectual Property

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success, and we rely on trademark, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions with our employees, partners, service providers, suppliers and others to protect our proprietary rights. As of December 31, 2013, we owned 30 registered trademarks, copyrights to 22 software products developed by us relating to various aspects of our operations, and 12 registered domain names that are material to our business, including *vip.com* and *vipshop.com*.

Competition

The online flash sales market, as one of the fast-growing categories of the e-commerce market in China, is rapidly competitive and rapidly evolving. Our primary competitors include: B2C e-commerce companies that sell similar products and services online, such as Tmall, Jingdong and Dangdang, and other online flash sales companies.

We believe we compete primarily on the basis of:

- ability to identify products in demand among consumers and source these products on favorable terms from brands;
- pricing;
- breadth and quality of product offerings;
- website features;
- customer service and fulfillment capabilities; and
- reputation among consumers and brands.

We believe that our early mover advantage and leading market position help us to compete efficiently against our competitors. However, some of our current and potential competitors may have longer operating histories, larger customer bases, better brand recognition, stronger platform management and fulfillment capabilities and greater financial, technical and marketing resources than we do. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Business and Industry—If we do not compete effectively against existing or new competitors, we may lose market share and customers."

Regulation

This section summarizes all of the laws and regulations that materially affect our business and operations and the key provisions of such laws and regulations.

The PRC government extensively regulates the telecommunications industry, including the internet sector. The State Council, the MIIT, the Ministry of Commerce, the State Administration for Industry and Commerce, or the SAIC, the General Administration of Press and Publication and other relevant government authorities have promulgated an extensive regulatory scheme governing telecommunications, on-line sales and e-commerce. However, China's telecommunications industry and internet-related industry are at an early stage of development. As a result, new laws and regulations may be adopted from time to time that will require us to obtain additional licenses and permits in addition to those that we currently have, and will require us to address new issues that arise from time to time. In addition, substantial uncertainties exist regarding the interpretation and implementation of current and any future Chinese laws and regulations applicable to the telecommunications, on-line sales and e-commerce services. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us."

Regulations on Value-Added Telecommunications Services

Licenses for Value-Added Telecommunication Services

The Catalog for the Guidance of Foreign Investment Industries, or the Catalog, as promulgated and amended from time to time by the Ministry of Commerce and the National Development and Reform Commission, is the principal guide to foreign investors' investment activities in the PRC. The version promulgated in 2007 and the most updated version of the Catalog, which became effective on January 30, 2012, divide the industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalog are generally open to foreign investment unless specifically restricted by other PRC laws and regulations. For encouraged industries, a wholly foreign-owned enterprise is generally permitted, while for restricted industries, such as value-added telecommunications service industry, there are some limitations to the ownership and/or corporate

structure of the foreign invested companies that operate in such industries. Industries in the prohibited category are not open to foreign investors.

On September 25, 2000, the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, were issued by the PRC State Council as the primary governing law on telecommunication services. The Telecom Regulations set out the general framework for the provision of telecommunication services by PRC companies. Under the Telecom Regulations, it is a requirement that telecommunications service providers procure operating licenses prior to their commencement of operations. The Telecom Regulations draw a distinction between "basic telecommunications services" and "value-added telecommunications services." A "Catalog of Telecommunications Business" was issued as an attachment to the Telecom Regulations to categorize telecommunications services as basic or value-added. In February 2003, the Catalog was updated and the information services such as content service, entertainment and online games services are classified as value-added telecommunications services.

On March 1, 2009, the MIIT issued the Administrative Measures for Telecommunications Business Operating Permit, or the Telecom Permit Measures, which took effect on April 10, 2009. The Telecom Permit Measures confirm that there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and licenses for value- added telecommunications services. The operation scope of the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator shall conduct its business in accordance with the specifications recorded on its value-added telecommunications services operating license, or VATS License. In addition, a VATS License's holder is required to obtain approval from the original permit- issuing authority prior to any change to its shareholders.

On September 25, 2000, the State Council promulgated the Administrative Measures on Internet Information Services, or the Internet Measures, which was amended in January 2011. Under the Internet Measures, commercial internet information services operators shall obtain a value-added telecommunications license for internet information services, or ICP License, from the relevant government authorities before engaging in any commercial internet information services operations within the PRC. The ICP License has a term of five years and shall be renewed within 90 days before expiration.

Our consolidated affiliated entity, Vipshop Information, has obtained an ICP License issued by Guangdong Province Administration of Telecommunication since September 24, 2008, which was updated on September, 2013 and is scheduled to expire on September, 2018. Mr. Jacky Xu transferred his equity interests in Vipshop Information to Mr. Eric Ya Shen in October 2012, for which Vipshop Information obtained approval from its original permit-issuing authority.

Foreign Investment in Value-Added Telecommunication Services

Pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunication business overseas. Foreign investors that meet these requirements must obtain approvals from the MIIT and the Ministry of Commerce or their authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued telecommunications business operating licenses to only a limited number of foreign invested companies, all of which are Sino-foreign joint ventures engaging in the value-added telecommunication business.

The MIIT Circular issued by the MIIT in July 2006 reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain a business operating license for ICP to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds an ICP License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local ICP license holder or its shareholder. The MIIT Circular further requires each ICP license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations.

To comply with the PRC regulations noted above, we operate our website including *vip.com* and *lefeng.com* and provide value-added telecommunications services through our consolidated affiliated entity, which is currently owned by Mr. Eric Ya Shen, Mr. Arthur Xiaobo Hong, Mr. Bin Wu and Mr. Xing Peng. Our consolidated affiliated entity holds an ICP license and all other licenses necessary to conduct online sales in China. It also has been registered and holds all significant domain names and has been registered as the owner or is applying to be the owner of all trademarks used in our value-added telecommunications businesses. To conduct our business in China, our wholly owned subsidiary, Vipshop China, has entered into a series of contractual arrangements with our consolidated affiliated entity, Vipshop Information, and its shareholders. For a detailed discussion of our contractual arrangements, please refer to "Item 4.C. Information on the Company—Organizational Structure."

Regulations on Internet Privacy

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The Internet Measures prohibit an ICP operator from humiliating or defaming a third party or infringing the lawful rights and interests of a third party. Pursuant to the BBS Measures, ICP operators that provide electronic messaging services must keep users' personal information confidential and must not disclose such personal information to any third party without the users' consent or unless it is required by law. The regulations further authorize the relevant telecommunications authorities to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability if the unauthorized disclosure results in damages or losses to users. Furthermore, The Decision on Strengthening Network Information Protection promulgated by the Standing Committee of the National People's Congress of the PRC in December 2012 provides that electronic information that is able to identify identities of citizens or is concerned with personal privacy of citizens is protected by law and shall not be unlawfully obtained or provided. ICP operators collecting or using personal electronic information of citizens shall specify purposes, manners and scopes of information collection and use, obtain consent of citizens concerned, and strictly keep confidential personal information collected. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with personal information collected. Technical and other measures are required to be taken by ICP operators to prevent personal information collected from unauthorized disclosure, damage or being lost. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of websites concerned, public security administration punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on internet privacy. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet.

Regulations Relating to Foreign Invested Enterprises Engaging in Distribution Business

We are subject to regulations relating to foreign invested enterprises engaging in the distribution business. In April 2004, the Ministry of Commerce issued the Administrative Measures on Foreign Investment in Commercial Fields, or the Commercial Fields Measures. Pursuant to the Commercial Fields Measures, foreign investors are permitted to engage in the distribution services by setting up commercial enterprises in accordance with the procedures and guidelines provided in the Commercial Fields Measures. To further simplify the approval procedures for foreign investment in the distribution sector, the Ministry of Commerce issued the Notice on Delegating Examination and Approval Authorities for Foreign Invested Commercial Enterprises in September 2008, delegating the power to the provincial branches of the Ministry of Commerce except for certain specified items. In July 2009, the competent authorities in Guangdong further delegated the power of examination and approval of foreign invested commercial enterprises in Guangdong for certain items to municipal branches of the Ministry of Commerce in Guangdong Province. In September 2012, the State Council promulgated the Decision of the State Council on the Sixth Batch of Cancelled and Amended Administrative Examination and Approval Items, according to which the power of examination and approval of foreign invested commercial enterprises engaged in certain items, including online sales, has been assigned from the Ministry of Commerce to the provincial branches of the Ministry of Commerce. Vipshop China has been approved to engage in wholesale business and Lefeng Shanghai has been approved to engage in both wholesale and retail businesses.

Regulations Relating to Distribution of Books and Audio-Video Products

We are also subject to regulations relating to the distribution of books and audio-video products. Under the Administrative Measures for the Publication Market which were promulgated by the General Administration of Press and Publication and became effective in September 2003, as amended in June 2004 and March 2011, respectively, any entity or individual engaging in the distribution of publications, including books, newspapers, magazines and audio-video products, must obtain an approval from the competent press and publication administrative authority and receive the Publication Operation Permit. Each of our consolidated affiliated entity and Lefeng Shanghai has obtained a Publication Operation Permit for the retail sale of the publications.

Furthermore, according to the Notice on Promoting the Healthy Development of Online Distribution of Publications recently issued by the General Administration of Press and Publication on December 7, 2010, any entities engaging in online publications distribution in China shall apply for the Publications Operation Permit with an "online distribution" notation. However, the Provisions on the Administration of Publication Market jointly promulgated by the General Administration of Press and Publication and the Ministry of Commerce in 2011, provides that an entity that maintains a valid Publication Operation Permit for the retail sale of publications is only required to file notice with a competent press and publication administrative authority within 15 days from starting online publications distribution business. Currently, the competent press and publication administrative authority in Guangzhou only requires online publication distributors, who have the Publication Operation Permit for the retail sale of publications, to complete the notice filing procedure and does not mandate the "online distribution" notation on the Publication Operation Permit in practice. Our consolidated affiliated entity has completed the notice filing with the competent authority in Guangzhou.

Regulations on E-commerce

China's e-commerce industry is at an early stage of development and there are few PRC laws or regulations specifically regulating the e-commerce industry. In May 31, 2010, the SAIC adopted the Interim Measures for the Administration of Online Commodities Trading and Relevant Services, or the

Online Commodities Measures, which took effective on July 1, 2010. Under the Online Commodities Measures, enterprises or other operators which engage in online commodities trading and other services and have been registered with the SAIC or its local branches must make available to the public the information stated in their business licenses or the link to their business licenses online on their websites. The online distributors must adopt measures to ensure safe online transactions, protect online shoppers' rights and prevent the sale of counterfeit goods. The information on trading of commodities released by online distributors shall be authentic, accurate, complete and sufficient. On January 26, 2014, the SAIC adopted the Administrative Measures for Online Trading, or the Online Trading Measures, which will take effective on March 15, 2014 and repeal the Online Commodities Measures from that day. Under the Online Trading Measures, the consumer is entitled to return the commodities within seven days from the date after receipt of the commodities without giving a reason, except for the following commodities: customized commodities; fresh and perishable commodities; audiovisual products downloaded online or unpackaged by consumers and computer software and other digital commodities; and newspapers and journals that have been delivered. The online commodity operators shall, within seven days upon receipt of the returned commodities, refund the prices paid by consumers for relevant commodities. In addition, operators shall not, by using contract terms or by other manners, set out the provisions that are not fair or rational to consumers such as those that exclude or restrain consumers' rights, relieve or exempt operators' responsibilities, and increase the consumers' responsibilities, and shall not, by using contract terms and by technical means, reach transactions in a forcible manner.

On September 21, 2012, the Ministry of Commerce issued the Administrative Measures on Single Purpose Commercial Prepaid Cards (Tentative), or the Single Purpose Cards Measures, which took effect on November 1, 2012. Under the Single Purpose Card Measures, among other things and subject to implementing rules adopted by the local branch of the Ministry of Commerce, the issuer of single purpose commercial prepaid cards, or the Single Purpose Cards, which are defined as the prepaid cards that can only be redeemed by the card issuer, the group companies under the same ultimate control of the card issuer, or the franchise entities under one single brand same as the card issuer, shall (i) register its card issuance with the Ministry of Commerce or its local branches within 30 days, and (ii) adopt sufficient measures to control risks, by means of controlling the total balance of the Single Purpose Cards and providing advance deposit, guarantee insurance, bank guarantee or other commercial guarantee as required. Both Vipshop Information and Lefeng Shanghai issue and sell the Single Purpose Cards to our customers. Vipshop Information has taken sufficient risk control measures as required and has completed the registration formalities with the Ministry of Commerce, and Lefeng Shanghai is preparing to adopt such measures and undertake such registration formalities.

Regulations on Sales of Food

Sales of food in China must comply with laws and regulations regarding food hygiene and safety. Under the Food Safety Law of the PRC, which took effect from June 1, 2009, the sale of food or beverages must be licensed in advance. Furthermore, under the Measures on the Administration of Food Circulation Permits issued by the SAIC on July 30, 2009, an enterprise needs to obtain a food distribution permit from a local branch of the SAIC to engage in the food circulation business. The food distribution permit has a term of three years. The current food distribution permits held by our consolidated affiliated entity and Vipshop China are valid until July 2014 and August 2015, respectively, and the current food distribution permit held by Lefeng Shanghai is valid until May 2016.

Regulations on Software Products

On October 27, 2000, the MIIT issued the Administrative Measures on Software Products, or the Software Measures, to strengthen the regulation of software products and to encourage the development of the PRC software industry. On March 1, 2009, the MIIT amended Software Measures,

which became effective on April 10, 2009. The Software Measures provide a registration and filing system with respect to software products made in or imported into China. These software products may be registered with the competent local authorities in charge of software industry administration. Registered software products may enjoy preferential treatment status granted by relevant software industry regulations. Software products can be registered for five years, and the registration is renewable upon expiration.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council on December 20, 2001, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration. As of December 31, 2013, we had registered 22 software programs in China.

Regulations on Trademarks

Trademarks are protected by the PRC Trademark Law which was adopted in 1982 and subsequently amended in 1993 and 2001 as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council in 2002 and subsequently amended in 2013. The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. We have registered 30 trademarks in China as of December 31, 2013.

Under PRC law, any of the following acts will be deemed as an infringement to the exclusive right to use a registered trademark: (1) use of a trademark that is the same as or similar to a registered Trademark for identical or similar goods without the permission of the trademark registrant; (2) sale of any goods that have infringed the exclusive right to use any registered trademark; (3) counterfeit or unauthorized production of the label of another's registered Trademark, or sale of any such label that is counterfeited or produced without authorization; (4) change of any trademark of a registrant without the registrant's consent, and selling goods bearing such replaced Trademark on the market; or (5) other acts that have caused any other damage to another's exclusive right to use a registered trademark.

According to the PRC Trademark Law, in the event of any of the foregoing acts, the infringing party will be ordered to stop the infringement immediately and may be imposed a fine; the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement. If both gains and losses are difficult to determine, the court may render a judgment awarding damages no more than RMB500,000 (US$82,594). Notwithstanding the above, if a distributor does not know that the goods it sells infringe another's registered trademark, it will not be liable for infringement provided that the seller shall prove that the goods are lawfully obtained and identify its supplier. We source our products from both domestic and international suppliers. Although we have adopted measures in the course of sourcing such products to ensure their authenticity and to minimize potential liability of infringing third parties' rights, we can provide no assurance that such measures are effective. In the event that counterfeit products or products that otherwise infringe third parties' rights

are sold on our website, we could face infringement claims and might not be able to prove we should be exempted from liabilities. See "Item 3.D. Key Information—Risk Factors—Risks Relating to our Business and Industry—We may incur liability for counterfeit products sold at our website."

Regulations on Domain Names

The domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by MIIT on November 5, 2004 and effective on December 20, 2004. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which China Internet Network Information Center, or CNNIC, is responsible for the daily administration of CN domain names and Chinese domain names. On September 25, 2002, CNNIC promulgated the Implementation Rules of Registration of Domain Name, or the CNNIC Rules, which was renewed on June 5, 2009 and May 29, 2012, respectively. Pursuant to the Administrative Measures on the Internet Domain Names and the CNNIC Rules, the registration of domain names adopts the "first to file" principle and the registrant shall complete the registration via the domain name registration service institutions. In the event of a domain name dispute, the disputed parties may lodge a complaint to the designated domain name dispute resolution institution to trigger the domain name dispute resolution procedure in accordance with the CNNIC Measures on Resolution of the Domain Name Disputes, file a suit to the People's Court or initiate an arbitration procedure. We have registered *vip.com*, *lefeng.com* and other domain names.

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, or the Foreign Exchange Regulations, as amended on August 5, 2008. Under the Foreign Exchange Regulations, Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made. Though there are restrictions on the convertibility of Renminbi for capital account transactions, which principally include investments and loans, we generally follow the regulations and apply to obtain the approval of the SAFE and other relevant PRC governmental authorities. However, we may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC subsidiaries and our PRC affiliated entity may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On August 29, 2008, the SAFE promulgated SAFE Circular 142, regulating the conversion by a foreign invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 requires that the registered capital of a foreign invested enterprise settled in Renminbi converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, the SAFE strengthened its oversight of the flow and use of the registered capital of a foreign invested enterprise settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without the SAFE's approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Furthermore, the SAFE promulgated SAFE Circular 59 on November 9, 2010, which tightens the regulation over settlement of net proceeds from overseas offerings and requires that the settlement of net proceeds must be consistent with the description in the annual report for the relevant offering. The SAFE also promulgated SAFE Circular 45 in November 2011, which, among other things, restrict a foreign-invested enterprise from using Renminbi funds converted from its registered capital to provide

entrusted loans or repay loans between non-financial enterprises. Violations of these circulars could result in severe monetary or other penalties. SAFE Circular 142, SAFE Circular 59 and SAFE Circular 45 may limit our ability to transfer the net proceeds from our public offerings of debt and equity securities to Vipshop China and convert the net proceeds into Renminbi, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Regulations on Dividend Distribution

Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from Vipshop China, which is a wholly foreign owned enterprise incorporated in the PRC, to fund any cash and financing requirements we may have. The principal regulations governing distribution of dividends of foreign invested enterprises include the Foreign Invested Enterprise Law, as amended on October 31, 2000, and the Implementation Rules of the Foreign Invested Enterprise Law, as amended on April 12, 2001.

Under these laws and regulations, wholly foreign owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. Wholly foreign owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations on Offshore Financing

On October 21, 2005, the SAFE issued Circular 75, which became effective as of November 1, 2005. Under Circular 75, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. An amendment to registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore company.

Moreover, Circular 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant registration procedures with the local SAFE branch by March 31, 2006. Under the relevant rules, failure to comply with the registration procedures set forth in Circular 75 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entity, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liabilities for such PRC subsidiary under PRC laws for evasion of applicable foreign exchange restrictions and individuals managing such PRC subsidiary who are held directly liable for any violation may be subject to criminal sanctions.

In May 2007, SAFE issued a series of guidance to its local branches with respect to the operational process for SAFE registration, including without limitation the Notice of SAFE on Printing and Distributing the Implementing Rules for the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or Circular No. 19, which came into effect as of July 1, 2011. The guidance standardized more specific and stringent supervision on the registration required by the Circular 75. For example, the guidance imposes obligations on onshore subsidiaries of an offshore entity to make true and accurate statements to the local SAFE authorities in case there is any shareholder or beneficial owner of the offshore entity who is a PRC citizen or resident. Untrue statements by the onshore subsidiaries will lead to potential liability for the subsidiaries, and in some instances, for their legal representatives and other liable individuals.

All of our shareholders that we are aware of being subject to the SAFE regulations have completed all necessary registrations and amendments with the local SAFE branch as required by Circular 75 by the end of 2013. They are also required to amend their registrations after the completion of our acquisition of shares in Lefeng and Ovation in February 2014 and the 2014 offering and are in the process of doing so. Please see "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Corporate Structure and Restrictions on Our Industry—PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us."

Regulations on Stock Incentive Plans

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals. In January 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in employee share ownership plans or share option plans of an overseas publicly- listed company.

Pursuant to the Stock Option Rules, which was promulgated by SAFE in February 2012 and replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly-Listed Companies issued by SAFE in March 2007, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges based on the stock incentive plans are required to register with SAFE or its local branches. Pursuant to the Stock Option Rules, PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC

residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with SAFE or its local branches.

In March 2011 and March 2012, our board of directors and shareholders adopted the 2011 Stock Incentive Plan, or the 2011 Plan, and the 2012 Share Incentive Plan, or the 2012 Plan, respectively, pursuant to which we may issue stock options to our qualified employees and directors and consultants on a regular basis. After our initial public offering in March 2012, we advised our employees and directors participating in our stock incentive plans to handle foreign exchange matters in accordance with the Stock Option Rules. We have been assisting our PRC option grantees to complete the required registrations and procedures on a quarterly basis. However, we cannot assure you that our PRC individual beneficiary owners and the stock options holders can successfully register with SAFE or in full compliance with the Stock Option Rules. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—Failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions."

Further, a notice concerning the individual income tax on earnings from employee share options jointly issued by Ministry of Finance and the SAT and its implementing rules, provide that domestic companies that implement employee share option programs shall (a) file the employee share option plans and other relevant documents to the local tax authorities having jurisdiction over them before implementing such employee share option plans; (b) file share option exercise notices and other relevant documents with the local tax authorities having jurisdiction over them before exercise by the employees of the share options, and clarify whether the shares issuable under the employee share options mentioned in the notice are the shares of publicly listed companies; and (c) withhold taxes from the PRC employees in connection with the PRC individual income tax. We have notified the relevant local tax bureau of our share incentive plans, and have also withheld and paid such taxes in connection with the PRC individual income tax.

Regulations on Tax

PRC Enterprise Income Tax Law and Individual Income Tax Law

On March 16, 2007, the National People's Congress, the PRC legislature, enacted the Enterprise Income Tax Law and its implementing rules, both of which became effective on January 1, 2008. Under the Enterprise Income Tax Law, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the Enterprise Income Tax Law define de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

The SAT issued Circular 82 on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled offshore incorporated enterprise is located in China, which include all of the following conditions: (a) the location where senior management members responsible for an enterprise's daily operations discharge their duties; (b) the location where financial and human resource decisions are made or approved by organizations or persons; (c) the location where the major assets and corporate documents are kept; and (d) the location where more than half (inclusive) of all directors with voting rights or senior management have their habitual residence. In addition, the SAT issued a bulletin on July 27, 2011, effective September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters

including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by PRC or foreign individuals.

Due to the short history of the Enterprise Income Tax Law and lack of applicable legal precedents, it remains unclear how the PRC tax authorities will determine the PRC tax resident treatment of a foreign company controlled by individuals like us. We do not believe Vipshop Holdings or Vipshop HK meet all the criteria provided by the implementing rules. As holding companies incorporated outside China, neither Vipshop Holdings nor Vipshop HK is controlled by a PRC enterprise or PRC enterprise groups. Their key assets and records, including the resolutions of their respective boards of directors and the resolutions of their respective shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a similar corporate structure as ours ever having been deemed a PRC "resident enterprise" by the PRC tax authorities. Therefore, we do not believe Vipshop Holdings or Vipshop HK is a PRC "resident enterprise." If, however, the PRC tax authorities determine that Vipshop Holdings or Vipshop HK is a "resident enterprise" for PRC enterprise income tax purposes, we would be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. We are actively monitoring the possibility of "resident enterprise" treatment for the applicable tax years and are evaluating appropriate organizational changes to avoid this treatment, to the extent possible.

The Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. The State Council of the PRC or a tax treaty between the PRC and the jurisdictions in which the non-PRC investors reside may reduce such income tax. Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, or Circular 81, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Circular on How to Interpret and Recognize the "Beneficial Owner" in Tax Treaties, or Circular 601, issued on October 27, 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5%. Vipshop HK has not obtained the approval for a withholding tax rate of 5% from the competent tax authority and does not plan to obtain such approval in the near future because Vipshop China paid nil dividends since its establishment and does not plan to pay dividends in the near future. If we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our ADSs or ordinary shares and the gains realized from the transfer of our ADSs or ordinary shares income derived from sources within the PRC, such dividends and gains earned by our non-resident enterprise investors may be subject to PRC enterprise income tax at a rate

of 10% (or other applicable preferential tax rate if any such non-resident enterprises' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption).

Moreover, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our ADSs or ordinary shares and the gains realized from the transfer of our ADSs or ordinary shares income derived from sources within the PRC, such dividends and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate of 20% (or other applicable preferential tax rate if any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption).

In January 2009, the SAT promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises, or the Non-resident Enterprises Measures, pursuant to which, the entities which have the direct obligation to make certain payments to a non-resident enterprise shall be the relevant tax withholders for such non-resident enterprise. Further, the Non-resident Enterprises Measures provides that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment shall, by itself or engage an agent to, file tax declaration with the PRC tax authority located at the place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise. On April 30, 2009, the Ministry of Finance and the SAT jointly issued the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or Circular 59. On December 10, 2009, the SAT issued SAT Circular 698. Both Circular 59 and SAT Circular 698 became effective retroactively as of January 1, 2008. By promulgating and implementing these two circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. Under SAT Circular 698, where a non-resident enterprise transfers the equity interests of a PRC "resident enterprise" indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in certain low tax jurisdictions, the non-resident enterprise, being the transferor, shall report to the competent tax authority of the PRC "resident enterprise" this Indirect Transfer. The PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10%. SAT Circular No. 698 also provides that where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. In addition, the SAT released the SAT Public Notice (2011) No. 24, or SAT Public Notice 24, which took effect on April 1, 2011, to clarify several issues related to SAT Circular No. 698. Under SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from a disposition of any equity interests of an overseas holding company. Neither we nor the selling shareholders of Lefeng and Ovation have undertaken the filing formalities for our acquisition of equity interests in Lefeng and Ovation, respectively. Although it appears that SAT Circular 698 was not intended to apply to purchase and sale of shares of publicly traded companies in the open market, the PRC tax authorities may determine that SAT Circular 698 is applicable to us in our acquisition of equity interests in Lefeng and Ovation, and our non-resident shareholders who acquired our shares outside of the open market and subsequently sell our shares in our private financing transactions or in the open market if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose, and we and our non-resident shareholders may be at risk of being required to file a return and being taxed under SAT Circular 698 and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698.

PRC Value-added Tax in lieu of Business Tax (VAT Pilot Program)

We conduct product promotional activities for certain brands on our website. Prior to January 1, 2012, pursuant to Provisional Regulation of China on Business Tax and its implementing rules, any entity or individual rendering services in the territory of PRC is generally subject to a business tax at the rate of 5% on the revenues generated from provision of such services. In November 2011, the PRC Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to value-added tax for certain industries, including, among others, transportation services, research and development and technical services, information technology services, and cultural and creative services. The VAT Pilot Program initially applied only to these industries in Shanghai, and has been expanded to eight additional provinces, including Beijing, Tianjin, Zhejiang Province (including Ningbo), Anhui Province, Guangdong Province (including Shenzhen), Fujian Province (including Xiamen), Hubei Province and Jiangsu Province in 2012. On May 24, 2013, the Ministry of Finance and the SAT jointly issued the Circular on Tax Policies on the Nationwide Expansion of the Pilot Program for the Collection of Value Added Tax in Lieu of Business Tax in the Transportation Industry and Certain Modern Services Industries, or Circular 37, which expanded the VAT Pilot Program nationwide as of August 1, 2013. However, according to the Circular on the Inclusion of the Railway Transport Industry and Postal Service Industry in the Pilot Collection of Value-added Tax in Lieu of Business Tax promulgated by the Ministry of Finance and the SAT on December 12, 2013, or Circular 106, Circular 37 has been replaced by Circular 106 and the VAT Pilot Program has been expanded to cover railway transport industry and postal service industry nationwide as of January 1, 2014.

Employment Laws

We are subject to laws and regulations governing our relationship with our employees, including wage and hour requirements, working and safety conditions, and social insurance, housing funds and other welfare. The compliance with these laws and regulations may require substantial resources.

China's National Labor Law, which became effective on January 1, 1995, and China's National Labor Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012, permit workers in both state-owned and private enterprises in China to bargain collectively. The National Labor Law and the National Labor Contract Law provide for collective contracts to be developed through collaboration between the labor union (or worker representatives in the absence of a union) and management that specify such matters as working conditions, wage scales, and hours of work. The laws also permit workers and employers in all types of enterprises to sign individual contracts, which are to be drawn up in accordance with the collective contract. The National Labor Contract Law has enhanced rights for the nation's workers, including permitting open-ended labor contracts and severance payments. The legislation requires employers to provide written contracts to their workers, restricts the use of temporary labor and makes it harder for employers to lay off employees. It also requires that employees with fixed-term contracts be entitled to an indefinite-term contract after a fixed-term contract is renewed twice or the employee has worked for the employer for a consecutive ten-year period.

On October 28, 2010, the National People's Congress of China promulgated the PRC Social Insurance Law, which became effective on July 1, 2011. In accordance with the PRC Social Insurance Law and other relevant laws and regulations, China establishes a social insurance system including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurance for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance that should be assumed by the employees. The authorities in charge of social insurance may request an employer's compliance and impose sanctions if such employer fails to pay and withhold social insurance in a timely manner. Under the Regulations on the Administration of Housing Fund effective in 1999, as amended

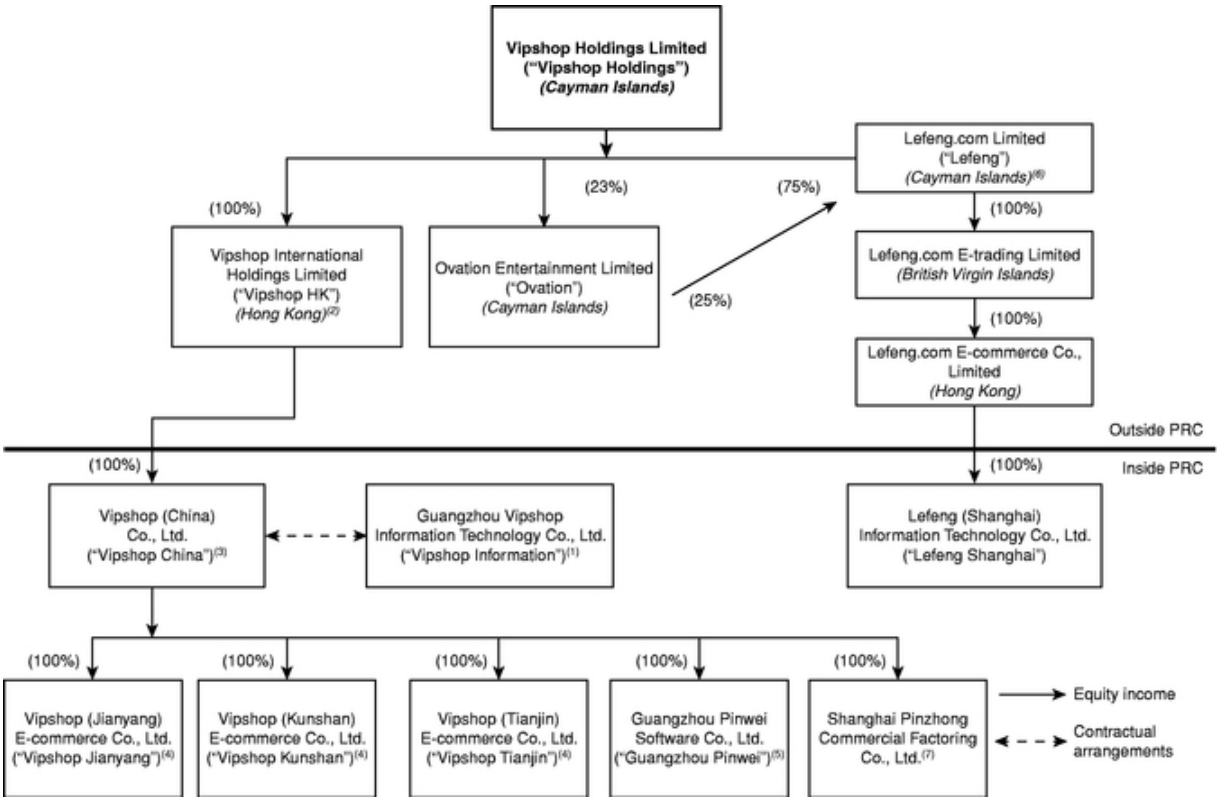
in 2002, PRC companies must register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Both PRC companies and their employees are required to contribute to the housing funds.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations. We have not made adequate employee benefit payments as required under applicable PRC labor laws. Accrual for the underpaid amounts as recorded amounted to US$1.6 million, US$2.2 million and US$3.0 million as of December 31, 2011, 2012 and 2013, respectively. We believe it is not probable for us to be exposed to any PRC governmental penalties in relation to the under-paid amount of our employee benefits. However, our failure in making contributions to various employee benefit plans and complying with applicable PRC labor-related laws may still subject us to late payment penalties. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—Our failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

C *Organizational Structure*

Corporate Structure

The following diagram illustrates our corporate structure as of the date of this annual report:



(1) Shareholders of Vipshop Information include our co- founders and shareholders Eric Ya Shen, Arthur Xiaobo Hong, Bin Wu and Xing Peng, holding 52.0%, 26.0%, 11.6% and 10.4% of the total equity interests in Vipshop Information, respectively.

(2) An intermediary holding company.

(3) A subsidiary primarily engaged in warehousing, logistics, product procurement, research and development, technology development and consulting businesses.

(4) Subsidiaries primarily engaged in warehousing and logistics businesses in the cities of Jianyang, Kunshan, Tianjin and the regions around them.

(5) A subsidiary primarily engaged in software development and information technology support.

(6) We have a 75% equity interest in Lefeng.com Limited, and through our indirect holding from our acquisition of 23% equity interest in Ovation, on a fully diluted basis, we now own, directly or indirectly, a total of 80.75% equity interest in Lefeng.com Limited.

(7) A subsidiary primarily engaged in factoring services.

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. We are a Cayman Islands company and our PRC subsidiary, Vipshop China, is a wholly foreign owned enterprise. As a wholly foreign owned enterprise, Vipshop China is restricted from holding the licenses that are necessary for our online operation in China. To comply with these restrictions, we conduct our operations partly through Vipshop Information, our consolidated affiliated entity in China. Vipshop Information operates our website and holds the licenses necessary to conduct our internet-related operations in China.

Our wholly owned subsidiary Vipshop China has entered into a series of contractual arrangements with our consolidated affiliated entity, Vipshop Information, and its shareholders, which enable us to:

- exercise effective control over Vipshop Information;
- receive substantially all of the economic benefits of Vipshop Information through service fees, which are equal to 100% of Vipshop Information's net income and may be adjusted at Vipshop China's sole discretion, in consideration for the technical and consulting services provided by Vipshop China; and
- have an exclusive option to purchase, or designate one or more person(s) to purchase, all of the equity interests in Vipshop Information to the extent permitted under PRC laws, regulations and legal procedures.

We do not have any equity interest in Vipshop Information. However, as a result of contractual arrangements, we are considered the primary beneficiary of Vipshop Information, and we treat it as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Vipshop Information in our consolidated financial statements included in this annual report in accordance with U.S. GAAP.

We face risks with respect to the contractual arrangements with our consolidated affiliated entity and its shareholders. If our consolidated affiliated entity or its shareholders fail to perform their obligations under the contractual arrangements, our ability to enforce the contractual arrangements that give us effective control over the consolidated affiliated entity may be limited. If we are unable to maintain effective control over our consolidated affiliated entity, we would not be able to continue to consolidate its financial results. The revenues generated by our directly owned subsidiaries, apart from revenues earned in respect of the relevant contractual arrangements with Vipshop Information, are primarily derived from our product promotion activities for brands. In the years ended December 31, 2011, 2012 and 2013, our subsidiaries contributed in aggregate approximately 0.37%, 0.02% and 0.11% respectively, of our total consolidated net revenues, exclusive of revenues derived from Vipshop Information. As of December 31, 2011, 2012, and 2013 our holding company and our subsidiaries accounted for an aggregate of 63.70%, 56.53% and 41.06%, respectively, of our consolidated total

assets (excluding assets attributable to transactions with Vipshop Information). For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see "Item 4.B. Information on the Company—Business Overview—Regulation." For a detailed description of the risks associated with our corporate structure, see "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Corporate Structure and Restrictions on Our Industry."

The following is a summary of the material provisions of the agreements among our wholly owned PRC subsidiary Vipshop China, our consolidated affiliated entity Vipshop Information and the shareholders of Vipshop Information.

Contractual Arrangements with Our Consolidated Affiliated Entity

Agreements that Provide Us Effective Control over Our Consolidated Affiliated Entity

Equity Interest Pledge Agreement. Under the amended and restated pledge agreement among Vipshop China, Vipshop Information and its shareholders, the shareholders of Vipshop Information pledged all of their equity interests in Vipshop Information to Vipshop China to guarantee Vipshop Information's performance of its obligations under the exclusive business cooperation agreement. If any event of default as provided for therein occurs, including the failure by Vipshop Information to perform its contractual obligations under the exclusive business cooperation agreement, Vipshop China, as pledgee, will be entitled to certain rights, including the right to dispose the pledged equity interests. Without Vipshop China's prior written consent, shareholders of Vipshop Information shall not transfer or otherwise dispose of, or create or allow the creation of any encumbrance on the pledged equity interests. The equity interest pledge agreement will remain in full force and effect until all of the obligations of Vipshop Information under the exclusive business cooperation agreement have been duly performed or terminated. We have completed registering the pledge of the equity interests in Vipshop Information with the local branch of the SAIC.

Exclusive Option Agreement. Under the amended and restated exclusive option agreement among Vipshop China, Vipshop Information and the shareholders of Vipshop Information, Vipshop Information's shareholders grant Vipshop China an exclusive option to purchase, or designate one or more person(s) to purchase, all or part of their respective equity interests in Vipshop Information at a purchase price of RMB10 (US$1.65), subject to any adjustments as may be required by the applicable PRC laws and regulations at the time. Vipshop China may exercise the option by issuing a written notice to Vipshop Information. Without Vipshop China's written consent, Vipshop Information and its shareholders may not transfer, sell, pledge or otherwise dispose of, or create any encumbrance on, any assets, business or equity or beneficiary interests of Vipshop Information. This agreement will remain in full force and effect for a term of ten years from the date of execution and may be extended for a period to be determined by Vipshop China.

Powers of Attorney. Under the powers of attorney, the shareholders of Vipshop Information each irrevocably appointed Vipshop China as their attorney-in-fact to act on their behalf and exercise all of their rights as shareholders of Vipshop Information, including the right to attend shareholder meetings, to exercise voting rights, to appoint directors and senior management of Vipshop Information, and to effect transfers of all or part of their equity interests in Vipshop Information pursuant to the equity interest pledge agreements and exclusive option agreements. Vipshop China has the right to appoint any individual or entity to exercise the power of attorney on its behalf. Each power of attorney will remain in full force and effect until the shareholder ceases to hold any equity interests in Vipshop Information.

Agreements that Transfer Economic Benefits to Us

Exclusive Business Cooperation Agreement. Under the amended and restated exclusive business cooperation agreement between Vipshop China and Vipshop Information, Vipshop Information agrees to engage Vipshop China as its exclusive provider of technical, consulting and other services in relation to its business operations. In consideration of such services, Vipshop Information will pay to Vipshop China service fees which amount to all of Vipshop Information's net income. The service fees may be adjusted at Vipshop China's sole discretion based on the services rendered and the operational needs of Vipshop Information. Vipshop Information contributed approximately 99.63%, 99.98% and 99.89%, respectively, of our total consolidated net revenues in the years ended December 31, 2011, 2012 and 2013. Vipshop China shall exclusively own any intellectual property arising from the performance of this agreement. The term of this agreement is ten years from the execution date of October 8, 2011 and may be extended for a period to be determined by Vipshop China. Vipshop China may terminate this agreement at any time by giving 30 days' prior written notice. Vipshop Information has no right to terminate this agreement unless Vipshop China commits gross negligence or fraud.

Exclusive Purchase Framework Agreement. Under the exclusive purchase framework agreement between Vipshop China and Vipshop Information, Vipshop Information agrees to purchase products or services exclusively from Vipshop China or its subsidiaries. Vipshop Information and its subsidiaries must not purchase from any third party products or services that Vipshop China is capable of providing. Vipshop Information must pay Vipshop China for its products an amount, which includes a service fee, based on the unit price and the quantity of the products ordered by Vipshop Information, within five days after receipt of invoices issued by Vipshop China. The term of this agreement is five years from September 1, 2011. If neither party objects in writing and both parties remain cooperating at the expiration of the agreement, the parties will continue to be bound by this agreement until a new agreement is entered into. Vipshop China may terminate this agreement at any time by giving 15 days' prior written notice. Vipshop Information has no right to terminate this agreement unless Vipshop China commits gross negligence or fraud.

In October 2012, we effected a transfer of 10.4% of equity interest from Mr. Jacky Xu of Vipshop Information to Mr. Eric Ya Shen, our co- founder, chief executive officer and an existing shareholder of Vipshop Information, and amended the original contractual arrangements we had with Mr. Shen to reflect this transfer. As of December 31, 2013, shareholders of Vipshop Information include our co-founders and shareholders Eric Ya Shen, Arthur Xiaobo Hong, Bin Wu and Xing Peng, holding 52.0%, 26.0%, 11.6% and 10.4% of the total equity interests in Vipshop Information, respectively.

In the opinion of Han Kun Law Offices, our PRC legal counsel:

- the ownership structures of our consolidated affiliated entity and Vipshop China comply with all existing PRC laws and regulations;
- the contractual arrangements among Vipshop China and Vipshop Information and its shareholders that are governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect; and
- each of Vipshop China and our consolidated affiliated entity has all necessary corporate power and authority to conduct its business as described in its business scope under its business license. The business licenses of Vipshop China and our consolidated affiliated entity are in full force and effect. Each of Vipshop China and our consolidated affiliated entity is capable of suing and being sued and may be the subject of any legal proceedings in PRC courts. To the best of Han Kun Law Offices' knowledge after due inquires, none of Vipshop China, our consolidated affiliated entity or their respective assets is entitled to any immunity, on the grounds of sovereignty, from any action, suit or other legal proceedings; or from enforcement, execution or attachment.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our online commerce and the distribution of internet content in China do not comply with relevant PRC government restrictions on foreign investment in value-added telecommunication, we could be subject to severe penalties, including being prohibited from continuing operations. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Corporate Structure and Restrictions on Our Industry—Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our website." And "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us."

D *Property, Plants and Equipment*

We are headquartered in Guangzhou and have leased an aggregate of 3,782 square meters of office, data center, customer service center and warehouse space in Guangzhou. As of December 31, 2013, we also have branches in Beijing, Shanghai, Tianjin, Jianyang, Hubei, Foshan and Kushan. We lease our premises under operating lease agreements from unrelated third parties. A summary of our leased properties as of December 31, 2013 is shown below:

Location	Space (in square meters)	Usage of Property	Lease Term (years)
Guangzhou	3,782	Office space, data center, customer service center and warehouse	1 - 8
Foshan	85,579	Logistics center	1 - 3
Kunshan	88,293	Logistics center and office space	2 - 3
Tianjin	58,524	Logistics center and office space	1 - 3
Shanghai	1,193	Office space	3
Jianyang	80,927	Logistic center	1 - 3
Beijing	787	Office space	3

Our servers are hosted at leased internet data centers owned by leading PRC telecommunications carriers. We typically enter into leasing and hosting service agreements that are renewable from year to year. We believe that our existing facilities are sufficient for our near term needs.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3.D. Key Information—Risk Factors" or in other parts of this annual report on Form 20-F.

A *Operating Results*

We began our operations in August 2008 and have grown significantly since then. In 2011, 2012 and 2013, we fulfilled approximately 7.3 million, 21.9 million and 49.2 million customer orders, respectively, and we generated total net revenues of US$227.1 million, US$692.1 million and US$1.7 billion, respectively. In 2011 and 2012, we incurred net losses of US$107.3 million and US$9.5 million, respectively. In 2013, we generated net income of US$52.3 million. Our net loss in 2011 and 2012 and net income in 2013 reflected non-cash share-based compensation expenses in an aggregate amount of US$73.9 million, US$7.6 million and US$12.5 million, respectively.

Our business and operating results are affected by general factors affecting the online retail market in China, including China's overall economic growth, the increase in per capita disposable income, the growth in consumer spending and retail industry and the expansion of internet penetration. Unfavorable changes in any of these general factors could affect the demand for products we sell and could materially and adversely affect our results of operations.

Our results of operations are also affected by the regulations and industry policies related to the online retail market. Although we have generally benefited from the Chinese government's policies to encourage economic growth, we are also affected by the complexity, uncertainties and changes in the PRC regulation of the internet industry. Due to PRC legal restrictions on foreign equity ownership of and investment in the online retail sector in China, we rely on contractual arrangements with our consolidated affiliated entity, Vipshop Information, and its shareholders to conduct most of our business in China. We face risks associated with our control over our consolidated affiliated entity, as our control is based upon contractual arrangements rather than equity ownership. For a description of these contractual arrangements, see "Item 4.C. Information on the Company—Organizational Structure." For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see "Item 4.B. Information on the Company—Business Overview—Regulation." For a detailed description of the risks associated with our corporate structure, see "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Corporate Structure and Restrictions on Our Industry."

The major factors affecting our results of operations and financial condition are discussed below.

Net Revenues

We derive revenues from the sale of products offered on our website. Generally, we offer our customers an unconditional right of returning products purchased for a period of seven days upon receipt of products, and the associated revenues are recognized when the return period expires. Our net revenues are recorded net of value added tax and related surcharges.

The following table sets forth the key factors that directly affect our net revenues for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
Active customers (in thousands)	1,491	4,110	9,443
Average net revenues per active customer (US$)	152	168	179
Total orders (in thousands)	7,269	21,919	49,159
Average orders per active customer	4.9	5.3	5.2

Cost of Goods Sold

Our cost of goods sold consists of cost of merchandise sold and inventory write- downs. We procure inventory from our brand partners and our inventory is recorded at the lower of cost or

estimated marketable value. Cost of inventory is determined using the identified cost of the specific item sold.

Operating Expenses

Our operating expenses consist of (a) fulfillment expenses, (b) marketing expenses, (c) technology and content expenses and (d) general and administrative expenses. The following table sets forth the components of our operating expenses both in absolute amount and as a percentage of total net revenues for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	US$	%	US$	%	US$	%
Fulfillment expenses	45,478,327	20.0	96,523,444	13.9	197,812,615	11.7
Marketing expenses	15,253,325	6.7	32,272,629	4.7	74,498,341	4.4
Technology and content expenses	5,516,361	2.4	14,644,113	2.1	40,399,276	2.4
General and administrative expenses	84,575,539	37.3	25,541,812	3.7	49,943,775	2.9
Total operating expenses	150,823,552	66.4	168,981,998	24.4	362,654,007	21.4

Fulfillment expenses. Fulfillment expenses primarily consist of shipping and handling expenses, packaging expenses and logistics center rental expenses, as well as compensation and benefits of our logistics staff. Our shipping and handling expenses amounted to US$29.4 million, US$53.9 million and US$117.5 million in 2011, 2012 and 2013, respectively. Historically, we primarily relied on our regional logistics center in Guangdong Province in Southern China for our fulfillment services. In September and November 2011 and September 2013, we started operating our new logistics centers in Jiangsu Province in Eastern China, Sichuan Province in Western China and Tianjin in Northern China, respectively, to enhance our fulfillment capacity. Throughout 2012 and 2013, we were able to fully utilize the regional logistics centers and warehouses. By utilizing these regional logistics centers and warehouses, we were able to rely more on quality regional and local couriers, which generally have lower average delivery charges than national delivery companies. This shift to regional delivery companies reduced our shipping and handling expense per order and partially offset the increase in fulfillment expenses. We expect to continue to invest in our logistics network and warehousing capacity to support our long-term growth. We expect our fulfillment expenses to continue to increase in absolute amount as a result of our continued business growth and continue to constitute one of the largest components of our operating expenses.

Marketing expenses. Marketing expenses primarily represent advertising expenses incurred in connection with our brand promotional activities, as well as compensation and benefits of our marketing staff. Historically, we have benefited from viral marketing resulting from word-of-mouth referrals from our customers who often expressed their excitement on social media platforms regarding their purchases on our website. As we enhance our brand awareness by engaging in additional brand promotional activities, we expect our marketing expenses to increase in the foreseeable future.

Technology and content expenses. Technology and content expenses primarily consist of the compensation and benefits of our IT staff, telecommunications expenses, and expenses incurred in creating content for our sales events on our websites, including model fees and professional photography expenses. As we continue to expand our IT capabilities to support our anticipated growth, we expect our technology and content expenses to continue to increase in the foreseeable future.

General and administrative expenses. General and administrative expenses primarily consist of compensation and benefits of our headquarters and administrative staff, rental expenses, costs for professional services and other administrative and overhead expenses. As our business further grows

and we continue to incur increased costs related to our ongoing compliance and reporting obligations under U.S. securities laws as a public company, we expect our general and administrative expenses to continue to increase in the foreseeable future.

Seasonality

Our results of operations are subject to seasonal fluctuations. For example, our revenues are relatively lower during the holidays in China, particularly during the Chinese New Year period which occurs in the first quarter of the year, when customers tend to do less shopping, both online and offline. Furthermore, sales in the retail industry are typically significantly higher in the fourth quarter of the year than in the preceding three quarters. This seasonality of our business, however, was not apparent historically as each quarter had greater revenues than the prior quarter due to the rapid growth in sales that we experienced in recent years.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to the uniform tax rate of 16.5%. Under Hong Kong tax law, it is exempted from the Hong Kong income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on the remittance of dividends. No provision for Hong Kong tax has been made in our consolidated financial statements, as our Hong Kong subsidiary had not generated any assessable income for the years ended December 31, 2011, 2012 and 2013.

PRC

Our PRC subsidiaries and consolidated affiliated entity are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Under the PRC Enterprise Income Tax Law and its implementation rules, both of which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions. Our subsidiaries and the consolidated affiliated entity in the PRC are all subject to the tax rate of 25% for the periods presented, except for Vipshop Jianyang that enjoyed the following preferential tax treatment. Vipshop Jianyang was classified as a domestically-owned enterprise in the western regions that is in an industry sector encouraged by the PRC government. Vipshop Jianyang obtained final approval from the local tax bureau to enjoy a preferential enterprise income tax rate of 15% for the period from February 22, 2012 to December 31, 2020. The term "domestically-owned enterprise in an industry sector encouraged by the PRC government" as used herein refers to any enterprise with its primary business falling into the scopes of the encouraged industries stipulated in the existing related policies, including Industrial Restructuring Guidance Catalogue (2011), Industrial Restructuring Guidance Catalogue (2005), Catalogue for the Guidance of Foreign Investment Industries (Revised in 2007), and Catalogues of Foreign-invested Advantage Industries in Central-Western Areas (2008 Revision), and the annual primary business revenue of which accounts for more than 70% of the total enterprise revenue.

We evaluate the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2011, 2012 and 2013, we did not have any unrecognized tax benefits. We do not anticipate any significant increase to our liability for

unrecognized tax benefit within the next 12 months. We will classify interest and penalties related to income tax matters, if any, in income tax expense.

Under the PRC Enterprise Income Tax Law and its implementation rules, dividends from Vipshop China are subject to a withholding tax of 10%, unless there is a tax treaty with China that provides for a different withholding arrangement.

Under the PRC Enterprise Income Tax Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management bodies" as establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise. The SAT issued Circular 82 on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. In addition, the SAT issued a bulletin on July 27, 2011, effective September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—It is unclear whether we will be considered a PRC 'resident enterprise' under the PRC Enterprise Income Tax Law and, depending on the determination of our PRC 'resident enterprise' status, our global income may be subject to the 25% PRC enterprise income tax, which could have a material adverse effect on our results of operations." However, even if one or more of our legal entities organized outside of the PRC were characterized as PRC resident enterprises, we do not expect any material change in our net current tax payable balance and the net deferred tax balance as these entities were still in accumulated loss positions during the periods presented in the consolidated financial statements included elsewhere in this annual report.

The amount of tax loss carry forwards of our PRC subsidiaries and consolidated affiliated entity was US$7.7 million and US$0.2 million as of December 31, 2012 and 2013, respectively. We have provided a valuation allowance for 100% and 50% of the amount of the deferred tax assets relating to the future benefit of net operating loss carry forwards of our PRC subsidiaries and consolidated affiliated entity as of December 31, 2012 and 2013, respectively, as our management is not able to conclude that the future realization of some of such net operating loss carry forwards is more likely than not.

Pursuant to SAT Circular 698, issued by the SAT on December 10, 2009, where a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly via disposing of the equity interests of an overseas holding company, or an "Indirect Transfer," and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax foreign income of its residents, the foreign investor shall report this Indirect Transfer to the competent tax authority. The PRC tax authority will examine the true nature of the Indirect Transfer, and if the tax authority concludes that the foreign investor has adopted an "abusive arrangement" in order to avoid PRC tax, it may disregard the existence of the overseas holding company and re-characterize the Indirect Transfer and as a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to

its related parties at a price lower than the fair market value, the competent tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. SAT Circular 698 is retroactively effective from January 1, 2008. On March 28, 2011, the SAT released the SAT Public Notice (2011) No. 24, or SAT Public Notice 24, to clarify several issues related to SAT Circular 698. SAT Public Notice 24 became effective on April 1, 2011. According to SAT Public Notice 24, the term "effective tax rate" refers to the effective tax rate on the gains derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the country or region where the overseas holding company is a resident. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non PRC holding companies"

China started to apply VAT in 1984 on 24 specified taxable items until a structural reform on taxation system was implemented in 1994. In December 1993, the State Council of China promulgated "The Provisional Regulation of the People's Republic of China on Value Added Tax," which went effective on January 1, 1994 and is currently effective in China. According to this provisional regulation, VAT should be paid by enterprises or individuals who sell merchandise, provide processing, repairing or assembling services, or import goods within PRC on the added value derived from their production and/or services. Based on the categories of taxable goods and services, different flat rates are adopted ranging from zero to 17%.

We also conduct product promotional activities for certain brands on our website. Prior to January 1, 2012, pursuant to Provisional Regulation of China on Business Tax and its implementing rules, any entity or individual rendering services in the territory of PRC is generally subject to a business tax at the rate of 5% on the revenues generated from provision of such services. In November 2011, the PRC Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to value-added tax for certain industries, including, among others, transportation services, research and development and technical services, information technology services, and cultural and creative services. The VAT Pilot Program initially applied only to these industries in Shanghai, and has been expanded to eight additional provinces, including Beijing, Tianjin, Zhejiang Province (including Ningbo), Anhui Province, Guangdong Province (including Shenzhen), Fujian Province (including Xiamen), Hubei Province and Jiangsu province, in 2012. On May 24, 2013, the Ministry of Finance and the SAT jointly issued the Circular 37, which expanded the VAT Pilot Program nationwide as of August 1, 2013. However, according to the Circular 106, Circular 37 has been replaced by Circular 106 and the VAT Pilot Program has been expanded to cover railway transport industry and postal service industry nationwide as of January 1, 2014.

As of December 31, 2012 and 2013, we had VAT receivable of approximately $4.9 million and $8.4 million respectively. VAT receivable occurs due to timing difference on operation of certain entities, as we record the revenue and VAT output when goods are delivered, but VAT input invoice from suppliers may be delayed. We also had VAT tax payable of $7.2 million and $24.1 million as of December 31, 2012 and 2013 respectively, included as other tax payable. We do not net off VAT receivable and payable from different entities within our group companies.

For more information on PRC tax regulations, see "Item 4. Information on the Company B. Regulation—Regulations on Tax" and "Item 10. Additional Information E. Taxation—People's Republic of China Taxation."

Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect our reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenue and expenses during the reporting periods. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur, could materially impact the consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. Significant accounting estimates reflected in our financial statements include inventory write-down, revenue recognition cut off adjustments, valuation allowance for deferred tax assets, valuation of ordinary shares and preferred shares when the preferred shares were issued, valuation of stock options. Changes in facts and circumstances may result in revised estimates. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Revenue recognition

We recognize revenue when persuasive evidence of an arrangement exists, products are delivered, the price to the buyer is fixed or determinable and collectability is reasonably assured. We utilize delivery service providers to deliver goods to our customers directly from our own warehouses. We estimate and defer revenue and the related product costs that are in-transit to the customer, which generally takes about three days. The three-days estimate was determined based on the average delivery days for sales made during the last month of the reporting period, derived from customer locations and delivery reports. A one-day change in the estimated good in-transit period would result in an increase or decrease of US$11.69 million to our total net revenues in 2013.

We offer our customers an unconditional right of return for a period of seven days upon receipt of products. We defer revenue until the return period expires as we do not currently have sufficient historical sales information to reasonably estimate the amount of expected returns.

Revenue was recorded on a gross basis, net of surcharges and value added tax of 17% of gross sales. Surcharges are sales related taxes representing the city maintenance and construction tax and education surtax. We have evaluated whether it is appropriate to record the gross amount of product sales and related costs or net amount earned as revenue. We recorded revenue on a gross basis because we have the following indicators for gross reporting: we are the primary obligor of the sales arrangements; we are subject to inventory risks of physical loss; we have latitude in establishing prices and discretion in selecting suppliers; and we assume credit risks on receivables from customers. We retain some general inventory risks despite our arrangements to return goods to some vendors within limited time periods. We generally have the right to return unsold items within a period after the end of a sales event. We typically pay for the purchase order in installments with the last installment paid upon full settlement of the unsold items or returned products we receive from customers. For some products, such as certain sporting goods, which we do not have the right to return the unsold products to the brand partners, we have been able to utilize our strong marketing expertise regarding customer preferences to achieve quick inventory turnover. On an overall basis, most of these above indicators support gross reporting.

We also sell prepaid cards which can be redeemed to purchase products sell by us. The cash collected from the sales of prepaid cards is initially recorded as advance from customers on the consolidated balance sheets and subsequently recognized as revenues when the prepaid cards are redeemed to purchase products.

Discount coupons and membership reward program

We voluntarily provide discount coupons through certain cooperative websites or through public distributions during our marketing activities. These coupons are not related to prior purchases, and can only be utilized in conjunction with subsequent purchases on our platforms. These discount coupons are recorded as reduction of revenues at the time of use.

We have established a membership reward program wherein our customers earn one point for each Renminbi spent on our platforms. Existing members may also receive extra reward points when customers referred by them make their first purchase. Membership reward points can be either exchanged into coupons to be used in connection with subsequent purchases, or exchanged into free gifts. The expiry dates of these reward points vary based on different individual promotional programs, while the coupons expire three months after redemption. We accrue liabilities for the estimated value of the points earned and expected to be redeemed, which are based on all outstanding reward points related to prior purchases at the end of each reporting period, as we do not currently have sufficient historical data to reasonably estimate the usage rate of these reward points. These liabilities reflect our management's best estimate of the cost of future redemptions. These liabilities reflect our management's best estimate of the cost of future redemptions. As of December 31, 2011, 2012 and 2013, we recorded deferred revenue related to reward points earned from prior purchases of US$2.6 million, US$10.5 million and US$18.8 million, respectively.

We do not charge any membership fees to our registered members. New members who register on our platforms or existing members who introduce new members to us are granted free membership reward points, which can be used to redeem coupons for future purchases. These reward points are not related to prior purchases and are recorded as reduction of revenues at the time of use.

Other revenues

Other revenues consist of fees charged to third-party merchants which we provides platform access for sales of their products, where we are generally not the primary obligor, do not bear the inventory risk, do not have the ability to establish the price and control the related shipping services when utilized by the online marketplace merchants. Upon successful sales at *vip.com*, we will charge the third-party sellers a negotiated amount or a fixed rate commission fee based on the sales amount. Commission fee revenues are recognized on a net basis at the point of delivery of products, net of return allowance.

We conduct product promotional activities for certain brands on our website. These revenues are recognized on a straight-line basis over the service periods, net of business tax of approximately 5% of service revenues or 6% value-added tax, or VAT, as a result of the VAT Pilot Program.

Cost of goods sold

Our cost of goods sold primarily consists of the cost of merchandise sold and inventory write-downs. Our cost of goods sold does not include shipping and handling expenses, payroll, bonus and benefits of our logistic staff or logistics center rental expenses. Our cost of goods sold may not therefore be comparable to other companies which include such expenses in their cost of goods sold.

We recorded US$1.7 million, US$12.2 million and US$33.9 million in inventory write-downs in 2011, 2012 and 2013, respectively. In addition, inventory write-down as a percentage of costs of goods

sold, was 0.9% in 2011, 2.3% in 2012 and 2.6% in 2013. Such write-downs primarily reflected the estimated market value of damaged or obsolete inventory. The increase in write- downs in 2012 from 2011 was due primarily to two factors. First, our inventory significantly increased as our business grew through selling new products and purchasing from new vendors. Secondly, in the second quarter of 2012, we established a more comprehensive policy regarding the assessment of inventory write-downs, which was made possible by our increased experience and historical data on inventory management.

In 2011, we recorded inventory write-downs based on a number of factors, including whether the goods were damaged or slow-moving. Starting in the second quarter of 2012, the amount we write-down is calculated based on factors such as whether the goods are returnable to vendors, inventory aging, damages, historical and forecast consumer demand, and the promotional environment. We assess the inventory write-down based on different product categories and apply a certain percentage based on aging. The Company classifies all goods into the following two categories:

- Non-returnable Goods. These goods cannot be returned to suppliers and general inventory write-downs of different percentages are applied to these goods within the different aging categories. These percentages were developed based on historical write-down on these different types of goods. In addition to general write-down, specific write-down will also be applied to non-returnable goods if assessed to be needed based on the factors mentioned above.

- Returnable Goods. Returnable goods will have no general write-down based on aging, but a specific write-down will be made at the end of each reporting period based on forecast sales, conditions of the goods and planned promotions.

The increase in write-downs from 2012 to 2013 was a result of an increase in special sales promotion events in 2013 compared to 2012 due to more intense competition in the market, and special sales promotions are more likely to result in write-downs due to the significant discounts offered.

Inventories

Inventory is stated at the lower of cost or market. Cost of inventory is determined using the weighted average cost method. We take ownership, risks and rewards of the products purchased from brand partners but have the right to return unsold products to certain brand partners. Adjustments are recorded to write down the cost of inventory to the estimated market value for slow- moving merchandise and damaged goods. The amount of write down is also dependent upon factors such as whether the goods are returnable to vendors, inventory aging, historical and forecasted consumer demand, and promotional environment.

The Company assesses the inventory write-down based on different product categories and applies a certain percentages based on aging. The Company classifies all goods into the following two categories: non-returnable goods and returnable goods. Non-returnable Goods cannot be returned to suppliers and general inventory write-down of different percentages are applied to these goods within the different aging categories. These percentages were developed based on historical write-down on these different types of goods. In addition to general write-down, specific write-down will also be applied to non-returnable goods if assessed to be needed based on the factors mentioned above. Returnable goods will have no general write-down based on aging but specific write down will be made at the end of each reporting periods based on forecast sales, conditions of the goods and planned promotions.

Write downs are recorded in cost of goods sold in the consolidated statements of income (loss) and comprehensive income (loss).

Share-Based Compensation

Share-based payments made to employees, including employee stock options, ordinary shares transferred to employees with no consideration, and restricted shares issued to employees for which our company has a repurchase option, are recognized as compensation expenses over the requisite service periods. We measure the cost of employee services received in exchange for share-based compensation at the grant date fair value of the awards. We have elected to recognize compensation expense on a straight-line basis over the requisite service period for the entire award with graded vesting, provided that the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of share-based compensation expense to be recognized in future periods.

2011 stock incentive plan

In March 2011, we adopted the 2011 Plan, which authorizes us to issue up to an aggregate of 7,350,000 ordinary shares of our company to our employees, directors, officers and consultants. As of the date of this annual report, options to acquire 7,350,000 ordinary shares have been granted under the 2011 Plan.

2012 share incentive plan

In March 2012, we adopted our 2012 Plan, under which we are authorized to issue up to an aggregate of 9,000,000 ordinary shares of our company to our employees, directors, officers and consultants. As of the date of this annual report, we have granted options to purchase 450,569 ordinary shares and 2,724,048 restricted shares under the 2012 Plan.

Founders' unvested shares

Mr. Eric Ya Shen, our chairman and chief executive officer and Mr. Arthur Xiaobo Hong, the vice chairman of our board of directors, who we collectively refer to as our founders, entered into a share restricted agreement with the series A preferred shares investors and us on February 21, 2011. The founders' unvested ordinary shares under the share restriction agreement were measured at the grant date fair value and recognized as compensation expense over the vesting periods. Of the shares held by the founders, 40% vested immediately, with the remaining shares to be vested in 36 equal and continuous monthly installments for each month starting from February 21, 2011, provided that the founders remain full-time employees of our company at the end of such month. Our company has the option to repurchase the ordinary shares held by our founders in the event a founder ceases to be a full-time employee of our company for any reason. We have an irrevocable and exclusive option to repurchase all the unvested shares held by our founders at par value, and all of the shares (including vested shares) held by the founders at fair market value. On April 11, 2011, our existing shareholders, our company and the series B preferred shares investors entered into an amended and restated share restriction agreement which superseded and replaced in its entirety the original agreement dated February 21, 2011. The amended and restated agreement included the Series B preferred shareholders as additional parties to the agreement, but did not change any of the significant terms of the original share restriction agreement. On December 8, 2011, our company, the ordinary shareholders, and holders of series A and series B preferred shares entered into an agreement to terminate the amended and restated share restriction agreement, which in substance accelerated the vesting of the founders' unvested ordinary shares to December 8, 2011. Therefore, for the year ended December 31, 2011, we recorded share-based compensation expense of US$63.9 million in connection with the unvested shares of the founders.

Ordinary shares transferred to the vice chairman of our board of directors

On June 15, 2011, Elegant Motion Holdings Limited, a company wholly owned by the Mr. Eric Ya Shen, transferred 1,521,007 ordinary shares to High Vivacity Holdings Limited, a company wholly owned by Mr. Arthur Xiaobo Hong, an employee and vice chairman of our board of directors. The transfer of shares was intended to compensate Mr. Hong for his services as an employee of our Company. Mr. Shen determined the number of ordinary shares and executed the share transfer on June 10, 2011. We considered June 10, 2011 as the grant date of the share award. Accordingly, the transaction was recognized as share-based compensation for the past services of Mr. Hong on the grant date. We recognized share-based compensation of US$6.2 million on June 15, 2011, based on the fair value of our ordinary shares of US$4.08 per share on that date, multiplied by 1,521,007 ordinary shares transferred.

The table below sets forth information concerning options, restricted shares and ordinary shares granted to our executives, other employees, members of Audit Committee and consultants as of December 31, 2013:

Grant Date	Number of ordinary shares underlying options grants/number of ordinary shares granted	Option exercise price per share	Fair value of options at date of grant	Fair value of ordinary shares	Type of valuation(1)
February 21, 2011	18,632,250(2)	—	—	3.43	Retrospective
March 18, 2011	1,470,000	0.50	2.95	3.40	Retrospective
	183,750	0.50	2.96	3.40	Retrospective
	735,000	0.50	2.96	3.40	Retrospective
	735,000	0.50	2.94	3.40	Retrospective
	367,500	0.50	2.96	3.40	Retrospective
March 28, 2011	945,000	0.50	2.99	3.44	Retrospective
June 15, 2011	1,521,007	—	—	4.08	Retrospective
July 10, 2011	50,000	0.50	3.86	4.31	Contemporaneous
August 30, 2011	819,638	2.52	3.32	4.78	Contemporaneous
November 30, 2011	551,250	2.52	4.61	6.36	Contemporaneous
November 30, 2011	1,310,000	2.50	4.43	6.36	Contemporaneous
February 1, 2012	204,910(3)	2.52	3.60	4.70	Contemporaneous
April 16, 2012	452,000	2.50	1.24	2.51	Contemporaneous
April 16, 2012	101,138(4)	2.50	1.45	2.51	Contemporaneous
June 1, 2012	367,500(5)	—	—	2.76	Contemporaneous
September 30, 2012	340,000(5)	—	—	3.75	Contemporaneous
October 1, 2012	34,000(5)	—	—	3.70	Contemporaneous
January 1, 2013	400,000	0.50	8.45	8.45	Contemporaneous
	561,000(6)	—	—	8.92	Contemporaneous
March 22, 2013	10,000(6)	—	—	14.31	Contemporaneous
	50,569	2.50	12.28	12.28	Contemporaneous
April 1, 2013	501,000(6)	—	—	14.93	Contemporaneous
September 1, 2013	411,600(6)	—	—	21.21	Contemporaneous

(1) We did not have to prepare any financial statements in conformity with U.S. GAAP until we decided to pursue an initial public offering in the U.S. in the third quarter of 2011. In the process of preparing U.S. GAAP financial statements for our initial public offering, we significantly formalized and refined our projections. We believe that these refined projections are more reliable than those previously used. Consequently, our valuations in determining the fair value of our

ordinary shares before the availability of the revised financial projections, including as of February 21, 2011, March 18, 2011, March 28, 2011 and June 15, 2011, have all been prepared on a retrospective basis, while the valuations in determining the fair value of our ordinary shares or option exercise price per share as of July 10, 2011, August 30, 2011, November 30, 2011, February 1, 2012, April 16, 2012, June 1, 2012, September 30, 2012, October 1, 2012, January 1, 2013, March 22, 2013, April 1, 2013 and September 1, 2013 have been prepared on a contemporaneous basis.

(2) The 18,632,250 shares were unvested restricted shares held by our founders as of February 21, 2011.

(3) The 204,910 share options were issued to our third party consultant. We measure the equity instruments at their then-current fair values at each of the financial reporting dates, and attributes the changes in those fair values over the future services period until the measurement date has been established.

(4) The 101,138 share options were issued to two of our independent directors.

(5) During 2012, a total of 741,500 non-vested shares were granted to an executive officer and employees under the 2012 stock incentive plan. The fair values of non-vested shares are measured at the fair value of our ordinary shares on the respective grant-dates.

(6) During 2013, a total of 1,483,600 non-vested shares were granted to an executive officer, employees, members of Audit Committee and consultants under the 2012 stock incentive plan. The fair values of non-vested shares are measured at the fair value of our ordinary shares on the respective grant- dates.

For the February 21, 2011 grants of restricted ordinary shares to our founders, we have calculated the ordinary share value to be US$3.43 per share. The fair value of the shares was determined with the assistance of a third-party valuation firm. To estimate the fair value of the ordinary shares, we first determined our enterprise value by means of a discounted cash flow analysis using the retrospective approach. The cash flow derived by management considered the nature of our business, our future business plan, specific business and financial risks, the stage of development of our operations, and economic and competitive elements affecting our business, industry and market. We also used other general assumptions, including the following: no major changes in the existing political, legal, fiscal and economic conditions in China; no major changes in the current taxation laws in the jurisdictions in which we operate; our ability to retain competent management, key personnel and technical staff to support our ongoing operations; and no significant deviations in industry trends and market conditions from our current economic forecasts. The cash flow is discounted using the weighted average cost of capital of 21.50%, which was benchmarked with discount rates of comparable listed companies. In addition, a lack of marketability discount of 14% was applied to arrive at the estimated enterprise value. The lack of marketability discount takes into consideration the plans for and status of our initial public offering in March 2012.

For the March 18, 2011, March 28, 2011, July 10, 2011 and August 30, 2011, November 30, 2011, February 1, 2012, April 16, 2012, January 1, 2013, March 23, 2013, April 1, 2013 and September 1, 2013 stock options grants, we have assessed the fair value of our options using the binomial option pricing model, which requires the input of highly subjective assumptions, including the options' expected exercise multiples, expected volatility, expected dividend yields and risk-free interest rates, and the fair value of the underlying ordinary shares on those dates.

We have attributed the ordinary shares underlying the options a fair value of US$3.40 and US$3.44 as of March 18, 2011 and March 28, 2011, respectively, determined based on a retrospective valuation using the discounted cash flow method prepared with the assistance of the appraiser. For the ordinary shares underlying the options, we have attributed a fair value of US$4.78 and US$6.36 as of August 30,

2011 and November 30, 2011 respectively, determined based on a contemporaneous valuation using the discounted cash flow method, also prepared with the assistance of the appraiser. The methodology for the valuation of ordinary shares on March 18, 2011, March 28, 2011, August 30, 2011 and November 30, 2011 was similar to that used for the valuation of ordinary shares on February 21, 2011 as described above. The cash flow is discounted using the weighted average cost of capital of 21.5%, 21.5%, 20.0% and 19.5% on March 18, 2011, March 28, 2011, August 30, 2011, and November 30, 2011, respectively, which was benchmarked with discount rates of comparable listed companies. In addition, a lack of marketability discount of 13%, 12%, 8%, and 6% was applied respectively to arrive at the estimated enterprise value.

For the June 15, 2011 grants of ordinary shares, we have calculated the fair value of each ordinary share to be US$4.08, determined based on a retrospective valuation using the discounted cash flow method prepared with the assistance of the appraiser. The methodology for the valuation of ordinary shares on June 15, 2011 was similar to the valuation of ordinary shares on February 21, 2011, as described above. The cash flow was discounted using the weighted average cost of capital of 21.00%, which was benchmarked with discount rates of comparable listed companies. In addition, a lack of marketability discount of 10% was applied to arrive at the estimated enterprise value.

We have attributed to the ordinary shares underlying the options a fair value of US$4.31 as of July 10, 2011, determined based on the linear relationship between the fair value of the ordinary shares as of June 15, 2011 and the fair value of the ordinary shares as of August 30, 2011. We did not use the discounted cash flow method to determine the fair value of the ordinary shares as of July 10, 2011 because of:

- the substantially smaller number of options granted on July 10, 2011 as compared with those granted on March 18, 2011, March 28, 2011 and August 30, 2011; and

- our continuing business development according to our business plan between June 15, 2011 and August 30, 2011.

In applying the binomial option pricing model on March 18, 2011, we also made the following assumptions: an expected dividend yield of 0%; a risk- free interest rate of 3.725%; an expected volatility of 56.68%; an option life of 10 years; and an expected exercise multiple of 2.8 times.

In applying the binomial option pricing model on March 28, 2011, we also made the following assumptions: an expected dividend yield of 0%; a risk- free interest rate of 3.778%; an expected volatility of 56.53%; an option life of 10 years; and an expected exercise multiple of 2.2 times.

In applying the binomial option pricing model on July 10, 2011, we also made the following assumptions: an expected dividend yield of 0%; a risk- free interest rate of 4.127%; and expected volatility of 55.26%; an option life of 10 years; and an expected exercise multiple of 2.2 times.

In applying the binomial option pricing model on August 30, 2011, we also made the following assumptions: an expected dividend yield of 0%; a risk- free interest rate of 3.116%; and expected volatility of 54.99%; an option life of 10 years; and an expected exercise multiple of 2.8 times.

In applying the binomial option pricing model on November 30, 2011, we also made the following assumptions: an expected dividend yield of 0%, a risk-free interest rate of 2.853%, an expected volatility of 54.00%, an option life of 10 years, and an expected exercise multiple of 2.2 times for 1,310,000 options granted to employees and 2.8 times for 551,250 options granted to executive officers.

In applying the binomial option pricing model on April 16, 2012, we also made the following assumptions: an expected dividend yield of 0%, a risk- free interest rate of 3.002%, an expected volatility of 53.12%, an option life of 5.13 years for 452,000 options granted to employees and 7.3 years for the 101,138 options granted to the two independent directors, an expected exercise multiple of

2.2 times for 452,000 options granted to employees and 2.8 times the 101,138 options granted to the two directors.

In applying the binomial option pricing model on December 31, 2012 for the re-measurement of the 204,910 options granted to a consultant in February 2012, we also made the following assumptions: an expected dividend yield of 0%, a risk-free interest rate of 2.5362%, an expected volatility of 51.33%, an option life of 4.5 years. Exercise multiple is not considered for options granted to non-employees.

In applying the binomial option pricing model on January 1, 2013, we made the following assumptions: an expected dividend yield of 0%, a risk-free interest rate of 3.19%, an expected volatility of 24.1%, an option life of 10 years for 400,000 options granted to an executive officer.

In applying the binomial option pricing model on March 22, 2013, we made the following assumptions: an expected dividend yield of 0%, a risk-free interest rate of 3.30%, an expected volatility of 34.8%, an option life of 10 years for 50,569 options granted to an independent director.

In applying the binomial option pricing model on December 31, 2013 for the re-measurement of the 106,724 options granted to a consultant in February 2012, we also made the following assumptions: an expected dividend yield of 0%, a risk-free interest rate of 4.49%, an expected volatility of 43.1%, an option life of 4.5 years. Exercise multiple is not considered for options granted to non-employees.

For the purpose of determining the estimated fair value of our share options, we believe that the expected volatility, the expected exercise multiples and the estimated share price of our ordinary shares are the most sensitive assumptions, since we were a privately-held company at the date we granted all our options in 2011 and February 2012. Changes in these assumptions could significantly impact the estimated fair values of the options calculated by the binomial option pricing model, and change the share-based compensation expense materially in the future from that recorded in current period. Expected volatility was estimated based upon the average stock price volatility of comparable listed companies over a period comparable to the expected term of the options. We believe the average share price volatility of the selected comparable companies is a reasonable benchmark in estimating the expected volatility of our ordinary shares. The expected exercise multiple is the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. As we do not have sufficient information on past employee exercise history, we estimated the exercise multiples based on research conducted by Huddart and Lang (1995).

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

As part of the process of preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We account for income taxes using the liability method. Under this method, deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry- forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income. Deferred tax assets are reduced by a valuation allowance when, based upon the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As of December 31, 2013, we have provided a valuation allowance for the 50% of the amount of the deferred tax assets relating to the future benefit of net operating loss carried forward of certain subsidiaries and the consolidated affiliated entity as we are not able to conclude that the future realization of those net operating loss carry forwards is more likely than not.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (the "FASB") has issued an authoritative pronouncement related to obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The pronouncement provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this pronouncement is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this pronouncement also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments in this Accounting Standards Update ("ASU") should be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the scope that exist at the beginning of an entity's fiscal year of adoption. An entity may elect to use hindsight for the comparative periods (if it changed its accounting as a result of adopting the amendments in this pronouncement) and should disclose that fact. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on our consolidated financial results or disclosures.

In July 2013, the FASB issued a pronouncement which provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this ASU is to eliminate diversity in practice resulting from a lack of guidance on this topic in current U.S. GAAP. The amendments in this ASU state that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of this ASU is not expected to have a material impact on our consolidated financial results or disclosures.

Internal Control Over Financial Reporting

We are subject to the reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, has adopted rules requiring public companies to include a report of management on the effectiveness of such companies' internal control over financial reporting in its annual report on Form 20-F. In addition, an independent registered public accounting firm for a public company must issue an attestation report on the effectiveness of the company's internal control over financial reporting for the year ended December 31, 2013, to be included in this annual report, as we ceased to be an emerging growth company under the JOBS Act in 2013. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2013. In addition, our independent registered public accounting firm attested the effectiveness of our internal control and reported that our internal control over financial reporting was effective as of December 31, 2013.

Inflation

Inflation in China has not historically materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2011, 2012 and 2013 in China were increases of 4.1%, 2.5% and 3.5%, respectively. Although we have not been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated, both in absolute amounts and as percentages of our net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,					
	2011		2012		2013	
	US$	%	US$	%	US$	%
Product revenues	226,291,723	99.6	690,057,249	99.7	1,680,560,853	99.1
Other revenues	851,153	0.4	2,055,715	0.3	16,111,882	0.9
Total net revenues	227,142,876	100.0	692,112,964	100.0	1,696,672,735	100.0
Cost of goods sold(1)	(183,801,334)	(80.9)	(537,637,860)	(77.7)	(1,288,900,456)	(76.0)
Gross profit	43,341,542	19.1	154,475,104	22.3	407,772,279	24.0
Operating expenses(2)						
Fulfillment expenses(3)	(45,478,327)	(20.0)	(96,523,444)	(13.9)	(197,812,615)	(11.7)
Marketing expenses	(15,253,325)	(6.7)	(32,272,629)	(4.7)	(74,498,341)	(4.4)
Technology and content expenses	(5,516,361)	(2.4)	(14,644,113)	(2.1)	(40,399,276)	(2.4)
General and administrative expenses	(84,575,539)	(37.3)	(25,541,812)	(3.7)	(49,943,775)	(2.9)
Total operating expenses	(150,823,552)	(66.4)	(168,981,998)	(24.4)	(362,654,007)	(21.4)
Other income	564,182	0.2	2,563,321	0.4	8,708,487	0.5
(Loss) income from operations	(106,917,828)	(47.1)	(11,943,573)	(1.7)	53,826,759	3.2
Interest expense	(494,509)	(0.2)	(222,868)	(0.0)	—	—
Interest income	122,437	0.1	3,558,013	0.5	15,666,129	0.9
Exchange gain (loss)	18,375	0.0	(157,473)	(0.0)	1,356,766	0.1
(Loss) income before income tax	(107,271,525)	(47.2)	(8,765,901)	(1.3)	70,849,654	4.2
Income tax expense	—	—	(706,173)	(0.1)	(18,549,791)	(1.1)
Net income (loss)	(107,271,525)	(47.2)	(9,472,074)	(1.4)	52,299,863	3.1
Deemed dividend on issuance of Series A Preferred Shares	(49,214,977)	(21.7)	—	—	—	—
Net income (loss) attributable to ordinary shareholders	(156,486,502)	(68.9)	(9,472,074)	(1.4)	52,299,863	3.1

(1) Excluding shipping and handling expenses, and including inventory write down which amounted to US$1.7 million, US$12.2 million and US$33.9 million in the years ended December 31, 2011, 2012 and 2013, respectively.

(2) Including share-based compensation expenses as set forth below:

	For the year ended December 31,		
	2011	2012	2013
		(in US$)	
Allocation of share-based compensation expenses*			
Fulfillment expenses	(297,095)	(292,866)	(721,531)
Marketing expenses	(184,404)	(169,100)	(381,326)
Technology and content expenses	(729,420)	(897,133)	(3,275,228)
General and administrative expenses	(72,716,983)	(6,237,850)	(8,078,178)
Total	(73,927,902)	(7,596,949)	(12,456,263)

* The share-based compensation expenses for 2011 included (a) US$63.9 million in share-based compensation expenses in connection with the unvested shares of our co-founders; (b) US$6.2 million in shared-based compensation expenses in connection with a transfer of ordinary shares between our co-founders; and (c) US$3.8 million share-based compensation expenses in connection with share options granted to executive officers and employees. In addition, unrecognized share-based compensation expenses as of December 31, 2011 were US$19.8 million, which were related to the unvested share options granted to our executive officers and employees. The unrecognized share-based compensation expenses were expected to be recognized over a weighted-average period of 3.06 years on a straight-line basis as of December 31, 2011. The share-based compensation expenses for 2012 included US$7.6 million share-based compensation expenses in connection with share options and non-vested shares granted to our executive officers, independent directors, employees and a consultant. The unrecognized share-based compensation expenses related to share options and non-vested shares were US$14.5 million and US$2.1 million, and were expected to be recognized over a weighted-average period of 2.45 years and 3.62 years on a straight-line basis as of December 31, 2012, respectively. The share-based compensation expenses for 2013 included US$12.5 million share-based compensation expenses in connection with share options and non-vested shares granted to our executive officers, independent directors, employees and consultants. The unrecognized share-based compensation expenses related to share options and non-vested shares were US$14.9 million and US$17.4 million, and were expected to be recognized over a weighted-average period of 2.09 years and 3.26 years on a straight-line basis as of December 31, 2013, respectively. See "—Critical Accounting Policies—Share-Based Compensation" for details.

(3) Including shipping and handling expenses, which amounted to US$29.4 million, US$53.9 million and US$117.5 million in the years ended December 31, 2011, 2012 and 2013, respectively.

Comparison of the Years Ended December 31, 2012 and 2013

Net Revenues. Our total net revenues increased from US$692.1 million in 2012 to US$1.7 billion in 2013, primarily attributable to the increase in the number of active customers and total orders. The number of our active customers increased significantly from 4.1 million in 2012 to 12 million in 2013. The number of our total orders increased from over 21.9 million in 2012 to 49.2 million in 2013, mainly due to the increase in the number of active customers during the period. Consequently, our average net revenues per active customer also increased from US$168 in 2012 to US$180 in 2013. The increases in the foregoing key factors were primarily due to overall growth in the industry, our further optimized product selection and enhancement of our warehousing capabilities and merchandising and IT infrastructures. Through our six logistics centers and several regional sub-sites within our website, we were able to continue tailoring our product offerings to regional customer demographics and offer

additional sales events and SKUs in 2013. 93.0% of the total orders we fulfilled in 2013 were placed by repeat customers, as compared to 93.2% in 2012.

Cost of Goods Sold. Our cost of goods sold increased from US$537.6 million in 2012 to US$1.3 billion in 2013, primarily attributable to the significant increase in products procured from our brand partners in line with our significantly higher sales volume.

We recorded US$12.2 million and US$33.9 million in inventory write- downs in 2012 and 2013, respectively. In addition, inventory write-down as a percentage of costs of goods sold, was 2.3% in 2012 and 2.6% in 2013. Such write-downs primarily reflected the estimated market value of damaged or obsolete inventory. The increase in write-downs from 2012 to 2013 was as a result of an increase in special sales promotion events in 2013 compared to 2012 due to more intensive competition in the market, as special sales promotions are more likely to result in write-downs due to the significant discounts offered.

Starting in the second quarter of 2012, the amount we write-down is calculated based on factors such as whether the goods are returnable to vendors, inventory aging, damages, historical and forecast consumer demand, and the promotional environment. We assess the inventory write-down based on different product categories and apply a certain percentage based on aging. We classify all goods into the following two categories:

- Non-returnable Goods. These goods cannot be returned to suppliers and general inventory write-down of different percentages are applied to these goods within the different aging categories. These percentages were developed based on historical write-down on these different types of goods. In addition to general write-down, specific write-down will also be applied to non-returnable goods if assessed to be needed based on the factors mentioned above.

- Returnable Goods. Returnable goods will have no general write-down based on aging, but a specific write-down will be made at the end of each reporting period based on forecast sales, conditions of the goods and planned promotions.

Gross Profit and Gross Margin. As a result of the foregoing, our gross profit increased from US$154.5 million in 2012 to US$407.8 million in 2013. Our gross margin increased from 22.3% in 2012 to 24.0% in 2013, primarily due to increased economies of scale in sourcing merchandise from our suppliers which in turn increased our bargaining power.

Operating Expenses. Our operating expenses increased from US$169.0 million in 2012 to US$362.7 million in 2013, primarily due to the following factors:

- *Fulfillment expenses*. Our fulfillment expenses increased from US$96.5 million in 2012 to US$197.8 million in 2013. Shipping and handling expenses, the largest component of our fulfillment expenses during these periods, increased from US$53.9 million in 2012 to US$117.5 million in 2013. These increases were primarily attributable to the significant increase in our sales volume and the number of orders fulfilled, higher staff compensation and benefits and increase in rental expenses in connection with our expanded warehouse facilities. In 2013, we fulfilled over 49.2 million customer orders, as compared to over 21.9 million customer orders in 2012. Our fulfillment expenses as a percentage of our total net revenues decreased from 13.9% in 2012 to 11.7% in 2013, primarily due to our continued shift of strategy towards using regional and local delivery services and improved efficiency of regional warehouses. Throughout 2013, we continued to fully utilize the regional logistics centers and warehouses in Guangdong Province, Jiangsu Province, Sichuan Province and Tianjin. In addition, our regional logistics centers and warehouses enabled us to rely more on quality regional and local couriers, which generally have lower average delivery charges than national delivery companies. This continued

shift to regional delivery companies reduced our shipping and handling expense per order and partially offset the increase in fulfillment expenses.

- *Marketing expenses.* Our marketing expenses increased from US$32.3 million in 2012 to US$74.5 million in 2013, primarily attributable to our increased marketing and brand promotion activities. However, our marketing expenses as a percentage of our total net revenues decreased from 4.7% in 2012 to 4.4% in 2013 as our net revenues increased at a faster pace during the same period, which demonstrated our ability to control marketing expenses and leverage word-of-mouth referrals.

- *Technology and content expenses.* Our technology and content expenses increased from US$14.6 million in 2012 to US$40.4 million in 2013, primarily attributable to the headcount increase of our IT personnel in connection with our expansion of IT capacities and increased compensation and benefit. Accordingly, our technology and content expenses increased from 2.1% to 2.4% as a percentage of our total net revenues during the same period.

- *General and administrative expenses.* Our general and administrative expenses increased from US$25.5 million in 2012 to US$49.9 million in 2013 due to the increased scale of our business. Our general and administrative expenses as a percentage of our total net revenues, decreased from 3.7% to 2.9% during the same period as a result of economies of scale.

Other Income. Our other income amounted to US$8.7 million in 2013, as compared to US$2.6 million in 2012. Our other income in 2013 was primarily due to income derived from providing ancillary services to our suppliers, project-based government grants and tax rebates.

Interest Expense. Our interest expense was US$0.2 million in 2012. Due to repayment of our bank loans, we did not incur any interest expense in 2013.

Interest Income. Our interest income increased from US$3.6 million in 2012 to US$15.7 million in 2013 primarily due to our increased cash balance which we used for bank deposits and other investment activities.

Exchange Gain. We had an exchange gain of US$1.4 million in 2013 as a result of gain incurred when converting our cash balance denominated in Renminbi into U.S. dollars during our operations, which was primarily attributed to our Hong Kong subsidiary that uses U.S. dollars as its functional currency, but held their cash in Renminbi and exchanged Renminbi into U.S. dollars when the Renminbi appreciated against the U.S. dollars in 2013.

Net Income. As a result of the foregoing, we recorded a net income of US$52.3 million in 2013 as compared to a net loss of US$9.5 million in 2012.

Comparison of the Years Ended December 31, 2011 and 2012

Net Revenues. Our total net revenues increased from US$227.1 million in 2011 to US$692.1 million in 2012, primarily attributable to the increase in the number of active customers and total orders. The number of our active customers increased significantly from 1.5 million in 2011 to 4.1 million in 2012. The number of our total orders increased from over 7.2 million in 2011 to 21.9 million in 2012, mainly due to the increase in both the number of active customers during the period and the number of average orders per active customer from 4.9 in 2011 to 5.3 in 2012. Consequently, our average net revenues per active customer also increased from US$152 in 2011 to US$168 in 2012. The increases in the foregoing key factors were primarily due to our further optimized product selection, the increase in the number of sales events, the increase in the number of SKUs available on our website as well as the high-quality customer services we provide. We established three logistics centers and set up several regional sub-sites within our website during 2011, the full utilization of which in 2012 allowed us to cater our product offerings to regional customer demographics and offer

additional sales events and SKUs. 93.2% of the total orders we fulfilled in 2012 were placed by repeat customers, as compared to 91.9% in 2011.

Cost of Goods Sold. Our cost of goods sold increased from US$183.8 million in 2011 to US$537.6 million in 2012, primarily attributable to the significant increase in products procured from our brand partners in line with our significantly higher sales volume.

We recorded US$1.7 million and US$12.2 million in inventory write-downs in 2011 and 2012, respectively. In addition, inventory write-down as a percentage of costs of goods sold, was 0.9% in 2011 and 2.3% in 2012. Such write-downs primarily reflected the estimated market value of damaged or obsolete inventory. The increase in write-downs in 2012 from 2011 was due primarily to two factors. First, our inventory significantly increased as our business grew through selling new products and purchasing from new vendors. Secondly, in the second quarter of 2012, we established a more comprehensive policy regarding the assessment of inventory write-downs, which was made possible by our increased experience and historical data on inventory management.

In 2011, we recorded inventory write-downs based on a number of factors, including whether the goods were damaged or slow-moving. Starting in the second quarter of 2012, the amount we write-down is calculated based on factors such as whether the goods are returnable to vendors, inventory aging, damages, historical and forecast consumer demand, and the promotional environment. We assess the inventory write-down based on different product categories and apply a certain percentage based on aging. The Company classifies all goods into the following two categories:

- Non-returnable Goods. These goods cannot be returned to suppliers and general inventory write-down of different percentages are applied to these goods within the different aging categories. These percentages were developed based on historical write-down on these different types of goods. In addition to general write-down, specific write-down will also be applied to non-returnable goods if assessed to be needed based on the factors mentioned above.

- Returnable Goods. Returnable goods will have no general write-down based on aging, but a specific write-down will be made at the end of each reporting period based on forecast sales, conditions of the goods and planned promotions.

Gross Profit and Gross Margin. As a result of the foregoing, our gross profit increased from US$43.3 million in 2011 to US$154.5 million in 2012. Our gross margin increased from 19.1% in 2011 to 22.3% in 2012, primarily due to increased economies of scale in sourcing merchandise from our suppliers which in turn increased our bargaining power.

Operating Expenses. Our operating expenses increased from US$150.8 million in 2011 to US$169.0 million in 2012, primarily due to the following factors:

- *Fulfillment expenses.* Our fulfillment expenses increased from US$45.5 million in 2011 to US$96.5 million in 2012. Shipping and handling expenses, the largest component of our fulfillment expenses during these periods, increased from US$29.4 million in 2011 to US$53.9 million in 2012. These increases were primarily attributable to the significant increase in our sales volume and the number of orders fulfilled, higher staff compensation and benefits and increase in rental expenses in connection with our expanded warehouse facilities. In 2012, we fulfilled over 21.9 million customer orders, as compared to over 7.2 million customer orders in 2011. Our fulfillment expenses as a percentage of our total net revenues decreased from 20.0% in 2011 to 13.9% in 2012, primarily due to our shift of strategy towards using regional and local delivery services and capacity expansion of regional warehouses. Throughout 2012, we were able to fully utilize the regional logistics centers and warehouses in Guangdong Province, Jiangsu Province, Sichuan Province and Tianjin. In addition, our regional logistics centers and warehouses enabled us to rely more on quality regional and local couriers, which generally have

lower average delivery charges than national delivery companies. This shift to regional delivery companies reduced our shipping and handling expense per order and partially offset the increase in fulfillment expenses.

- *Marketing expenses.* Our marketing expenses increased from US$15.3 million in 2011 to US$32.3 million in 2012, primarily attributable to our increased marketing and brand promotion activities. However, our marketing expenses as a percentage of our total net revenues decreased from 6.7% in 2011 to 4.7% in 2012 as our net revenues increased at a faster pace during the same period, which demonstrated our ability to control marketing expenses and leverage word-of-mouth referrals.

- *Technology and content expenses.* Our technology and content expenses increased from US$5.5 million in 2011 to US$14.6 million in 2012, primarily attributable to the headcount increase of our IT personnel in connection with our expansion of IT capacities and increased compensation and benefit. However, as a percentage of our total net revenues, our technology and content expenses decrease from 2.4% to 2.1% during the same periods as our net revenues increased at a faster pace during the applicable periods.

- *General and administrative expenses.* Our general and administrative expenses decreased from US$84.6 million in 2011 to US$25.5 million in 2012, and as a percentage of our total net revenues, decreased from 37.2% to 3.7% during the same periods. The significant decrease in our general and administrative expenses was primarily due to our cost-control efforts and reduced share-based compensation expenses from US$72.7 million in 2011 to US$6.2 million in 2012.

Other Income. Our other income amounted to US$2.6 million in 2012, as compared to US$0.6 million in 2011. Our other income in 2012 was primarily due to income derived from providing ancillary services to our suppliers, project-based government grants and tax rebates.

Interest Expense. Our interest expense decreased from US$0.5 million in 2011 to US$0.2 million in 2012 primarily due to repayment of our bank loans.

Interest Income. Our interest income increased from US$0.1 million in 2011 to US$3.6 million in 2012 primarily due to our increased cash balance which we used for bank deposits and other investment activities.

Exchange Gain/Loss. We had an exchange loss of US$157.5 thousand in 2012 as a result of loss incurred when converting our cash balance denominated in U.S. dollars into Renminbi during our operations, which was primarily attributable to the appreciation of the Renminbi against the U.S. dollar in 2012.

Net Loss. As a result of the foregoing, we recorded a net loss of US$9.5 million in 2012 as compared to a net loss of US$107.3 million in 2011.

B *Liquidity and Capital Resources*

Prior to our initial public offering in March 2012, we financed our operations primarily through the issuance of preferred shares in private placements, unsecured and interest-free working capital loans provided by our shareholders and other related parties and bank loans and in 2011, from cash generated from operating activities. As of December 31, 2011, 2012 and 2013, we had US$45.0 million, US$124.5 million and US$334.7 million, respectively, in cash and cash equivalents. We had held-to-maturity securities with an aggregate outstanding amount of US$385.8 million as of December 31, 2013. Our cash and cash equivalents primarily consist of cash on hand, short-term bank demand deposits and highly liquid investments with maturities of less than three months. We believe that our current cash and cash equivalents, our anticipated cash flows from operations together with the net proceeds that we received from the 2013 offering and the 2014 offering will be sufficient to meet our anticipated working capital requirements and capital expenditures for the next 12 months. We may, however, need additional capital in the future to fund our continued operations.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
		(in US$)	
Net cash from operating activities	1,306,775	111,569,205	437,081,800
Net cash used in investing activities	(23,813,556)	(83,216,464)	(320,894,962)
Net cash provided by financing activities	66,785,746	50,170,648	92,397,637
Cash and cash equivalents at beginning of year	1,111,091	44,954,778	124,472,629
Cash and cash equivalents at end of year	44,954,778	124,472,629	334,715,019

Operating Activities

Net cash from operating activities amounted to US$437.1 million in 2013, which was primarily attributable to a net income of US$52.3 million, adjusted for certain non-cash expenses consisting primarily of share-based compensation expenses of US$12.5 million and changes in operating assets and liabilities. The adjustment for changes in operating assets and liabilities primarily reflected a significant increase in accounts payable of US$283.4 million, accrued expenses and other current liabilities of US$143.7 million, primarily attributable to the increased procurement of inventories in connection with our expanded business, increase in advances from customers of US$75.8 million primarily attributable to our significant sales growth, a decrease in accounts receivable of US$3.8 million due to our customers' increasing use of our online payment systems. These increases were partially offset by a significant increase in inventories of US$160.0 million and an increase in other receivables of US$6.5 million and increase in advance to suppliers as a result of our increased sales volume and scale of operations.

Net cash from operating activities amounted to US$111.6 million in 2012, which was primarily attributable to a net loss of US$9.5 million, adjusted for certain non-cash expenses consisting primarily of share-based compensation expenses of US$7.6 million and changes in operating assets and liabilities. The adjustment for changes in operating assets and liabilities primarily reflected a significant increase in inventories of US$86.4 million, an increase in account receivable of US$2.9 million and an increase in other receivables of US$0.6 million as a result of our increased sales volume and scale of operations. These increases were partially offset by a significant increase in accounts payable of US$105.4 million, primarily attributable to the increased procurement of inventories in connection with our expanded business and our ability to maintain favorable payment terms with our brand partners, an increase in advances from customers of US$40.6 million, primarily attributable to our significant sales growth.

Net cash from operating activities amounted to US$1.3 million in 2011, which was primarily attributable to a net loss of US$107.3 million, adjusted for certain non-cash expenses consisting primarily of share-based compensation expenses of US$73.9 million and changes in operating assets and liabilities. The adjustment for changes in operating assets and liabilities primarily reflected a significant increase in inventories of US$64.0 million, an increase in advances to suppliers of US$7.7 million and an increase in other receivables of $8.8 million as a result of our increased sales volume and scale of operations. These increases were partially offset by a significant increase in accounts payable of US$79.7 million, primarily attributable to the increased procurement of inventories in connection with our expanded business and our ability to maintain favorable payment terms with our brand partners, an increase in advances from customers of US$13.1 million, primarily attributable to increased sales volume, and an increase in accrued expenses and other current liabilities of US$23.0 million, primarily reflecting an increase in accrued shipping and handling expenses, accrued advertising expenses, accrued payroll and social benefit provisions. The significant increases in inventories and accounts payable

resulted from our significant sales growth and the related increase in products procured from our brand partners in 2011.

Investing Activities

Net cash used in investing activities amounted to US$23.8 million, US$83.2 million and US$320.9 million in the years ended December 31, 2011, 2012 and 2013, respectively. Our net cash used in investing activities in each period was attributable to capital expenditure relating to our leasehold improvements, as well as purchases of office and other operating equipment, motor vehicles and IT software. In addition, net cash used in investing activities in 2013 was also attributable to purchase of held-to-maturity security of US$615.2 million, offset by proceeds from redemption of held- to-maturity securities of US$321.2 million.

Financing Activities

Net cash provided by financing activities amounted to US$92.4 million in 2013, primarily attributable to net proceeds of US$90.3 million received from our 2013 offering. In addition, we received proceeds from issuance of ordinary shares upon exercise of stock options US$2.0 million in 2013.

Net cash provided by financing activities amounted to US$50.2 million in 2012, primarily attributable to net proceeds of US$62.7 million received from our initial public offering in March 2012. In addition, we repaid bank borrowing of US$12.7 million in 2012.

Net cash provided by financing activities amounted to US$66.8 million in 2011, primarily attributable to the proceeds from the issuance of series A and series B preferred shares in an aggregate amount of US$51.7 million, shareholders loans of US$1.5 million, the US$1.5 million proceeds from the issuance of ordinary shares and net proceeds from bank borrowings of US$12.7 million.

Capital Expenditures

Our capital expenditures amounted to US$9.6 million, US$12.4 million and US$22.2 million in the years ended December 31, 2011, 2012 and 2013, respectively. In the past, our capital expenditures were principally used for leasehold improvements, as well as purchases of office and other operating equipment, and IT software. Our future capital expenditures are expected to increase significantly in 2014 and 2015 and we expect an aggregate increase in the range of approximately 1500% to 2000% over the two-year period. Approximately 90% of such capital expenditures are expected to be used to further expand our fulfillment capabilities and infrastructure expansions, and approximately 10% of such capital expenditures are expected to be used to enhance our website and IT systems. We plan to fund these capital expenditures through our existing cash balances and our financing activities.

Holding Company Structure

Vipshop Holdings Limited is a holding company with no material operations of its own. We conduct our operations primarily through our wholly owned subsidiaries and our consolidated affiliated entity in China. As a result, our ability to pay dividends depends upon dividends paid by our wholly owned subsidiaries. If our wholly owned subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly owned subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our wholly owned PRC subsidiaries and our consolidated affiliated entity is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of

retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. As of December 31, 2013, we set aside general reserve of US$9.0 million.

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

Research and Development

We have implemented various website and management systems using a combination of our internally developed proprietary technologies and commercially available licensed technologies. We focus our internal development efforts on mobile solutions, warehouse and transportation management systems and several service platforms such as merchant platform, order and payment processing platform, and data platform.

We have adopted a service-oriented architecture supported by data processing technologies which consist of front-end and back-end modules with different functions. Our network infrastructure is built upon self-owned servers located in data centers operated by major PRC internet data center providers. We have developed most of the key business modules through our internal IT department. We also license software from reputable third-party providers and work closely with them to customize the software for our operations. We have implemented a number of measures to protect against failure and data loss. We have developed a disaster tolerant system for our key business modules which includes real-time data mirroring, daily off-line data back-up and redundancy and load balancing.

Our technology and content expenses consist primarily of the compensation and benefits of our IT staff, telecommunications expenses, and expenses incurred in creating content for our sales events on our websites, including model fees and professional photography expenses. We incurred US$5.5 million, US$14.6 million and US$40.4 million in technology and content expenses in 2011, 2012 and 2013.

Intellectual Property

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success, and we rely on trademark, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions with our employees, partners, service providers, suppliers and others to protect our proprietary rights. As of December 31, 2013, we owned 30 registered trademarks, copyrights to 22 software products developed by us relating to various aspects of our operations, and 12 registered domain names that are material to our business, including *vip.com* and *vipshop.com*.

D *Trend Information*

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year 2013 that are reasonably likely to have a material adverse effect on our total net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E *Off-Balance Sheet Arrangements*

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing,

liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F *Tabular Disclosure of Contractual Obligations*

We lease office space and certain equipment under non-cancelable operating lease agreements that expire at various dates from March 2013 through December 2020. These lease agreements provide for periodic rental increases based on both contractually agreed upon incremental rates and on the general inflation rate as agreed upon by us and our lessors. In the years ended December 31, 2011, 2012 and 2013, we incurred rental expenses of US$3.2 million, US$7.5 million and US$13.7 million, respectively. Our purchase obligations as of December 31, 2011 amounted to US$29.9 million, representing our contracted purchase of products from our brand partners. Our purchase obligations as of December 31, 2012 amounted to US$1.1 million, representing property, equipment and software contracts. Our purchase obligations as of December 31, 2013 amounted to US$14.3 million, representing property, equipment , software contracts and land use rights.

The following table sets forth our minimum lease payments under all non-cancelable leases and purchase obligations as of December 31, 2013:

		Payment due by period			
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(in US$)		
Operating lease obligations	$ 83,987,714	$ 18,634,366	$ 28,438,671	$ 23,218,883	$ 13,695,793
Purchase obligations	$ 14,337,967(1)	$ 14,337,967(1)	—	—	—

(1) Excludes potential purchase obligations under the framework supply agreement entered into by us and the subsidiary of Lefeng with the PRC affiliate of Ovation in February 2014. Under this agreement, if sales of Ovation products through *vip.com* and *lefeng.com* in 2014 are less than RMB900 million (US$148.7 million), we would be required to purchase additional products from Ovation to the extent of the shortfall.

On February 14, 2014, we entered into a term loan facility agreement with Wing Lung Bank Limited for a loan facility of up to US$50 million or its equivalent of HK$390 million. The term loan facility will mature 12 months following the drawdown date or 30 days prior to the expiration of the irrevocable standby letter of credit described below, whichever is earlier, and bears interest at the rate of three-month LIBOR plus 1.8% for borrowings denominated in U.S. dollars or three-month HIBOR plus 1.6% for borrowings denominated in Hong Kong dollars. The facility is guaranteed by an irrevocable standby letter of credit for an amount no less than US$50 million (or Renminbi with amount not less than 103% of US$/HK$ equivalent of US$50 million) issued by China Merchants Bank Co., Limited, Guangzhou Branch where we maintain our bank deposits. On February 21, 2014, we entered into a credit agreement with China Merchants Bank Co., Ltd., New York Branch for a credit facility of up to US$150 million. The available period for the facility is three months from the closing of the facility and is collateralized by irrevocable standby letters of credit issued by one of the bank's PRC branch and secured by bank deposits of an amount equal to that of the letter of credit in an account maintained with that branch. The maturity date of each borrowing under the credit facility is the earlier of (1) the first anniversary of its borrowing date, and (2) the date that is ten business days prior to the date on which any letter of credit securing the loan obligations shall expire or terminate. As of the date of this annual report, we made one drawdown of US$50 million under the term loan facility and two drawdowns in the aggregate amount of US$120.9 million under the credit facility. The interest rate for the two drawdowns under the credit facility is three-month LIBOR plus 1.5%. We entered into these loan arrangements primarily to satisfy our offshore funding needs in connection with

our acquisitions of our equity interests in Lefeng and Ovation. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Lefeng and Ovation."

G *Safe Harbor*

This annual report on Form 20-F contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements relating to:

- our goals and strategies;
- our future business development, results of operations and financial condition;
- the expected growth of the online discount retail market in China;
- our ability to attract customers and brand partners and further enhance our brand recognition;
- our expectations regarding demand for and market acceptance of flash sales products and services;
- competition in our industry;
- fluctuations in general economic and business conditions in China; and
- assumptions underlying or related to any of the foregoing.

You should read thoroughly this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

This annual report also contains certain data and information, which we obtained from various government and private publications, including the iResearch Report. Although we believe that the publications and reports are reliable, we have not independently verified the data. Statistical data in these publications includes projections that are based on a number of assumptions. If any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A *Directors and Senior Management*

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Eric Ya Shen	42	Chairman of the Board of Directors, Chief Executive Officer
Arthur Xiaobo Hong	41	Vice Chairman of the Board of Directors, Chief Operating Officer
Bin Wu	40	Director
Jacky Yu Xu	41	Director
Frank Lin	49	Independent Director
Xing Liu	43	Independent Director
Nanyan Zheng	45	Independent Director
Kathleen Chien	44	Independent Director
Chun Liu	45	Independent Director
Donghao Yang	42	Chief Financial Officer
Daniel Kao	48	Chief Technology Officer
Alex Jing Jiang	44	Senior Vice President
Maggie Mei Chuan Hung	46	Senior Vice President
Yizhi Tang	40	Senior Vice President
Simon Yanxiang Wei	48	Vice President of Operations
Lily Fan	46	Vice President of Human Resources
Tony Feng	36	Vice President of Branding and Public Relations
Xianfeng Cai	41	Vice President, General Manager of Shanghai Branch
Xiaohui Ma	41	Vice President of Marketing
Haidong Jiang	40	Vice President of Technology

Mr. Eric Ya Shen is our co-founder and has served as the chairman of our board of directors and chief executive officer since our inception in August 2010. He has over 18 years of experience in the distribution of consumer electronic products in domestic and overseas markets. Since 2001, Mr. Shen has served as the chairman of the board of directors of Guangzhou NEM Import and Export Co., Ltd., a company primarily engaging in the sales of consumer electronic and telecommunication products. Mr. Shen received an EMBA degree from Cheung Kong Graduate School of Business in 2010 and an associate degree in telecommunication from Shanghai Railway College in 1990.

Mr. Arthur Xiaobo Hong is our co-founder and has served as the vice chairman of our board of directors since January 2011. Mr. Hong has served as our chief operating officer since August 2012. Mr. Hong has over 12 years of experience in the distribution of consumer electronic products in overseas markets. Mr. Hong has served as chairman of the board of directors of Société Europe Pacifique Distribution, a French company engaging in the distribution of consumer electronic products, since 1998. Mr. Hong graduated from Cheung Kong Graduate School of Business in 2010.

Mr. Bin Wu is an angel investor of our company and has served as our director since January 2011. Mr. Wu is the director of several privately held companies in China. Mr. Wu received an EMBA degree from Cheung Kong Graduate School of Business in 2006 and a master's and bachelor's degree in physics from Lanzhou University in 1998 and 1996, respectively.

Mr. Jacky Xu is an angel investor of our company and has served as our director since January 2011. Mr. Xu is the director of several privately held companies in China. Mr. Xu graduated from Cheung Kong Graduate School of Business in 2009.

Mr. Frank Lin has served as our director since January 2011. Mr. Lin was elected to our board of directors by DCM Entities under the provisions of our amended and restated shareholders' agreement. Mr. Lin is a general partner of DCM, a technology venture capital firm. Prior to joining DCM in 2006, Mr. Lin was chief operating officer of SINA Corporation (NASDAQ: SINA). He co-founded SINA's predecessor, SinaNet, in 1995 and later guided SINA through its listing on NASDAQ. Prior to founding SinaNet, Mr. Lin was a consultant at Ernst & Young Management Consulting Group. Mr. Lin had also held various marketing, engineering and managerial positions at Octel Communication Inc. and NYNEX. Mr. Lin currently serves on the board of directors of numerous DCM portfolio companies. Mr. Lin received an MBA degree from Stanford University and a bachelor's degree in engineering from Dartmouth College.

Mr. Xing Liu has served as our director since January 2011. Mr. Liu was elected to our board of directors by Sequoia Entities under the provisions of our amended and restated shareholders' agreement. Mr. Liu is a managing director of Sequoia Capital China. Prior to joining Sequoia Capital China in 2007, Mr. Liu had over nine years of work experience in investment banking, technology and product development and consulting at Merrill Lynch, Xerox and GlobalSight, respectively. Mr. Liu currently serves on the board of directors of numerous Sequoia Capital China portfolio companies. Mr. Liu received a master's degree in computer engineering from Syracuse University, an MBA degree from The Wharton School of the University of Pennsylvania and a bachelor's degree in management information systems from Fudan University.

Mr. Nanyan Zheng has served as our director since March 2012. Mr. Zheng is currently the chief executive officer of 7 Days Groups Holdings Ltd., a leading national economy hotel chain based in China and listed on the NYSE. Mr. Zheng co-founded 7 Days Groups Holdings Ltd. and has been serving as its chief executive officer since October 2004. From 2000 to October 2004, Mr. Zheng worked for Ctrip.com International Ltd., a NASDAQ-listed company and a leading travel service provider in China, and served as vice president and general manager of southern China, and later as vice president of marketing in charge of national marketing. During 2001, Mr. Zheng also worked for the computer center of the Economic and Trade Commission of Guangdong Province. Mr. Zheng received a bachelor's degree from Sun Yat-Sen University in China.

Ms. Kathleen Chien has served as our director since March 2012. Ms. Chien is currently the chief operating officer and acting chief financial officer of 51job, Inc., a NASDAQ-listed provider of integrated human resource services in China, and an independent director of ChinaCache International Holdings Ltd., a NASDAQ-listed provider of content and application delivery network services in China. Ms. Chien joined 51job, Inc. in 1999 and served as its chief financial officer from 2004 to March 2009. Prior to joining 51job, Inc., Ms. Chien worked in the financial services and management consulting industries, including three years with Bain & Company in Hong Kong and two years with Capital Securities Corp. in Taiwan. During her tenure at Bain & Company, Ms. Chien was a consultant to a number of companies on strategic and marketing issues, including entry into the Chinese market and achieving cost and operating efficiencies. While at Capital Securities Corp., Ms. Chien completed a number of equity and equity-linked transactions, enabling Taiwanese companies to raise significant capital from the international capital markets. Ms. Chien received her bachelor's degree in economics from the Massachusetts Institute of Technology and an MBA degree from the Walter A. Haas School of Business at University of California, Berkeley.

Mr. Chun Liu has served as our director since March 2013. Mr. Chun Liu is currently the senior vice president of iQiyi.com. Prior to joining iQiyi.com, he was vice president and managing director of Soho.com Inc. and chief operating officer of Sohu Video. Prior to joining Sohu, Mr. Liu worked with Phoenix TV from 2000 to 2011. His last position at Phoenix TV was the executive director and the head of Phoenix TV Beijing Program Center. Earlier in his career, Mr. Liu worked in the Youth Division and News Commentary Department at CCTV, China's state television broadcaster. As the executive producer of a famous program "News Investigation," he produced dozens of award winning

documentaries. Mr. Chun Liu received an EMBA degree from Cheung Kong Graduate School of Business in China and a master's degree from the Communication University of China.

Mr. Donghao Yang has served as our chief financial officer since August 2011. Mr. Yang has held senior executive and managerial positions in various public and private companies, including serving as the chief finance officer of Synutra International Inc. (NASDAQ: SYUT) from May 2010 to August 2011, as the chief financial officer of Greater China of Tyson Foods, Inc. (NYSE: TSN) from March 2007 to April 2010, as a finance director of Asia Pacific of Valmont Industries, Inc. (NYSE: VMI) from October 2003 to March 2007, and as a director of China Minmetals Brazil Holding Limited from January 1999 to April 2001. Mr. Yang received an MBA degree from Harvard Business School in 2003 and a bachelor's degree in international economics from Nankai University in 1993.

Mr. Daniel Kao has served as our chief technology officer since June 2012. He has over 16 years of experience with leading e-commerce and internet companies in the U.S. and China. Before joining our company, Mr. Kao was the director of site operation and quality engineering at eBay Inc. (NASDAQ: EBAY) from October 2010 to March 2012. During his tenure at eBay, Mr. Kao focused on customer service enhancements as well as online branding and organization growth strategies. Prior to that, he was the enterprise architect at AccelOps, a provider of integrated data center and cloud service monitoring software solutions to enterprises and service providers, from October 2007 to July 2008. In 2007, Mr. Kao co-founded and served as the chief technology officer of AdChina Ltd., a leading integrated internet advertising platform in China, from March 2007 to October 2007. Mr. Kao received a bachelor's degree in computer science from Iowa State University in 1995.

Mr. Alex Jing Jiang has served as our senior vice president since November 2012. Before that, Mr. Jiang served as our vice president from August 2012 to November 2012 and our chief operating officer from February 2011 to August 2012. Mr. Jiang has over 20 years of experience in China's retail sector, including over five years of experience in e-commerce in China. Before joining our company, Mr. Jiang founded and served as a director of E-elephant Consulting Company Limited, a company focusing on consulting services in e-commerce and chain retail sectors in China, from 2008 to 2010. Mr. Jiang served as a vice president of *Dangdang.com* from 2006 to 2007, responsible for the management of finance, human resource, administration and logistics. He served as a senior director of China Resources Vanguard Co. Ltd. from 2003 to 2006 and a manager of Carrefour from 1997 to 2003. Mr. Jiang received his bachelor's degree in accounting from Chongqing Business School in 1991.

Ms. Maggie Mei Chuan Hung has served as our senior vice president since November 2012. Before that, Ms. Hung served as out vice president from October 2009 to November 2012. She has over 20 years of experience in merchandise retail. Prior to joining us, Ms. Hung served as a vice president of Grand Pacific Mall from 2003 to 2009. Ms. Hung worked as the general manager of Grand Ocean Department Store in Nanjing from 2002 to 2003, as the department manager of Pacific Sogo Department Store in Taipei from 1998 to 2002, and as the manager of Chongqing Pacific Department Store from 1997 to 1998. Ms. Hung received her bachelor's degree from Ling Tung University in 1991.

Mr. Yizhi Tang has served as our senior vice president since November 2012. Before that, Mr. Tang served as our vice president from September 2010 to November 2012. Mr. Tang has over 10 years of experience in the logistics industry. Prior to joining us, Mr. Tang served as an operating director of Best Logistics Technology Co., Ltd. from 2009 to 2010. From 2008 to 2009, Mr. Tang served as the head of logistics department of Tesco, responsible for the logistics in the northern China area. From 2006 to 2008, Mr. Tang worked as the senior director of the logistics department of *Dangdang.com*. Mr. Tang received a master's degree from Sun Yat-Sen University in 2003 and a bachelor's degree from Nanjing University of Aeronautics and Astronautics in 1997.

Mr. Simon Yanxiang Wei has served as our vice president of operations since October 2013. He most recently worked as an independent e-commerce consultant and trainer, providing strategic and tactical advisory solutions to companies including *vip.com*, *PB89.com*, and *wangfujing.com*. Before that,

Simon served as senior operation director at *Mbaobao.com*, helping grow the website into the leading online shopping platform for bags and luggage in China. Earlier in his career, he had held executive positions covering e-business solutions and operations at various firms in China and New Zealand. Simon received an MBA from the University of Canterbury in New Zealand, a M.S. in Physics of Polymer from the Guangzhou Institute of Chemistry, Chinese Academy of Sciences and a B.E. in Materials Science and Technology from the Tongji University, China. Mr. Wei holds a Project Management Professional (PMP) certification from the PMI, the world's largest not-for-profit membership association for the project management profession.

Ms. Lily Fan has served as our vice president of human resources since December 2013. Prior to that, she worked for Aspire Technology (Shenzhen) Limited Co., a developer of mobile data services and a joint venture of China Mobile Communication Corporation (CMCC), Vodafone, Hewlett-Packard and Merril. During her tenure which began in 2004, Ms. Fan held the positions of assistant to CEO and Vice President, Senior Director and Director of Human Resources, responsible for developing the human resources strategy and talent management, as well as strategic management for three years. Prior to 2004, Ms. Fan served as the Director of Human Resources for UTStarcom Shenzhen R&D Center. Ms. Fan received an Executive MBA education from Renmin University in China and her bachelor's degree from Shanxi Agriculture University in China.

Mr. Tony Feng has served as our vice president of branding and public relations since October 2013. He served as the brand director for Olay, one of Procter & Gamble's multi-billion dollar global brands, in Greater China since 2008, helping grow Olay into the leading e-Commerce B2C skincare brand in China. Prior to joining Procter & Gamble in 2003, Mr. Feng served as a consultant at Weber Shandwick, one of the leading global public relations firms, where he worked on branding and public relations projects for major brands, including Agilent Technologies, MasterCard, Siemens and L'Oreal. Mr. Feng earned dual bachelor's degrees in Economics and English Literature from Beijing Foreign Studies University in China.

Mr. Xianfeng Cai has served as our vice president since November 2012 and the general manager of our Shanghai branch since January 2011. Prior to joining us, Mr. Cai had served for over 18 years in various roles at IGA Distribution Pty. Ltd., a licensed grocery supermarkets chain in Melbourne, Australia. His last role was general manager responsible for IGA Distribution Pty. Ltd.'s daily business operations. Mr. Cai received a bachelor's degree in commerce from University of Melbourne in 1992.

Mr. Xiaohui Ma has served as our vice president since November 2012. Mr. Ma joined us in August 2011 as a senior director of marketing. Prior to joining us, Mr. Ma was vice president for marketing at *Xiu.com*, a fashion shopping B2C website in China, from September 2008 to July 2011. Previously, Mr. Ma worked at several prominent media and news agencies in China, including serving as planner of China Central Television (CCTV), China's state television broadcaster, from October 2001 to November 2003, and as editor-in-chief of SINA Corporation (NASDAQ:SINA), a Chinese leading online media company, from November 2003 to March 2006. Mr. Ma graduated from Communication University of China in 2000.

Mr. Haidong Jiang joined us as our vice president of technology in March 2014. Prior to joining us, Mr. Jiang served as the chief technology officer of Ovation Entertainment Limited, where he was responsible for overseeing core e-commerce technology development, logistics systems and customer-service system. From 2009 to 2012, Mr. Jiang served as vice president of logistics and technology of JD.com, Prior to joining JD.com, Mr. Jiang worked at Amazon.com, leading the technical team to implement Amazon's system migration to China. Mr. Jiang received his bachelor's degree in Signal and Information Process from Beijing Jiaotong University in China.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our senior executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the executive officer's right to all other benefits will terminate, except as required by any applicable law. We may also terminate an executive officer's employment without cause upon one-month advance written notice. In such case of termination by us, we are required to provide compensation to the executive officer, including severance pay, as expressly required by the applicable law of the jurisdiction where the executive officer is based. The executive officer may terminate the employment at any time with a one-month advance written notice if there is any significant change in the executive officer's duties and responsibilities that is inconsistent in any material and adverse respect with his or her title and position or a material reduction in the executive officer's annual salary before the next annual salary review, or if otherwise approved by the board of directors.

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

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for one year following the last date of employment. Specifically, each executive officer has agreed not to (a) approach our clients, customers, contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (b) assume employment with or provide services to any of our competitors, or engage with, whether as principal, partner, licensor or otherwise, any of our competitors; or (c) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination.

B *Compensation of Directors and Executive Officers*

For the fiscal year ended December 31, 2013, we paid an aggregate of US$2.4 million to our executive officers, and we paid an aggregate of US$82.5 thousand to our non-executive directors. For stock incentive grants to our officers and directors, see "—Stock Incentive Plans."

Stock Incentive Plans

2011 Stock Incentive Plan

In March 2011, we adopted our 2011 Plan, in order to attract and retain the best available personnel, to provide additional incentives to employees, directors, officers, consultants and other eligible persons and to promote the success of our business. Under the 2011 Plan, the maximum number of shares may be granted is 7,350,000 ordinary shares. As of the date of this annual report, options to acquire 7,350,000 ordinary shares have been granted under the 2011 Plan.

The following paragraphs summarize the terms of the 2011 Plan.

Plan Administration. The plan administrator is our board or a committee designated by our board.

Awards. We may grant options, restricted shares and restricted share units as well as other rights or benefits, such as share appreciation rights and dividend equivalent rights, under the 2011 Plan.

Award Agreement and Notice of Stock Option Award. Awards granted under the 2011 Plan are evidenced by an award agreement and, in the case of stock options, a notice of stock option award that sets forth the terms, conditions, and limitations for each grant.

Exercise Price. The exercise price of an award shall be determined by the administrator in accordance with the 2011 Plan.

Eligibility. We may grant awards other than incentive stock options to our employees, directors and consultants or those of our related entities. Incentive stock options may be granted only to employees of our company or a parent or a subsidiary of our company.

Term of the Awards. The term of each award grant shall be determined by the plan administrator and stated in the award agreement, provided that the term of incentive stock options shall not exceed 10 years from the date of grant. In the event of an incentive stock option granted to a grantee who, at the time the option is granted, owns shares representing more than 10% of the voting power of all classes of shares of our company or any parent or subsidiary of our company, the term of the incentive stock option shall be five years from the date of grant or such shorter term as may be provided in the award agreement.

Vesting Schedule. The vesting schedule is determined by the plan administrator and set forth in the notice of stock option award and award agreement. Except as unanimously approved by our board, awards granted under the 2011 Plan shall be subject to a minimum four-year vesting schedule calling for vesting no faster than the following: one-fourth of the total ordinary shares subject to the awards shall vest at the first anniversary of the vesting commencement date and one-forty-eighth of the total ordinary shares subject to the awards shall vest at the end of each month thereafter; provided that the awards shall not be exercised or released until the earlier of consumption of a qualified initial public offering or immediately prior to a change in control. Our initial public offering in March 2012 is a qualified initial public offering under the 2011 Plan.

Transfer Restrictions. Incentive stock options may not be transferred in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the grantee, only by the grantee. Other awards are transferable by will and by the laws of descent and distribution, and during the lifetime of the grantee, may be transferred to the extent and in the manner authorized by the plan administrator.

Termination of Employment or Service. In the event that an award recipient ceases employment with us or ceases to provide services to us, an award may be exercised following the termination of employment or service to the extent provided in the award agreement.

Termination and Amendment of the Plan. Unless terminated earlier, the 2011 Plan will terminate automatically in 2021. Our board has the authority to amend, suspend or terminate the plan subject to shareholder approval with respect to certain amendments. However, no suspension or termination shall adversely affect any rights under awards previously granted.

2012 Share Incentive Plan

In March 2012, we adopted our 2012 Plan, in order to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The plan permits the grant of options to purchase our ordinary shares, restricted shares and restricted share units as deemed appropriate by the administrator under the plan. The maximum aggregate number of shares that may be issued pursuant to our 2012 Plan is 9,000,000, and the maximum aggregate number of shares that may be issued per calendar year is 1,500,000 from 2012 until the termination of this plan. As of the date of this annual report, options to acquire 450,569 ordinary shares and 2,724,048 restricted shares have been granted under the 2012 Plan.

The following paragraphs describe the principal terms of our 2012 Plan:

Plan Administration. The plan will be administered by a committee of one or more directors to whom the board shall delegate the authority to grant or amend awards to participants other than any of the committee members. The committee will determine the provisions and terms and conditions of each award grant.

Awards and Award Agreement. We may grant options, restricted shares or restricted share units to our directors, employees or consultants under the plan. Awards granted under the plan will be evidenced by award agreements that set forth the terms, conditions and limitations for each award. These may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Option Exercise Price. The exercise price of an option shall be determined by the plan administrator and set forth in the award agreement. It may be a fixed price or a variable price related to the fair market value of our ordinary shares, to the extent not prohibited by applicable laws. Subject to certain limits set forth in the plan, the exercise price may be amended or adjusted in the absolute discretion of the plan administrator, whose determination shall be final, binding and conclusive. To the extent not prohibited by applicable laws or any exchange rule, a downward adjustment of the exercise prices of options shall be effective without the approval of the shareholders or the approval of the affected participants.

Eligibility. We may grant awards to our employees, directors and consultants or those of any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership or control interest, as determined by our plan administrator. Awards other than incentive share options may be granted to our employees, directors and consultants. Incentive share options may be granted only to employees of our company or a parent or a subsidiary of our company.

Term of the Awards. The term of each award grant shall be determined by our plan administrator, provided that the term shall not exceed 10 years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the award agreement specifies, the vesting schedule. Restricted shares granted under the plan will have either a three-year, a two-year or a one-year vesting schedule. We have the right to repurchase the restricted shares until they have vested.

Transfer Restrictions. Except as otherwise provided by the plan administrator, an award may not be transferred or otherwise disposed of by a participant other than by will or the laws of descent and distribution. The plan administrator may permit an award other than an incentive share option to be transferred to or exercised by certain persons related to the participant by express provision in the award or by an amendment to the award.

Corporate Transactions. Except as otherwise provided in an individual award agreement or any other written agreement entered into between a participant and us, our plan administrator may provide for one or more of the following in the event of a change of control or other similar corporate transaction: (i) the termination of each award outstanding under the plan at a specific time in the future, with each participant having the right to exercise the vested portion of the awards during a period of time as determined by the plan administrator; (ii) the termination of any award in exchange for an amount of cash equal to the amount that could have been obtained upon the exercise of the award; (iii) the replacement of an award with other rights or property selected by the plan administrator; (iv) the assumption of the award by our successor, parent or subsidiary, or the substitution of an award granted by our successor, parent or subsidiary, with appropriate adjustments; or (v) payment of an award in cash based on the value of our ordinary shares on the date of the corporate transaction plus reasonable interest on the award.

Amendment and Termination of the Plan. With the approval of our board, the plan administrator may amend, modify or terminate the plan at any time and from time to time. However, no amendment may be made without the approval of our shareholders to the extent that approval is required by applicable laws. The approval of our shareholders would also be required in the event that the amendment increased the number of shares available under our plan, permitted the plan administrator to extend the term of our plan or the exercise period for an option beyond ten years from the date of grant, or resulted in a material increase in benefits or a change in eligibility requirements, unless we decided to follow home country practice.

Share Incentive Grants

The following table summarizes, as of the date of this annual report, the outstanding options we granted to our directors and executive officers under the 2011 Plan and 2012 Plan.

Name	Number of Ordinary Shares Underlying Options	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Donghao Yang	*	0.50	August 30, 2011	August 29, 2021
	*	0.50	January 1, 2013	December 31, 2022
Alex Jing Jiang	*	0.50	March 18, 2011	March 17, 2021
Maggie Mei Chuan Hung	*	0.50	March 18, 2011	March 17, 2021
	*	2.52	November 30, 2011	November 29, 2021
Yizhi Tang	*	0.50	March 18, 2011	March 17, 2021
	*	2.52	November 30, 2011	November 29, 2021
Xianfeng Cai	*	0.50	March 18, 2011	March 17, 2021
	*	2.52	November 30, 2011	November 29, 2021
Nanyan Zheng	*	2.50	April 16, 2012	April 15, 2022
Kathleen Chien	*	2.50	April 16, 2012	April 15, 2022
Xiaohui Ma	*	2.50	November 30, 2011	November 29, 2021
Chun Liu	*	2.50	March 22, 2013	March 22, 2023

* Aggregate number of shares represented by all grants of options and/or restricted share units to the person account for less than 1% of our total outstanding ordinary shares.

The following table summarizes, as of this annual report, the outstanding restricted shares we granted to our directors and executive officers under the 2012 Plan.

Name	Number of Restricted Shares	Date of Grant
Frank Lin	*	January 1, 2013
Xing Liu	*	January 1, 2013
Nanyan Zheng	*	January 1, 2013
Kathleen Chien	*	January 1, 2013
Maggie Mei Chuan Hung	*	January 1, 2013
Yizhi Tang	*	January 1, 2013
Xianfeng Cai	*	January 1, 2013
Xiaohui Ma	*	September 30, 2012
	*	January 1, 2013
Daniel Kao	*	June 1, 2012
		January 1, 2014
Chun Liu	*	March 22, 2013
Simon Yanxiang Wei	*	January 1, 2014
Lily Fan	*	January 1, 2014
Tony Feng	*	January 1, 2014
Haidong Jiang	*	January 1, 2014

* Aggregate number of shares represented by all grants of options and/or restricted share units to the person account for less than 1% of our total outstanding ordinary shares.

As of the date of this annual report, other individuals as a group hold options to purchase 2,961,910 ordinary shares of our company, with exercise prices of US$0.50, US$2.50 and US$2.52 per ordinary share, as well as 1,923,048 restricted shares of our company.

C *Board Practices*

Board of Directors

Our board of directors consists of nine directors. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract or transaction in which he or she is materially interested provided the nature of the interest is disclosed prior to its consideration. Subject to our amended and restated memorandum and articles of association, the directors may exercise all the powers of our company to borrow money, mortgage their undertaking, property and uncalled capital and issue debentures or other securities whether outright or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have three committees under the board of directors, namely the audit committee, the compensation committee and the nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Ms. Kathleen Chien, Mr. Nanyan Zheng and Mr. Chun Liu. Ms. Kathleen Chien, Mr. Nanyan Zheng and Mr. Chun Liu satisfy the "independence" requirements under Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Ms. Kathleen Chien is the chair of our audit

committee. We have determined that Ms. Kathleen Chien qualifies as an "audit committee financial expert." The purpose of the audit committee is to assist our board of directors with its oversight responsibilities regarding: (a) the integrity of our financial statements, (b) our compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence and (d) the performance of our internal audit function and independent auditor. The audit committee will be responsible for, among other things:

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

Compensation Committee. Our compensation committee consists of Mr. Nanyan Zheng, Ms. Kathleen Chien and Mr. Frank Lin. Mr. Nanyan Zheng, Mr. Frank Lin and Ms. Kathleen Chien satisfy the "independence" requirements under Section 303A of the Corporate Governance Rules of the NYSE. Mr. Nanyan Zheng is the chair of our compensation committee. The compensation committee assists the board in reviewing and approving compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our directors; and
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Nanyan Zheng, Ms. Kathleen Chien and Mr. Xing Liu. Mr. Nanyan Zheng, Ms. Kathleen Chien and Mr. Xing Liu satisfy the "independence" requirements under Section 303A of the Corporate Governance Rules of the NYSE. Mr. Nanyan Zheng is the chair of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regard to characteristics such as independence, knowledge, skills, experience and diversity;

- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and

- advising the board periodically with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. Our company has the right to seek damages if a duty owed by our directors to us is breached.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors and the shareholders. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders in a general meeting or by the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (a) becomes bankrupt or makes any arrangement or composition with his creditors; or (b) dies or is found by our company to be or becomes of unsound mind.

D *Employees*

As of December 31, 2013, we had 8,544 full time employees, compared with 2,934 and 5,043 employees as of December 31, 2011 and 2012, respectively. We also employ independent contractors and part-time personnel from time to time. The following table sets forth the number of our full time employees categorized by areas of operations as of December 31, 2013:

Operations	Number of Employees
Products	881
Business development, sales and marketing	77
Customer services	528
Technology support	797
Logistics and delivery	5,762
Administration and management	499
Total	8,544

Our success depends on our ability to attract, retain and motivate qualified personnel. We have developed a corporate culture that encourages teamwork, effectiveness, self-development and commitment to providing our customers with superior services. We regularly provide our employees with training tailored to each job function to enhance performance and service quality.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by

the local government from time to time. In addition, we also provide our employees fringe benefits such as free lunches and periodic appreciation payments to employees' family members. To date, we have not experienced any significant labor disputes.

E *Share Ownership*

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2014 by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

The calculations in the shareholder table below are based on 113,028,037 ordinary shares issued and outstanding as of March 31, 2014.

	Ordinary Shares Beneficially Owned	
	Number(1)	%(2)
Directors and Executive Officers*:		
Eric Ya Shen(3)	16,510,358	14.6
Arthur Xiaobo Hong(4)	11,592,810	10.3
Jacky Xu(5)	4,752,155	4.2
Bin Wu(6)	2,968,187	2.6
Frank Lin(7)	7,916,084	7.0
Xing Liu(8)	**	**
Nanyan Zheng(9)	**	**
Kathleen Chien(10)	**	**
Chun Liu(11)	**	**
Donghao Yang(12)	**	**
Alex Jing Jiang(12)	**	**
Daniel Kao(12)	**	**
Maggie Mei Chuan Hung(12)	**	**
Yizhi Tang(12)	**	**
Xianfeng Cai(12)	**	**
Xiaohui Ma(12)	**	**
Simon Yanxiang Wei(12)	**	**
Lily Fan(12)	**	**
Tony Feng(12)	**	**
Haidong Jiang(12)	**	**
All directors and executive officers as a group	48,136,853	41.0
Principal Shareholders:		
Elegant Motion Holdings Limited(13)	16,510,358	14.6
High Vivacity Holdings Limited(14)	11,592,810	10.3
Sequoia Entities(15)	10,582,272	9.4
DCM Entities(16)	7,894,834	7.0

* Except for Mr. Frank Lin, Mr. Xing Liu, Mr. Nanyan Zheng, Ms. Kathleen Chien and Mr. Chun Liu, the business address of our directors and executive officers are c/o No. 20 Huahai Street, Liwan District, Guangzhou 510370, People's Republic of China.

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

(1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities.

(2) For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of the stock options or vesting of restricted shares within 60 days after March 31, 2014.

(3) Beneficially owned through Elegant Motion Holdings Limited, a British Virgin Islands company. Elegant Motion Holdings Limited is ultimately wholly owned by the SYZXC Trust. Under the terms of the SYZXC Trust, Mr. Eric Ya Shen and his wife Ms. Xiaochun Zhang have the power to jointly direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to these shares.

(4) Beneficially owned through High Vivacity Holdings Limited, a British Virgin Islands company wholly owned by Mr. Hong.

(5) Beneficially owned through Advanced Sea International Limited, a British Virgin Islands company wholly owned by Mr. Xu.

(6) Beneficially owned through Rapid Prince Development Limited, a British Virgin Islands company. Rapid Prince Development Limited is ultimately wholly owned by the HGS Trust (formerly known as the "Wu Family Trust"). Under the terms of the HGS Trust, Mr. Wu has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to these shares.

(7) Represents (a) 3,231,361 ordinary shares owned by DCM V, L.P., (b) 65,253 ordinary shares owned by DCM Affiliates Fund V, L.P., (c) 1,532,740 ordinary shares as well as 3,065,480 ordinary shares in the form of ADS owned by DCM Hybrid RMB Fund, L.P., and (d) the number of shares that Mr. Lin has the right to acquire upon exercise of the stock options or vesting of restricted shares within 60 days after March 31, 2014. DCM V, L.P., DCM Affiliates Fund V, L.P. and DCM Hybrid RMB Fund, L.P. are collectively referred to as DCM Entities. Mr. Lin is a director of our company named by DCM Entities. Mr. Lin disclaims beneficial ownership with respect to the shares held by DCM Entities, except to the extent of his pecuniary interest therein. The business address of Mr. Lin is 2420 Sand Hill Road, Suite 200, Menlo Park, CA 94025, the United States.

(8) Mr. Liu is managing director of Sequoia Entities. The business address of Mr. Liu is Suite 2215, Two Pacific Place, 88 Queensway, Hong Kong.

(9) The business address of Mr. Zheng is 10F, 705 GuangzhouDaDaoNan Road, Guangzhou, Guangdong, 510290, People's Republic of China.

(10) The business address of Ms. Chien is Building 3, No. 1387 Zhang Dong Road, Shanghai 201203, People's Republic of China.

(11) The business address of Mr. Liu is Level 11, Sohu.com Internet Plaza, No. 1 Unit Zhongguancun East Road, Haidian District, Beijing 100084, People's Republic of China.

(12) Certain of our directors and executive officers have been granted options pursuant to our stock incentive plans. See "Item 6.B. Directors, Senior Management and Employees—Compensation of Directors and Executive Officers—Stock Incentive Plans."

(13) Elegant Motion Holdings Limited is a British Virgin Islands company. Elegant Motion Holdings Limited is ultimately wholly owned by the SYZXC Trust. Under the terms of

the SYZXC Trust, Mr. Eric Ya Shen and his wife Ms. Xiaochun Zhang have the power to jointly direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to these shares. The registered address of Elegant Motion Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(14) High Vivacity Holdings Limited is a British Virgin Islands company wholly owned by Mr. Hong. The registered address of High Vivacity Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(15) Represents (a) 5,483,868 ordinary shares owned by Sequoia Capital China II, L.P., (b) 114,272 ordinary shares owned by Sequoia Capital China Partners Fund II, L.P., (c) 880,678 ordinary shares owned by Sequoia Capital China Principals Fund II, L.P., (d) 4,103,454 ordinary shares owned by Sequoia Capital 2010 CV Holdco, Ltd. Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P., Sequoia Capital China Principals Fund II, L.P. and Sequoia Capital 2010 CV Holdco, Ltd. are collectively referred to as Sequoia Entities. The beneficial ownership information of Sequoia Entities is based on the information contained in the Schedule 13D/A filed by Sequoia Entities with the SEC on November 27, 2013. The business address of Sequoia Entities is Suite 2215, Two Pacific Place, 88 Queensway, Hong Kong.

(16) Represents (a) 3,231,361 ordinary shares owned by DCM V, L.P., (b) 65,253 ordinary shares owned by DCM Affiliates Fund V, L.P. and (c) 1,532,740 ordinary shares as well as 3,065,480 ordinary shares in the form of ADSs owned by DCM Hybrid RMB Fund, L.P.. The beneficial ownership information of DCM Entities is based on the information contained in the Schedule 13D/A filed by DCM Entities with the SEC on November 21, 2013. The business address of DCM V, L.P. and DCM Affiliates Fund V, L.P. is 2420 Sand Hill Road, Suite 200, Menlo Park, CA 94025, the United States.

As of March 31, 2014, 113,028,037 of our ordinary share were issued and outstanding. To our knowledge, 66,859,818 ordinary shares were held of record by three holders that reside in the United States including 63,563,204 ordinary shares held of record by Deutsche Bank Trust Company Americas, the depositary of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. None of our existing shareholders has different voting rights from other shareholders as of the date of this annual report. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

For the options granted to our directors, officers and employees, please refer to "—B. Compensation of Directors and Executive Officers."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A *Major Shareholders*

Please refer to "Item 6.E. Directors, Senior Management and Employees—Share Ownership."

B *Related Party Transactions*

Contractual Arrangements

Our wholly owned subsidiary, Vipshop China, has entered into a series of contractual arrangements with our consolidated affiliated entity, Vipshop Information, and its shareholders, which enable us to exercise effective control over Vipshop Information, receive substantially all of the economic benefits of Vipshop Information through service fees in consideration for the technical and consulting services provided by Vipshop China, and have an exclusive option to purchase, or designate one or more person(s) to purchase, all of the equity interests in Vipshop Information to the extent permitted under PRC laws, regulations and legal procedures. For a description of these contractual arrangements, see "Item 4.C. Information on the Company—Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entity."

Private Placement

Prior to 2012, we made various issuances of ordinary shares to our early-stage investors. In January 2011, we issued and sold a total of 20,212,500 series A preferred shares for US$1.00 per share to our series A preferred shareholders and in April 2011, we issued a total number of 8,166,667 series B preferred shares for US$5.05 per share to our series B preferred shareholders. All of the series A and series B preferred shares were converted into ordinary shares upon the completion of the initial public offering in March 2012 pursuant to the terms of applicable conversion rights of the holders of respective series of preferred shares.

Shareholders' Agreement

In April 2011, in connection with the issuance and sale of our series B preferred shares, we and our shareholders entered into a revised shareholders' agreement, which amended and restated the shareholders' agreement we previously entered into with the investors of our series A preferred shares.

Under the amended and restated shareholders' agreement, our preferred shareholders and the holders of ordinary shares converted from our preferred shares are also entitled to certain registration rights, including demand registration, piggyback registration and Form F-3 registration. Except for the registration rights, the shareholders' rights under the amended and restated shareholders' agreement terminated automatically upon the completion of our initial public offering in March 2012.

Transactions with Lefeng and Ovation

On February 14, 2014, we acquired a 75% equity interest in Lefeng from Ovation, its parent company. The total consideration paid by us for the acquisition is approximately US$132.5 million, including cash payment and financing in connection with assumed liabilities.

Before this acquisition, Lefeng had been a wholly-owned subsidiary of Ovation, which is also partly owned by our shareholder Sequoia Capital China. To facilitate the acquisition, Ovation has restructured its online platform business conducted through *lefeng.com*, an online retail website specialized in selling cosmetics and fashion products in China, by transferring certain assets and liabilities, including domain names (which were subsequently transferred to Vipshop Information), trademarks, copyrights and employees that form part of the online platform business, to Lefeng. This online platform business did not historically operate on an independent basis. After our acquisition of Lefeng, Ovation will continue to operate its other businesses, including research, development and sales of self-branded products. In connection with the acquisition, we and a subsidiary of Lefeng have entered into framework supply agreements with a PRC affiliate of Ovation, pursuant to which Ovation's PRC affiliate agreed to supply cosmetics, apparel, healthcare products, food and other consumer products developed under Ovation's proprietary brands exclusively to us for sale to consumers through *vip.com*, *lefeng.com* and other

third-party websites. If sales of Ovation products by us to consumers through *vip.com*, *lefeng.com* and other third-party websites in 2014 are less than RMB900 million (US$148.7 million), we would be required to purchase additional products from Ovation to the extent of the shortfall. We would be entitled to sales rebates depending on the amount of sales achieved for Ovation's proprietary brands after such sales exceeds RMB900 million (US$148.7 million).

We have also entered into a shareholders agreement with Ovation and Lefeng, pursuant to which each shareholder is subject to certain restrictions on its ability to transfer shares of Lefeng and we have agreed to elect one nominee of Ovation, subject to certain condition, to Lefeng's board of directors, which comprises a total of five directors.

Subsequently on February 21, 2014, we acquired a 23% equity interest, on a fully diluted basis, in Ovation for a total consideration of approximately US$55.8 million pursuant to a share purchase and subscription agreement with Ovation and certain of its existing shareholders, including our shareholder Sequoia Capital China. In addition, as a result of our acquisition of 23% equity interest in Ovation, on a fully diluted basis, we now own, directly or indirectly, a total of 80.75% equity interest in Lefeng. See "Item 5. Operating and Financial Review and Prospects—F. Tabular Disclosure and Contractual Obligations" for a discussion on our loan arrangements entered into to finance our acquisitions of equity interests in Lefeng and Ovation.

Transactions with Our Directors, Executive Officers and Shareholders

Since our inception in August 2008 through December 31, 2013, our shareholders, namely, Eric Ya Shen, Arthur Xiaobo Hong, Bin Wu, Jacky Xu and Xing Peng, provided certain loans to us for our daily business operations. All of these loans from our ordinary shareholders were unsecured and interest free. As of December 31, 2013, the outstanding loan balances due to shareholders amounted to US$1.2 million.

We also purchased products and goods from companies controlled by certain of our ordinary shareholders, namely, Eric Ya Shen, Bin Wu, Jacky Xu and Xing Peng, in the amount of US$6.3 million, US$6.7 million and US$3.7 million for the years ended December 31, 2011, December 31, 2012 and December 31, 2013, respectively. As of December 31, 2011, 2012 and 2013, the amounts due to companies controlled by our ordinary shareholders were US$0.8 million, US$0.5 million and US$0.9 million, respectively, which were unsecured and interest free.

Employment Agreements

See "Item 6.A. Directors, Senior Management and Employees—Directors and Senior Management—Employment Agreements."

Share Options

See "Item 6.B. Directors, Senior Management and Employees—Compensation of Directors and Executive Officers—Stock Incentive Plans."

C *Interests of Experts and Counsel*

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A *Consolidated Statements and Other Financial Information*

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party license or other rights, breach of contract, labor and employment claims. We are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations and cash flows.

Dividend Policy

We have not paid in the past and do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to declare dividends, their form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual and statutory restrictions and other factors that the board of directors may deem relevant.

Holders of our ADSs will be entitled to receive dividends, if any, subject to the terms of the deposit agreement, to the same extent as the holders of our ordinary shares. Cash dividends will be paid to the depositary of our ADSs in U.S. dollars, which will distribute them to the holders of ADSs according to the terms of the deposit agreement. Other distributions, if any, will be paid by the depositary to the holders of ADSs in any means it deems legal, fair and practical.

We are are a holding company incorporated in the Cayman Islands. We principally rely on dividends from our subsidiaries in China and Hong Kong for our cash needs. To pay dividends to us, our subsidiaries in China and Hong Kong need to comply with the applicable regulations. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—We principally rely on dividends and other distributions on equity paid by Vipshop China in China to fund our cash and financing requirements, and any limitation on the ability of Vipshop China to make payments to us could have a material adverse effect on our ability to conduct our business."

B *Significant Changes*

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A *Offering and Listing Details*

Our ADSs, each representing two of our ordinary shares, have been listed on the NYSE since March 23, 2012. Our ADSs trade under the symbol "VIPS."

As of April 24, 2014 (starting from March 23, 2012), the trading price of our ADSs on NYSE ranged from US$4.12 to US$182.00 per ADS.

The following table provides the high and low trading prices on the NYSE for the periods indicated below.

	Trading Price Per ADS	
	High (US$)	Low (US$)
Monthly High and Low		
April 2014 (through April 24, 2014)	161.99	127.11
March 2014	182.00	121.30
February 2014	132.88	97.00
January 2014	109.67	80.21
December 2013	85.90	71.29
November 2013	91.20	67.24
October 2013	77.80	56.97
Quarterly High and Low		
First Quarter 2014	182.00	80.21
Fourth Quarter 2013	91.20	41.23
Third Quarter 2013	50.43	23.26
Second Quarter 2013	38.46	23.26
First Quarter 2013	32.40	15.65
Fourth Quarter 2012	19.31	7.19
Third Quarter 2012	7.67	4.76
Second Quarter 2012	6.38	4.12
First Quarter 2012 (from March 23, 2012 to March 31, 2012)	6.23	4.25
Annual High and Low		
2014 (through April 24, 2014)	182.00	80.21
2013	91.20	15.65
2012 (from March 23, 2012 to December 31, 2012)	19.31	4.12

B *Plan of Distribution*

Not applicable.

C *Markets*

Our ADSs, each representing two of our ordinary shares, have been listed on the NYSE since March 23, 2012. Our ADSs trade under the symbol "VIPS."

D *Selling Shareholders*

Not applicable.

E *Dilution*

Not applicable.

F *Expenses of the Issue*

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A *Share Capital*

Not applicable.

B *Memorandum and Articles of Association*

Our current memorandum and articles of association became effective in March 2012. The following are summaries of material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

General. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders may freely hold and vote their shares. Each holder of our ordinary shares is entitled to one vote for each ordinary share held on matters submitted to a vote of shareholders.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or one or more shareholders holding at least 10% of the paid up voting share capital, present in person or by proxy.

A quorum required for a meeting of shareholders consists of at least one shareholder present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, who holds no less than 10% of our voting share capital. Shareholders' meetings are held annually and may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate at least one-third of our voting share capital. Advance notice to shareholders of at least seven days is required for the convening of our annual general meeting and other shareholders' meetings.

An ordinary resolution to be passed by the shareholders requires a simple majority of votes cast in a general meeting, while a special resolution requires no less than two-thirds of the votes cast. A special resolution is required for important matters such as a change of name. Our shareholders may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating and dividing all or any of our share capital into shares of larger amount than our existing shares and canceling any shares.

Transfer of Shares. Subject to the restrictions of our memorandum and articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its sole discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless (a) the instrument of transfer is lodged with us, accompanied by the certificate for the shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of shares; (c) the instrument of transfer is properly stamped, if required; (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; (e) the shares conceded are free of any lien in favor of us; or (f) a fee of such maximum sum as the NYSE may determine to be payable, or such lesser sum as our board of directors may from time to time require, has been paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such

refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares in accordance with the Companies Law and the memorandum or articles of association of the company. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Shares. Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by special resolution.

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority to or pari passu with such previously existing shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions. Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and

- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

C *Material Contracts*

Other than in the ordinary course of business and other than those described under this item, in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Lefeng and Ovation" or elsewhere in this report, the Indenture, dated as of March 17, 2014 between us and Deutsche Bank Trust Company Americas, the First Supplemental Indenture, dated as of March 17, 2014, between us and Deutsche Bank Trust Company Americas, the Term Loan Agreement, dated as of February 14, 2014, between Wing Lung Bank Limited and VIP International Holdings Limited and the Credit Agreement, dated as of

February 21, 2014, between VIP International Holdings Limited and China Merchants Bank Co., Ltd., New York Branch, we have not entered into any material contract.

D *Exchange Controls*

See "Item 4.B. Information on the Company—Business Overview—Regulation—Regulations on Foreign Currency Exchange."

E *Taxation*

The following summary of the material Cayman Islands, People's Republic of China and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it is the opinion of Travers Thorp Alberga, our special Cayman Islands counsel; and to the extent that the discussion relates to matters of PRC tax law, it is the opinion of Han Kun Law Offices, our special PRC counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by us. There are no exchange control regulations or currency restrictions in the Cayman Islands.

People's Republic of China Taxation

PRC EIT Law

Under the PRC EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," meaning it can be treated in a manner similar to a Chinese enterprise for EIT purposes, although the dividends paid to one resident enterprise from another may qualify as "tax-exempt income." The implementation rules of the EIT Law define a "de facto management body" as a body that has substantial and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. Circular 82 issued by the PRC SAT on April 22, 2009 specifies that certain foreign enterprises controlled by a PRC company or a PRC company group will be classified as PRC "resident enterprises" if the following requirements are satisfied: (a) the senior management and core management departments in charge of its daily operations function are mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) at least half of the enterprise's directors with voting rights or senior management reside in the PRC. Although Circular 82, only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals, the determining criteria set forth in Circular 82, may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

We believe that we are not a PRC resident enterprise and therefore we are not subject to PRC EIT reporting obligations and the dividends paid by us to holders of our ADSs or ordinary shares will not be subject to PRC withholding tax. However, if the PRC tax authorities determine we are a PRC resident enterprise for EIT purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our non-PRC enterprise shareholders and a 20% withholding tax from dividends we pay to our non-PRC individual shareholders, including the holders of our ADSs. In addition, non-PRC shareholders may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their tax residence and the PRC in the event we are treated as a PRC resident enterprise. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Doing Business in China—It is unclear whether we will be considered a PRC `resident enterprise' under the PRC Enterprise Income Tax Law and, depending on the determination of our PRC `resident enterprise' status, our global income may be subject to the 25% PRC enterprise income tax, which could have a material adverse effect on our results of operations."

Circular on Strengthening the Administration of Enterprise Income Tax for Share Transfer by Non-PRC Resident Enterprises

Pursuant to SAT Circular 698, issued by the SAT on December 10, 2009, where a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly via disposing of the equity interests of an overseas holding company, or an "Indirect Transfer," and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax foreign income of its residents, the foreign investor shall report this Indirect Transfer to the competent tax authority. The PRC tax authority will examine the true nature of the Indirect Transfer, and if the tax authority concludes that the foreign investor has adopted an "abusive arrangement" in order to avoid PRC tax, it may disregard the existence of the overseas holding company and re-characterize the Indirect Transfer and as a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the competent tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. SAT Circular 698 is retroactively effective from January 1, 2008. On March 28, 2011, the SAT released the SAT Public Notice (2011) No. 24, or SAT Public Notice 24, to clarify several issues related to SAT Circular 698. SAT Public Notice 24 became effective on April 1, 2011. According to SAT Public Notice 24, the term "effective tax rate" refers to the effective tax rate on the gains derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the country or region where the overseas holding company is a resident.

PRC Value-Added Tax (VAT) Law

China started to apply VAT in 1984 on 24 specified taxable items until a structural reform on taxation system was implemented in 1994. In December 1993, the State Council of China promulgated "The Provisional Regulation of the People's Republic of China on Value Added Tax," which went effective on January 1, 1994 and is currently effective in China. According to this provisional regulation, VAT should be paid by enterprises or individuals who sell merchandise, provide processing, repairing or assembling services, or import goods within PRC on the added value derived from their production and/or services. Based on the categories of taxable goods and services, different flat rates are adopted ranging from zero to 17%. We also conduct product promotional activities for certain brands on our website. Prior to January 1, 2012, pursuant to Provisional Regulation of China on Business Tax and its

implementing rules, any entity or individual rendering services in the territory of PRC is generally subject to a business tax at the rate of 5% on the revenues generated from provision of such services. In November 2011, the PRC Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to value-added tax for certain industries, including, among others, transportation services, research and development and technical services, information technology services, and cultural and creative services. The VAT Pilot Program initially applied only to these industries in Shanghai, and has been expanded to eight additional provinces, including Beijing, Tianjin, Zhejiang Province (including Ningbo), Anhui Province, Guangdong Province (including Shenzhen), Fujian Province (including Xiamen), Hubei Province and Jiangsu province, in 2012. On May 24, 2013, the Ministry of Finance and the SAT jointly issued the Circular 37, which expanded the VAT Pilot Program nationwide as of August 1, 2013. However, according to the Circular 106, Circular 37 has been replaced by Circular 106

To compute the VAT payable, the subject taxpayer needs to separately calculate the output tax and the input tax for the applicable period. The VAT payable shall be the difference between the output tax and the input tax. The formula for computing the tax payable is:

VAT payable = Output tax payable for the applicable period-Input tax receivable for the same applicable period

As of December 31, 2012 and 2013, we had VAT receivable of approximately $4.9 million and $8.4 million respectively. VAT receivable occurs due to timing difference on operation of certain entities, as we record the revenue and VAT output when goods are delivered, but VAT input invoice from suppliers may be delayed. We also had VAT tax payable of $7.2 million and $24.1 million as of December 31, 2012 and 2013 respectively, included as other tax payable. We do not net off VAT receivable and payable from different entities within our group companies.

Material United States Federal Income Tax Considerations

The following is a summary of the material United States federal income tax consequences of the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder, as defined below, that acquires our ADSs or ordinary shares and holds our ADSs or ordinary shares as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the "Code"). This summary is based upon existing United States federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This summary does not discuss all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, financial institutions, insurance companies, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, pension plans, regulated investment companies, real estate investment trusts, cooperatives, and tax-exempt organizations (including private foundations)), holders who are not U.S. Holders, holders who own (directly, indirectly, or constructively) 10% or more of our voting stock, holders that hold or will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for United States federal income tax purposes, United States expatriates, persons liable for alternative minimum tax, or holders that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary of material United States federal income tax considerations does not discuss any state, local, or non-United States tax considerations or the Medicare Tax. Each U.S. Holder is advised to consult its tax advisors regarding the United States

federal, state, local, and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

General

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for United States federal income tax purposes, (a) an individual who is a citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (c) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (d) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ADSs or ordinary shares are advised to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

The discussion below is written on the basis that the representations contained in the deposit agreement are true and all parties to such deposit agreement and any related agreement have been and will be in compliance with the terms in such agreements.

For United States federal income tax purposes, U.S. Holders of ADSs will be treated as the beneficial owners of the underlying shares represented by the ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be a PFIC for United States federal income tax purposes for any taxable year if either (a) 75% or more of its gross income for such year consists of certain types of "passive" income or (b) 50% or more of the average quarterly value of its assets (as determined on the basis of fair market value) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is unclear, we treat Vipshop Information as being owned by us for United States federal income tax purposes, not only because we control its management decisions but also because we are entitled to substantially all of the economic benefits associated with this entity, and, as a result, we consolidate this entity's operating results in our consolidated financial statements. If it were determined, however, that we are not the owner of Vipshop Information for United States federal income tax purposes, we would likely be treated as a PFIC for the current taxable year or any future taxable year.

Assuming that we are the owner of Vipshop Information for United States federal income tax purposes, we believe that we primarily operate as an online commerce company in China. Based upon

our current income and assets and projections as to the value of our ADSs and ordinary shares following the March 2014 offering, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future. While we do not expect to become a PFIC, the determination of whether we will be or become a PFIC will depend in part upon the value of our ADSs and ordinary shares, which we cannot control. Among other matters, if market capitalization is less than anticipated or subsequently declines, we may be classified as a PFIC for the current or future taxable years. It is also possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our company being, or becoming, a PFIC for the current or one or more future taxable years.

The determination of whether we are or will be a PFIC will also depend, in part, on the composition of our income and our assets, which will be affected by how, and how quickly, we use our liquid assets and the cash raised in the 2014 offering. Under circumstances where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a fact-intensive determination made on an annual basis, no assurance can be given that we are not or will not become a PFIC and our special United States counsel expresses no opinion with respect to our PFIC status and also expresses no opinion with respect to our expectations regarding our PFIC status. If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares.

The discussion below under "Dividends" and "Sale or Other Disposition of ADSs or Ordinary Shares" assumes that we will not be a PFIC for United States federal income tax purposes. The United States federal income tax rules that apply if we are a PFIC for the current taxable year or any subsequent taxable year are generally discussed below under "Passive Foreign Investment Company Rules."

Dividends

Subject to the PFIC rules discussed below, any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be reported as a "dividend" for United States federal income tax purposes. A non-corporate recipient of dividend income generally will be subject to tax on dividend income from a "qualified foreign corporation" at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that a certain holding period requirement is met (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date). Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends to its particular circumstances.

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. Our ADSs are listed on the NYSE, which is an

established securities market in the United States, and we expect our ADSs to be readily tradable on the NYSE. Accordingly, we believe that dividends we pay on our ADSs will meet the conditions required for the reduced tax rate. Since we do not expect that our ordinary shares will be listed on an established securities market in the United States, it is unclear whether dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADSs will be considered readily tradeable on an established securities market in the United States in later years.

In the event that we are deemed to be a PRC "resident enterprise" and are liable to tax under the PRC EIT Law, we should be eligible for the benefits of the United States-PRC income tax treaty (the "U.S.-PRC Treaty"), which the Secretary of Treasury of the United States has determined is satisfactory for purposes of clause (a) above and which includes an exchange of information provision. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, would generally be eligible for the reduced rate of taxation applicable to qualified dividend income whether or not such shares are readily tradable on an established securities market in the United States. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends we pay with respect to our ADSs or ordinary shares.

Dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources for United States foreign tax credit purposes and generally will constitute passive category income. In the event that we are deemed to be a PRC "resident enterprise" under the PRC EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for United States federal income tax purposes in respect of such withholdings, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the foreign tax credit under its particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. Long-term capital gain of non-corporate U.S. Holders is generally eligible for a reduced rate of taxation. In the event that we are deemed to be a "resident enterprise" under the PRC EIT Law and gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the U.S.-PRC Treaty may elect to treat the gain as PRC source income. The deductibility of a capital loss may be subject to limitations. Each U.S. Holder is advised to consult its tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under its particular circumstances.

Passive Foreign Investment Company Rules

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (a) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (b) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- such excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- such amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC, or pre-PFIC year, will be taxable as ordinary income;
- such amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to individuals or corporations as appropriate for that year; and
- an interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC (*i.e.*, a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, if we are a PFIC, a U.S. Holder of "marketable stock" may make a mark-to-market election with respect to our ADSs, provided that the ADSs are regularly traded on the NYSE. In addition, we do not expect that holders of ordinary shares that are not represented by ADSs will be eligible to make a mark-to-market election. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes this election, the U.S. Holder will generally (a) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (b) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election, any gain recognized upon the sale or other disposition of ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in the income as a result of the mark-to-market election.

If a U.S. Holder makes a mark-to-market election and we cease to be a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that we are not classified as a PFIC. Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with

respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the U.S. Holder must file an annual report containing such information as the United States Treasury Department may require and will generally be required to file an annual IRS Form 8621. Each U.S. Holder is advised to consult its tax advisors concerning the United States federal income tax consequences of purchasing, holding, and disposing of ADSs or ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election.

Information Reporting and Backup Withholding

U.S. Holders may be subject to information reporting to the IRS with respect to an investment in the ADSs or ordinary shares, including, among others, IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation). Specific types of holders (as identified in the United States tax compliance rules) will be subject to information reporting to the IRS with respect to dividends on and proceeds from the sale or other disposition of our ADSs or ordinary shares. Dividend payments with respect to our ADSs or ordinary shares and proceeds from the sale or other disposition of our ADSs or ordinary shares are not generally subject to United States backup withholding (provided that certification requirements are satisfied). Each U.S. Holder is advised to consult its tax advisors regarding the application of the United States information reporting and backup withholding rules to its particular circumstances.

Individuals who are U.S. Holders, and who hold "specified foreign financial assets", including stock of a non-U.S. corporation that is not held in an account maintained by a U.S. "financial institution", whose aggregate value exceeds US$50,000 during the tax year, may be required to attach to their tax returns for the year certain specified information. An individual who fails to timely furnish the required information may be subject to a penalty. U.S. Holders who are individuals should consult their own tax advisors regarding their reporting obligations under this legislation.

F *Dividends and Paying Agents*

Not applicable.

G *Statement by Experts*

Not applicable.

H *Documents on Display*

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs. We have also filed with the SEC a related registration statement on F-6 (File No. 333-180029) to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 or visit the SEC website for further information on the operation of the public reference rooms.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I *Subsidiary Information*

For a listing of our subsidiaries, see "Item 4.C. Information on the Company—Organizational Structure."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest bearing demand deposits and held-to-maturity securities, and interest rates associated with the issuance of US$632.5 million 1.50% convertible senior notes due 2019. The convertible notes we issued in March 2014 bear interest at a rate of 1.50% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2014. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates. We have not used any derivative financial instruments to manage our interest risk exposure. Based on our cash balance as of December 31, 2013, a one basis point decrease in interest rates would only result in a minimal decrease in our interest income on an annual basis. Our future interest income may fluctuate in line with changes in interest rates. However, the risk associated with fluctuating interest rates is principally confined to our interest-bearing cash deposits, and, therefore, our exposure to interest rate risk is limited.

Foreign Exchange Risk

All of our revenues and most of our expenses are denominated in Renminbi. Our exposure to foreign exchange risk primarily relates to the U.S. dollar proceeds of the public offerings of our equity securities, most or substantially all of which we expect to convert into Renminbi over time. As the impact of foreign currency risk on our operations was not material in the past, we have not used any forward contracts, currency borrowings or derivative instruments to hedge our exposure to foreign currency exchange risk.

The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decades-old policy of pegging the value of RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between RMB and the U.S. dollar remained within a narrow band. The PRC government has allowed the RMB to appreciate slowly against the U.S. dollar again, and it has gradually appreciated against the U.S. dollar since June 2010, though there have been periods when the U.S. dollar has appreciated against the RMB as well. It is difficult to predict how market forces or PRC or U.S. government policy may impact

the exchange rate between the RMB and the U.S. dollar in the future. There remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in greater fluctuation of the Renminbi against the U.S. dollar. It is difficult to predict how long the current situation may last and when and how this relationship between the Renminbi and the U.S. dollar may change again.

To the extent that we need to convert the U.S. dollars we received from our initial public offering, 2013 offering and 2014 offering into Renminbi to fund our operations, acquisitions, or for other uses within the PRC, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. To the extent that we seek to convert Renminbi into U.S. dollars, depreciation of the Renminbi against the U.S. dollar would have an adverse effect on the U.S. dollar amount we receive from the conversion. On the other hand, a decline in the value of the Renminbi against the U.S. dollar could reduce the U.S. dollar equivalent of our financial results, the value of your investment in the company and the dividends that we may pay in the future, if any, all of which may have a material adverse effect on the prices of our ADS.

The Renminbi has appreciated significantly against the U.S. dollar during the reporting periods presented, from a rate of RMB6.2939 to US$1.00 as of December 30, 2011 to a rate of RMB6.0537 to US$1.00 as of December 31, 2013. As all of our revenues and most of our expenses are denominated in Renminbi, the changes in the exchange rates of Renminbi against U.S. dollars have not historically materially impacted our results of operations. However, since our reporting currency in the financial statements is U.S. dollars, the translation effect on our revenues and expenses in our income statements has been increasing due to the accelerated appreciation of the Renminbi against the U.S. dollar during the reporting periods, and has been further magnified by the significant increases in our total net revenues and total operating expenses during the corresponding periods. For example, during 2011, the Renminbi appreciated against the U.S. dollar from a rate of RMB6.6000 to US$1.00 as of January 3, 2011 to a rate of RMB6.2939 to US$1.00 as of December 30, 2011, resulting in a currency translation increase in our total net revenues of US$10.8 million and a currency translation increase in our total operating expenses of US$3.6 million. During 2012, the Renminbi appreciated against the U.S. dollar from a rate of RMB6.2940 to US$1.00 as of January 3, 2012 to a rate of RMB6.2301 to US$1.00 as of December 31, 2012, resulting in a currency translation increase in our total net revenues of US$7.1 million and a currency translation increase in our total operating expenses of US$1.6 million. During 2013, the Renminbi appreciated against the U.S. dollar from a rate of RMB6.2301 to US$1.00 as of January 3, 2013 to a rate of RMB6.0537 to US$1.00 as of December 31, 2013, resulting in a currency translation increase in our total net revenues of US$24.0 million and a currency translation increase in our total operating expenses of US$5.1 million.

We are not currently subject to any significant direct foreign exchange risk and accordingly, we have not hedged exposures denominated in foreign currencies, nor do we have any other derivative financial instruments outstanding. Based on the amount of our cash and cash equivalents on hand as of December 31, 2013, a 1.0% change in the exchange rate between the Renminbi and the U.S. dollar would result in an increase or decrease of US$3.3 million to our cash and cash equivalents.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A *Debt Securities*

Not applicable.

B *Warrants and Rights*

Not applicable.

C *Other Securities*

Not applicable.

D *American Depositary Shares*

Fees and Charges Our ADS Holders May Have to Pay

Deutsche Bank Trust Company Americas, the depositary of our ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deducting from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. Set forth below is a summary of fees holders of our ADSs may be required to pay for various services the depositary may provide:

Service	Fees
• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property	Up to US$0.05 per ADS issued
• Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US$0.05 per ADS cancelled
• Distribution of cash dividends or other cash distributions	Up to US$0.05 per ADS held
• Distribution of ADSs pursuant to share dividends, free share distributions or exercise of rights.	Up to US$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs
• Depositary services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary bank
• Transfer of ADRs	US$1.50 per certificate presented for transfer

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.

- Any applicable fees and penalties thereon.

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. Further, the depositary has agreed to reimburse us certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

The following "Use of Proceeds" information relates to:

- The registration statement on Form F-1 (File number: 333-179581) for our initial public offering of 11,004,600 ADSs, representing 22,009,200 ordinary shares, which registration statement was declared effective by the SEC on March 22, 2012. Goldman Sachs (Asia) L.L.C. and Deutsche Bank Securities Inc. acted as the representatives of the underwriters in the initial public offering.

- The registration statement on Form F-1 (File number: 333-186781), together with the post-effective Registration Statement on Form F-1 (File number: 333-187247) to register additional securities that became effective immediately upon filing, for the public offering of 7,200,000 ADSs, representing 14,400,000 ordinary shares, by us and the selling shareholders therein, and the underwriters' full exercise of their option to purchase an additional 1,080,000 ADSs from certain selling shareholders, which registration statement was declared effective by the SEC on March 13, 2013. Goldman Sachs (Asia) L.L.C., Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC acted as the representatives of the underwriters in the 2013 offering.

- The registration statement on Form F-3 (File number: 333-194472), together with the prospectus supplements to register additional securities that became effective immediately upon filing, for the public offering of US$550,000,000 aggregate principal amount of our 1.50% convertible senior notes due 2019 (File number: 333-194472) and 1,140,000 ADSs, representing 2,280,000 ordinary shares, by us and the selling shareholders therein, and the underwriters' full exercise of their option to purchase an additional 171,000 ADSs from certain selling shareholders. Goldman Sachs (Asia) L.L.C. and Deutsche Bank Securities Inc. acted as representatives of the underwriters in the 2014 offering.

We received net proceeds of US$61.9 million from our initial public offering, US$90.5 million from our 2013 offering and US$536.2 million from our 2014 offering. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our initial public offering totaled US$9.6 million, which included US$5.0 million for underwriting discounts and commissions and US$4.6 million for other expenses. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our 2013 public offering totaled US$5.5 million, which included US$4.1 million for underwriting discounts and commissions and US$1.4 million for other expenses. Our expenses incurred and paid to others in connection with the issuance and distribution of the senior convertible notes and ADSs in our 2014 offering totaled US$19.4 million, which included US$17.7 million for underwriting discounts and commissions and US$1.7 million for other expenses.

As of December 31, 2013, we used US$61.9 million of the net proceeds from our initial public offering and US$90.5 million of the net proceeds from our 2013 public offering.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our senior management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based upon that evaluation, our senior management has concluded that, as of December 31, 2013, our disclosure controls and procedures were effective.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities Exchange Commission's rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an evaluation of the effectiveness of our company's internal control over financial reporting as of December 31, 2013 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2013.

Deloitte Touche Tohmatsu, our independent registered public accounting firm, audited the effectiveness of our company's internal control over financial reporting as of December 31, 2013, as stated in its report, which appears on page F-3 of this Form 20-F.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d), under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, it has been determined that there has been no such change during the period covered by this annual report.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Ms. Kathleen Chien, an independent director (under the standards set forth in Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act) and member of our audit committee, qualifies as an audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. In addition, we expect those who do business for us such as consultants, suppliers and collaborators to also adhere to the principles outlined in the code. Certain provisions of the code apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-179581) in connection with our initial public offering in March 2012.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu, our principal external auditors, for the periods indicated. We did not pay any other fees to our auditors during the periods except as indicated below.

	2012	2013
	USD (in thousands)	
Audit fees[(1)]	685	933
Audit-related fees[(2)]	—	—
Tax fees[(3)]	—	57
All other fees[(4)]	48	—

(1) "Audit fees" represent the fees billed and expected to be billed for professional services rendered by our principal auditors for the audit of our annual consolidated financial

statements, review of quarterly financial information, and audit services that are normally provided by the independent registered public accounting firm in connection with regulatory filing or engagement for those years.

(2) "Audit-related fees" represent the aggregate fees billed and expected to be billed in each of the fiscal years listed for assurance and related services by our principal auditors that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees."

(3) "Tax fees" represent the aggregate fees billed and expected to be billed in each of the fiscal years by our principal accountant for tax advice services.

(4) "All other fees" represent the aggregate fees billed and expected to be billed in each of the fiscal years listed for professional services rendered by our independent registered public accounting firm other than the services reported in (1), (2) and (3).

All audit and permitted non-audit services provided by our independent auditors, including audit services, audit-related services, tax services and other services as described above, must be approved in advance by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We have followed and intend to continue to follow the applicable corporate governance standards under the NYSE Corporate Governance Rules. We are not aware of any significant differences between our corporate governance practices and those followed by domestic companies under NYSE listing standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Vipshop Holdings Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Document
1.1	Amended and Restated Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.2 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
2.1	Form of Ordinary Share Certificate of the Registrant (incorporated by reference to Exhibit 4.1 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
2.2	Deposit Agreement among the Registrant, the depositary and holder of the American Depositary Receipts Registrant, dated as of March 22, 2012 (incorporated by reference to Exhibit 4.3 from our S-8 registration statement (File No. 333-181559) filed with the Commission on May 21, 2012)
2.3	Amended and Restated Shareholders' Agreement, among the Registrant and other parties therein dated as of April 11, 2011 (incorporated by reference to Exhibit 4.4 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
2.4*	Indenture, dated as of March 17, 2014 between the Registrant and Deutsche Bank Trust Company Americas.
2.5*	First Supplemental Indenture, dated as of March 17, 2014, between the Registrant and Deutsche Bank Trust Company Americas.
4.1	2011 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.2	2012 Share Incentive Plan (incorporated by reference to Exhibit 10.11 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.3	Form of Employment Agreement between the Registrant and the executives of the Registrant (incorporated by reference to Exhibit 10.2 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.4	English Translation of the Loan Contract between the Registrant and China Merchants Bank Co., Ltd, Shenzhen Keyuan Sub-Branch dated as of June 30, 2011 (incorporated by reference to Exhibit 10.3 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.5	English Translation of the Loan Contract between the Registrant and China Merchants Bank Co., Ltd, Shenzhen Keyuan Sub-Branch dated as of May 27, 2011 (incorporated by reference to Exhibit 10.4 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.6	Amended and Restated Business Operation Agreement, dated as of October 8, 2011, between Guangzhou Vipshop Computer Service Co., Ltd (now Vipshop (China) Co., Ltd.) and Vipshop Information (incorporated by reference to Exhibit 10.5 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).

Exhibit Number	Document
4.7	Amended and Restated Equity Interest Pledge Agreement, dated as of October 8, 2011, among Guangzhou Vipshop Computer Service Co., Ltd (now Vipshop (China) Co., Ltd.), the shareholders of Vipshop Information and Vipshop Information (incorporated by reference to Exhibit 10.6 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.8	Amended and Restated Exclusive Option Agreement, dated as of October 8, 2011, among Guangzhou Vipshop Computer Service Co., Ltd (now Vipshop (China) Co., Ltd.), the shareholders of Vipshop Information and Vipshop Information (incorporated by reference to Exhibit 10.7 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.9	Power of Attorney, dated as of January 20, 2011 by the shareholders of Vipshop Information (incorporated by reference to Exhibit 10.8 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.10	English Translation of the Exclusive Purchase Framework Agreement between Guangzhou Vipshop Computer Service Co., Ltd (now Vipshop (China) Co., Ltd.) and Vipshop Information (incorporated by reference to Exhibit 10.9 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.11	Form of Indemnity Agreement between the Registrant and its directors and officers (incorporated by reference to Exhibit 10.10 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
4.12	Second Amended and Restated Equity Interest Pledge Agreement, dated as of October 17, 2012, among Vipshop China, the shareholders of Vipshop Information and Vipshop Information (incorporated by reference to Exhibit 10.4 from our F-1 registration statement (File No. 333-186781), as amended, initially filed with the Commission on February 21, 2013).
4.13	Second Amended and Restated Exclusive Option Agreement, dated as of October 17, 2012, among Vipshop China, the shareholders of Vipshop Information and Vipshop Information (incorporated by reference to Exhibit 10.5 from our F-1 registration statement (File No. 333-186781), as amended, initially filed with the Commission on February 21, 2013).
4.14	Amended and Restated Power of Attorney, dated as of October 17, 2012, by the shareholders of Vipshop Information (incorporated by reference to Exhibit 10.7 from our F-1 registration statement (File No. 333-186781), as amended, initially filed with the Commission on February 21, 2013).
4.15*	Share Purchase Agreement, dated as of February 14, 2014, by and among Lefeng.com Limited, Ovation Entertainment Limited and the Registrant.
4.16*	Translation of Framework Supply Agreement, dated as of February 14, 2014, by and among Lafaso (Shanghai) Information Technology Co., Ltd., Vipshop (China) Co., Ltd. and Oriental Fashion (Shanghai) Multimedia Limited Company.

Exhibit Number	Document
4.17*	Term Loan Agreement, dated as of February 14, 2014, between Wing Lung Bank Limited and VIP International Holdings Limited.
4.18*	Credit Agreement, dated as of February 21, 2014, between VIP International Holdings Limited and China Merchants Bank Co., Ltd., New York Branch.
4.19*	Share Purchase and Subscription Agreement, dated as of February 21, 2014, by and among the Company, Ovation Entertainment Limited, the Persons indicated on Exhibit A thereto and Ms. Yuan Li.
8.1*	List of Significant Consolidated Entities of the Registrant.
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 from our F-1 registration statement (File No. 333-179581), as amended, initially filed with the Commission on February 17, 2012).
12.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Deloitte Touche Tohmatsu
15.2*	Consent of Han Kun Law Offices
15.3*	Consent of Travers Thorp Alberga
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Scheme Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Vipshop Holdings Limited

By: /s/ ERIC YA SHEN

Name: Eric Ya Shen
Title: *Chairman of the Board of Directors Chief Executive Officer*

Date: April 25, 2014

VIPSHOP HOLDINGS LIMITED

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Vipshop Holdings Limited:

We have audited the accompanying consolidated balance sheets of Vipshop Holdings Limited and subsidiaries (the "Group") as of December 31, 2012 and 2013, and the related consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statements schedule in Schedule I. These consolidated financial statements and the financial statement schedule are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2012 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 25, 2014 expressed an unqualified opinion on the Group's internal control over financial reporting.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 25, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Vipshop Holdings Limited:

We have audited the internal control over financial reporting of Vipshop Holdings Limited and subsidiaries (the "Group") as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financing Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2013 of the Group and our report dated April 25, 2014 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 25, 2014

VIPSHOP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

(In U.S. dollars, except for share data)

	As of December 31,	
	2012	2013
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	124,472,629	334,715,019
Held-to-maturity securities (Note 5)	86,097,191	385,841,626
Accounts receivable (Note 3)	6,990,560	3,055,446
Amounts due from related parties (Note 15(a))	177,237	—
Other receivables (Note 4)	9,993,887	16,481,032
Inventories	143,963,931	270,126,305
Advance to suppliers	9,569,795	13,216,870
Prepaid expenses	686,876	2,384,801
Deferred tax assets (Note 12)	—	11,126,647
Total current assets	381,952,106	1,036,947,746
NON-CURRENT ASSETS		
Property and equipment, net (Note 6)	12,637,567	24,299,418
Deposits for property and equipment	4,322,217	5,518,404
Other assets	5,230	5,294,373
Total non-current assets	16,965,014	35,112,195
Total assets	398,917,120	1,072,059,941
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable (Including accounts payable of the VIE without recourse to the Company of $101,556 and $70,026 as of December 31, 2012 and 2013, respectively)	193,455,827	476,847,881
Advance from customers (Including advance from customers of the VIE without recourse to the Company of $55,948,713 and $131,781,751 as of December 31, 2012 and 2013, respectively)	55,948,713	131,781,751
Accrued expenses and other current liabilities (Note 7) (Including accrued expenses and other current liabilities of the VIE without recourse to the Company of $24,908,418 and $101,097,647 as of December 31, 2012 and 2013, respectively)	52,676,443	196,327,519
Amounts due to related parties (Note 15(b)) (Including amounts due to related parties of the VIE without recourse to the Company of $789,057 and 1,369,767 as of December 31, 2012 and 2013, respectively)	1,335,756	2,141,411
Deferred income (Including deferred income of the VIE without recourse to the Company of $10,850,319 and $20,592,249 as of December 31, 2012 and December 31,2013, respectively)	12,917,567	21,705,981
Total current liabilities	316,334,306	828,804,543
Total liabilities	316,334,306	828,804,543
COMMITMENTS AND CONTINGENCIES (Note 14)		
EQUITY:		
Ordinary shares (US$0.0001 par value, 471,620,833 shares authorized, and 101,284,881 and 111,665,972 shares issued and outstanding as of December 31, 2012 and December 31, 2013, respectively)	10,128	11,167
Additional paid-in capital	258,368,448	363,221,310
Accumulated losses	(176,025,335)	(123,725,472)
Accumulated other comprehensive income	229,573	3,748,393
Total shareholders' equity	82,582,814	243,255,398
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	398,917,120	1,072,059,941

The accompanying notes are an integral part of the consolidated financial statements.

VIPSHOP HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(In U.S. dollars, except for share data)

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Product revenues	226,291,723	690,057,249	1,680,560,853
Other revenues	851,153	2,055,715	16,111,882
Total net revenues	227,142,876	692,112,964	1,696,672,735
Cost of goods sold (including inventory written down of $1,694,336, $12,166,659 and $33,883,024 for the years ended December 31, 2011, 2012 and 2013, respectively)	(183,801,334)	(537,637,860)	(1,288,900,456)
Gross profit	43,341,542	154,475,104	407,772,279
Fulfillment expenses (including shipping and handling expenses of $29,416,463, $53,897,805 and $117,492,970 for the years ended December 31, 2011, 2012 and 2013, respectively) (Note 16(e))	(45,478,327)	(96,523,444)	(197,812,615)
Marketing expenses (Note 16(e))	(15,253,325)	(32,272,629)	(74,498,341)
Technology and content expenses (Note 16(e))	(5,516,361)	(14,644,113)	(40,399,276)
General and administrative expenses (Note 16(e))	(84,575,539)	(25,541,812)	(49,943,775)
Total operating expenses	(150,823,552)	(168,981,998)	(362,654,007)
Other income (Note 11)	564,182	2,563,321	8,708,487
(Loss) income from operations	(106,917,828)	(11,943,573)	53,826,759
Interest expenses	(494,509)	(222,868)	—
Interest income	122,437	3,558,013	15,666,129
Exchange gain (loss)	18,375	(157,473)	1,356,766
(Loss) income before income taxes	(107,271,525)	(8,765,901)	70,849,654
Income tax expense (Note 12)	—	(706,173)	(18,549,791)
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Deemed dividend on issuance of Series A Preferred Shares	(49,214,977)	—	—
Net (loss) income attributable to ordinary shareholders	(156,486,502)	(9,472,074)	52,299,863
Net (loss) earnings per share (Note 13)			
—Basic	(3.38)	(0.11)	0.48
—Diluted	(3.38)	(0.11)	0.45
Weighted average numbers of shares used in calculating net (loss) earnings per share:			
—Basic	46,255,574	88,849,206	108,962,637
—Diluted	46,255,574	88,849,206	115,495,173
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Other comprehensive (loss) income, net of tax: Foreign currency translation adjustments	(569,628)	994,606	3,518,820
Comprehensive (loss) income	(107,841,153)	(8,477,468)	55,818,683

The accompanying notes are an integral part of the consolidated financial statements.

VIPSHOP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In U.S. dollars, except for share data)

	Series A Preferred shares		Series B Preferred shares		Ordinary shares		Additional paid-in capital	Accumulated losses	Accumulated other comprehensive income (loss)	Total
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount				
		$		$		$	$	$	$	$
Balance as of January 1, 2011	—	—	—	—	47,775,000	4,778	145,805	(10,066,759)	(195,405)	(10,111,581)
Net loss								(107,271,525)		(107,271,525)
Repurchase of ordinary shares	—	—	—	—	(1,837,500)	(184)	(1,837,316)	—	—	(1,837,500)
Issuance of ordinary shares	—	—	—	—	297,159	30	1,499,964	—	—	1,499,994
Issuance of Series A Preferred shares	20,212,500	20,113,898	—	—	—	—	—	—	—	20,113,898
Issuance of Series B Preferred shares	—	—	8,166,667	41,147,021	—	—	—	—	—	41,147,021
Registered capital contributions by shareholders of the VIE	—	—	—	—	—	—	1,390,621	—	—	1,390,621
Deemed dividend on issuance of Series A Preferred shares	—	—	—	—	—	—	49,214,977	(49,214,977)	—	—
Share-based compensation expenses	—	—	—	—	—	—	73,927,902	—	—	73,927,902
Foreign currency translation	—	—	—	—	—	—	—	—	(569,628)	(569,628)
Balance as of December 31, 2011	20,212,500	20,113,898	8,166,667	41,147,021	46,234,659	4,624	124,341,953	(166,553,261)	(765,033)	18,289,202
Net loss	—	—	—	—	—	—	—	(9,472,074)	—	(9,472,074)
Issuance of ordinary shares pursuant to initial public offering	—	—	—	—	22,009,200	2,201	66,020,596	—	—	66,022,797
Direct offering expenses	—	—	—	—	—	—	(3,332,962)	—	—	(3,332,962)
Conversion of Series A Preferred Shares into ordinary shares	(20,212,500)	(20,113,898)	—	—	20,212,500	2,021	20,111,877	—	—	—
Conversion of Series B Preferred Shares into ordinary shares	—	—	(8,166,667)	(41,147,021)	12,682,206	1,268	41,145,753	—	—	—
Proceeds from registered capital contributions by shareholders of the VIE	—	—	—	—	—	—	2,292,763	—	—	2,292,763
Issuance of ordinary shares upon exercise of stock options	—	—	—	—	146,316	14	191,519	—	—	191,533
Share-based compensation expenses	—	—	—	—	—	—	7,596,949	—	—	7,596,949
Foreign currency translation	—	—	—	—	—	—	—	—	994,606	994,606
Balance as of December 31, 2012	—	—	—	—	101,284,881	10,128	258,368,448	(176,025,335)	229,573	82,582,814

VIPSHOP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In U.S. dollars, except for share data)

	Series A Preferred shares		Series B Preferred shares		Ordinary shares					
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	Additional paid-in capital	Accumulated losses	Accumulated other comprehensive income (loss)	Total
		$		$		$	$	$	$	$
Balance as of December 31, 2012	—	—	—	—	101,284,881	10,128	258,368,448	(176,025,335)	229,573	82,582,814
Net lncome	—	—	—	—	—	—	—	52,299,863	—	52,299,863
Issuance of ordinary shares pursuant to follow-on offering	—	—	—	—	8,000,000	800	91,919,200	—	—	91,920,000
Direct offering expenses of follow-on offering	—	—	—	—	—	—	(1,571,688)	—	—	(1,571,688)
Issuance of ordinary shares upon exercise of stock options	—	—	—	—	1,905,026	191	2,049,087	—	—	2,049,278
Issuance of ordinary shares upon vesting of shares awards	—	—	—	—	476,065	48	—	—	—	48
Share-based compensation expense	—	—	—	—	—	—	12,456,263	—	—	12,456,263
Foreign currency translation	—	—	—	—	—	—	—	—	3,518,820	3,518,820
Balance as of December 31, 2013	—	—	—	—	111,665,972	11,167	363,221,310	(123,725,472)	3,748,393	243,255,398

The accompanying notes are an integral part of the consolidated financial statements.

VIPSHOP HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. dollars, except for share data)

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES:			
Net (loss) income	**(107,271,525)**	**(9,472,074)**	**52,299,863**
Adjustments to reconcile net (loss) income to net cash by operating activities:			
Allowance for doubtful debts	—	—	(31,090)
Prepaid expenses write-down	—	222,999	343,015
Inventory write-down	1,694,336	12,166,659	33,883,024
Depreciation of property and equipment	1,368,824	4,527,122	8,838,893
Amortization of other assets	4,453	4,801	229,456
Loss on disposal of property and equipment	61,194	20,670	52,712
Impairment loss of property and equipment	437,725	—	—
Share-based compensation expenses	73,927,902	7,596,949	12,456,263
Interest income on held-to-maturity securities	—	(1,026,325)	(4,256,810)
Changes in operating assets and liabilities:			
Accounts receivable	(2,777,955)	(2,866,381)	3,791,431
Amounts due from related parties	(2,101,853)	1,924,616	177,237
Other receivables	(8,764,669)	(583,406)	(6,512,714)
Inventories	(64,028,801)	(86,388,390)	(160,045,398)
Advances to suppliers	(7,652, 930)	2,859,976	(3,789,748)
Prepaid expenses	(1,020,061)	390,318	(1,697,925)
Accounts payable	79,716,575	105,435,451	283,392,054
Advance from customers	13,072,783	40,567,356	75,833,038
Accrued expenses and other current liabilities	23,025,083	26,009,941	143,651,077
Amounts due to related parties(b)	(856,307)	(168,989)	805,655
Deferred income	2,472,001	10,347,912	8,788,414
Deferred tax assets	—	—	(11,126,647)
Net cash from operating activities	**1,306,775**	**111,569,205**	**437,081,800**
Cash flows used in investing activities:			
Purchase of property and equipment	(9,592,160)	(12,379,386)	(22,248,981)
Purchase of other assets	(9,989)	(770)	(5,293,188)
Proceed from disposal of property and equipment	3,178	19,972	682,260
(Increase) decrease in restricted deposits	(14,214,585)	14,214,585	—
Purchase of held-to-maturity securities	—	(101,302,171)	(615,243,570)
Proceed from redemption of held-to-maturity securities upon maturities	—	16,231,306	321,208,517
Net cash used in investing activities	**(23,813,556)**	**(83,216,464)**	**(320,894,962)**
Cash flows from financing activities:			
Proceeds from registered capital contributions by shareholders of the VIE(b)	1,390,621	—	—
Proceeds from bank borrowings	17,477,240	—	—
Repayment to bank borrowings	(4,766,520)	(12,710,720)	—
Loans from shareholders	1,470,635	—	—
Issuance of Series A Preferred shares(a)	10,503,138	—	—
Issuance of Series B Preferred shares	41,223,892	—	—
Issuance costs of Series A and Series B Preferred shares	(175,754)	—	—
Issuance costs of ordinary shares	1,499,994	—	—
Repurchase of ordinary shares	(1,837,500)	—	—
Proceeds from issuance of ordinary shares in the offerings, net of issuance costs	—	62,689,835	90,348,312
Proceeds from issuance of ordinary shares upon exercise of stock options	—	191,533	2,049,326
Net cash provided by financing activities	**66,785,746**	**50,170,648**	**92,397,638**
Effect of exchange rate changes	(435,278)	994,462	1,657,914
Net increase in cash and cash equivalents	**43,843,687**	**79,517,851**	**210,242,390**
Cash and cash equivalents at beginning of the period	1,111,091	44,954,778	124,472,629
Cash and cash equivalents at end of the period	**44,954,778**	**124,472,629**	**334,715,019**

(a) Noncash financing activities: refer to note 10, US$9,709,643 of the Assigned Loan amount was settled with the accumulated shareholder loan due from the Company to the Chairman on February 21, 2011. The rest of the subscription price of US$10,503,138 was settled in cash.

(b) Noncash financing activities: US$2,292,763 registered capital was contributed by shareholders of the VIE via offsetting the accumulated shareholder loan due from the Company to the shareholders on June 14, 2012.

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and principal activities

Vipshop Holdings Limited (the "Company") was incorporated in the Cayman Islands on August 27, 2010. Its subsidiaries and variable interest entity ("VIE") operate an online platform that offers high-quality branded products to consumers in the People's Republic of China (the "PRC") through flash sales on its vipshop.com and vip.com website. Flash sale represents a new online retail format combining the advantages of e-commerce and discount sales through selling a finite quantity of discounted products or services online for a limited period of time. At the time of the Company's incorporation and through the date of the Reorganization as described below, the ownership interest of the Company was held by five individuals indirectly through their respective investment holding companies. These individuals are Mr. Eric Ya Shen("Mr. Shen"), the Chairman and chief executive officer of the Company, Mr. Arthur Xiaobo Hong, the Vice Chairman of the Board of Directors of the Company (collectively, the "Founders"), and three other investors (the "Original Investors"). The Company, its subsidiaries and consolidated variable interest entity ("VIE") are collectively referred to as the "Group".

Vipshop Information Technology Co., Ltd. ("Vipshop Information" or the "VIE") was incorporated in the PRC on August 22, 2008, to operate an online platform for sales of products. On the date of Reorganization, Vipshop Information are owned by the same five ultimate shareholders of the Company as described above, with the same respective percentage of ownership for each of the five ultimate shareholders.

To comply with PRC laws and regulations that restrict foreign owned enterprises from holding the licenses that are necessary for the operation of internet access, the distribution of online information and the conduct of online commerce, the Company entered into the following transactions (collectively, the "Reorganization").

On October 22, 2010, the Company incorporated a wholly owned subsidiary, Vipshop International Holdings Limited in Hong Kong ("Vipshop HK") as the intermediate holding company for Vipshop (China) Co., Ltd. (formerly known as Vipshop Information Computer Service Co. Ltd., the "WOFE"). The WOFE was incorporated on January 20, 2011 in the PRC as a wholly owned subsidiary of Vipshop HK with initial registered capital of RMB10 million (US$1.6 million). On the same day, the WOFE entered into series of agreements with Vipshop Information and each of its individual shareholders that are disclosed in the Note 2(b).

The Reorganization has been accounted for as a recapitalization because there was no control or collaborative group established before or after the Reorganization, and the assets and liabilities were recorded at their historical costs. The Company, its subsidiaries and variable interest entity are collectively referred to as the Group. Accordingly, the Group's consolidated financial statements for the periods presented have been prepared by including the financial statements of the Company, its subsidiaries and the VIE.

(In U.S. dollars, except for share data)

1. Organization and principal activities (Continued)

As of December 31, 2013, the Company's significant consolidated subsidiaries and VIE consist of the following:

Name	Date of incorporation	Place of incorporation	Percentage of shareholdings	Principal activities
Guangzhou Vipshop Information Technology Co., Ltd.("Vipshop Information" or the "VIE")	August 22, 2008	China	VIE	Online retail
Vipshop International Holdings Limited("Vipshop HK")	October 22, 2010	Hong Kong	100%	Investment holding
Vipshop (China) Co., Ltd.(the "WOFE")	January 20, 2011	China	100%	Warehousing, logistics, procurement, research and development, consulting
Vipshop (Kunshan) E-Commerce Co., Ltd. ("Vipshop Kunshan")	August 2, 2011	China	100%	Warehousing and logistics
Vipshop (Jianyang) E-Commerce Co., Ltd. ("Vipshop Jianyang")	February 22, 2012	China	100%	Warehousing and logistics
Vipshop (Tianjin) E-Commerce Co., Ltd. ("Vipshop Tianjin")	July 31, 2012	China	100%	Warehousing and logistics
Guangzhou Pinwei Software Co., Ltd. ("Pinwei Software")	December 6, 2012	China	100%	Software development and information technology support
Shanghai Pinzhong Commercial Factoring Co., Ltd. ("Pinzhong Factoring")	August 1, 2013	China	100%	Business financing

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and VIE for which it is deemed the primary beneficiary. All intercompany transactions, balances and unrealized profit and losses have been eliminated on consolidation.

The Company evaluates the need to consolidate its VIE in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support.

Details of certain key agreements entered into between the WOFE, the VIE and each of its individual shareholders on January 20, 2011 are as follows:

Power of Attorney Agreements: Each equity holder of Vipshop Information irrevocably authorized the WOFE to exercise the rights related to their shareholdings, including attending shareholders'

2. Summary of Significant Accounting Policies (Continued)

meetings and voting on their behalf on all matters, including but not limited to matters related to the transfer, pledge or disposition of their respective equity interests in Vipshop Information, and appointment of the executive directors and senior management of Vipshop Information. The WOFE has the right to appoint any individual or entity to exercise the power of attorney on its behalf. Each power of attorney will remain in effect until the shareholder ceases to hold any equity interest in Vipshop Information.

Exclusive Business Cooperation Agreement: The WOFE entered into an agreement with Vipshop Information to provide Vipshop Information with technical, consulting and other services. In considerations of these services, Vipshop Information shall pay the WOFE fees equal to 100% of its net income, the rate of service fees may be adjusted upon mutual discussions between the two parties. The WOFE is the exclusive provider of these services for a term of 10 years.

Equity Interest Pledge Agreements: Each equity holder of Vipshop Information pledged all their respective equity interests in Vipshop Information as security to ensure that Vipshop Information fully performs its obligations under the Exclusive Business Cooperation Agreement, and pays the consulting and service fees to the WOFE when the fees becomes due.

Exclusive Option Agreements: Each equity holder of Vipshop Information granted the WOFE an irrevocable and exclusive right to purchase, or designate one or more persons to purchase, their equity interest in Vipshop Information at the WOFE's sole and absolute discretion to the extent permitted by the PRC laws. The purchase price is 10 Renminbi ("RMB") (US$1.65); if appraisal is required by laws of the PRC at the time when the WOFE exercises the option, the parties shall negotiate in good faith, to make necessary adjustments to the purchase price based on the appraisal result to comply with applicable laws of the PRC.

On October 8, 2011, the WOFE entered into the following amended agreements with Vipshop Information and each of its individual shareholders to replace the respective original agreements entered into on January 20, 2011:

Amended and Restated Exclusive Business Cooperation Agreement: The WOFE entered into this agreement with Vipshop Information to provide Vipshop Information with technical, consulting and other services. This agreement replaced the original Exclusive Business Cooperation Agreement dated January 20, 2011. There was no significant change of terms from the original agreement except that the service fee to be paid by Vipshop Information to the WOFE in consideration of the services to be provided by the WOFE, shall equal to 100% of the net income of Vipshop Information, provided that the WOFE, at its sole discretion, shall have the right to adjust the rate of the service through written notice. The term of this agreement is ten years from the execution date of October 8, 2011 and may be extended for a period to be determined by the WOFE. The WOFE may terminate this agreement at any time by giving 30 days prior written notice. Vipshop Information has no right to terminate this agreement unless the WOFE commits gross negligence or fraud.

Amended and Restated Equity Interest Pledge Agreement: This agreement replaced the original Equity Interest Pledge Agreements entered into on January 20, 2011. There was no significant change of terms from the original agreement. The agreement will remain in effect until all of the

2. Summary of Significant Accounting Policies (Continued)

obligations of Vipshop Information under the Amended and Restated Exclusive Business Cooperation Agreement have been duly performed or terminated.

Amended and Restated Exclusive Option Agreement: This agreement replaced the original Exclusive Option Agreement entered into on January 20, 2011. There was no significant change of terms from the original agreement. The term of this agreement is ten years from the execution date of October 8, 2011, which may be extended for a period to be determined by the WOFE.

Exclusive Purchase Framework Agreement: The WOFE and Vipshop Information entered into this agreement during the third quarter of fiscal 2011. Under this agreement, Vipshop Information agrees to purchase products or services exclusively from the WOFE or its subsidiaries. Vipshop Information and its subsidiaries must not purchase from any third party products or services which the WOFE is capable of providing. The term of this agreement is five years from September 1, 2011. If neither party objects in writing and both parties remain cooperating at the expiration of the agreement, the parties will continue to be bound by this agreement until a new agreement is entered into. Vipshop Information must pay the WOFE for its products an amount, which includes a service fee, based on the unit price and the quantity of the products ordered by Vipshop Information. The WOFE may terminate this agreement at any time by giving 15 days' prior written notice. Vipshop Information has no right to terminate this agreement unless the WOFE commits gross negligence or fraud.

As explained in Note 1, at the time of the Company's incorporation and through the date of the Reorganization as described below, the ownership interest of the Company was held by five individuals indirectly through their respective investment holding companies.

In October 2012, the Company effected transfer of 10.4% of equity interest from one of the former shareholder of Vipshop Information to Mr. Shen, an existing shareholder of Vipshop Information, and amended the contractual arrangements the relevant entities had as explained above with Mr. Shen to reflect this transfer. As of December 31, 2012, shareholders of Vipshop Information include Mr. Shen, Mr. Arthur Xiaobo Hong, Mr. Bin Wu and Mr. Xing Peng, holding 52.0%, 26.0%, 11.6% and 10.4% of the total equity interests in Vipshop Information, respectively.

The Company participated significantly in the design of Vipshop Information. Based on the Equity Interest Pledge Agreements and the Amended and Restated Equity Pledge Agreements, the Exclusive Option Agreement and the Amended and Restated Exclusive Option Agreement, and the Power of Attorney Agreements dated January 20, 2011, which has not been subsequently amended, the Company has the ability to effectively control Vipshop Information through the WOFE. The Company is also able to receive a majority of the economic benefits of Vipshop Information, because of its ability to effectively determine the service fees payable by Vipshop Information to the WOFE under the Exclusive Business Cooperation Agreement and the Amended and Restated Exclusive Business Cooperation Agreement, and through the Exclusive Purchase Framework Agreement. Therefore, the Company has determined that it is the primary beneficiary of Vipshop Information and has consolidated its respective results for the periods presented. Other than Vipshop Information, the Company has no interest in any other variable interest entities.

2. Summary of Significant Accounting Policies (Continued)

Risks in relation to the VIE structure

The Group believes that the VIE arrangements are in compliance with PRC law and are legally enforceable. The equity holders of the VIE are also shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, there are certain risks related to the VIE arrangements, which include but are not limited to the following:

- If the Group's ownership structure, are found to be in violation of any existing or future PRC laws or regulations, the relevant governmental authorities, including the China Securities Regulatory Commission, would have broad discretion in dealing with such violation, including levying fines, confiscating its income or the income of the WOFE or the VIE, revoking the business licenses or operating licenses of the WOFE or the VIE, shutting down the Group's servers or blocking the Group's website, discontinuing or placing restrictions or onerous conditions on the Group's operations, requiring the Group to undergo a costly and disruptive restructuring, restricting or prohibiting the Group's use of various funding to finance its business and operations in China, and taking other regulatory or enforcement actions that could be harmful to the Group's business;

- The Group relies on contractual arrangements with the VIE and its equity holders for a majority all of its PRC operations, which may not be as effective as direct ownership in providing operational control;

- The Group may have to incur significant cost to enforce, or may not be able to effectively enforce, the contractual arrangements with the VIE and their equity holders in the event of a breach or non-compliance by the VIE or their equity holders; and

- Each of the shareholders of the VIE is also a director of the Company, and has a duty of care and loyalty to the Company and its shareholders as a whole under Cayman Islands law. Under the contractual arrangements with the VIE and its shareholders, (a) the Company may replace any such individual as a shareholder of the VIE at the Company's discretion, and (b) each of these individuals has executed a power of attorney to appoint the WOFE or its designated third party to vote on their behalf and exercise shareholder rights of the VIE. However, the Company cannot assure that these individuals will act in the best interests of the Company should any conflicts of interest arise, or that any conflicts of interest will be resolved in the Company's favor. These individuals may breach or cause the VIE to breach the existing contractual arrangements. If the Company cannot resolve any conflicts of interest or disputes between the Company and any of these individuals, the Company would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to its operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

(In U.S. dollars, except for share data)

2. Summary of Significant Accounting Policies (Continued)

Vipshop Information's total assets, total liabilities, total equity, net revenues, total operating expenses and net (loss) income attributable to the Company and after intercompany eliminations are as follows:

	As of December 31,	
	2012	2013
	$	$
Total assets	173,424,245	631,848,860
Current Liabilities:		
Accounts payable	(101,556)	(70,026)
Advance from customers	(55,948,713)	(131,781,751)
Accrued expenses and other current liabilities	(24,908,418)	(101,097,647)
Amounts due to related parties	(789,057)	(1,369,767)
Deferred income	(10,850,319)	(20,592,249)
Total current liabilities	(92,598,063)	(254,911,440)
Total liabilities	(92,598,063)	(254,911,440)
Total equity	80,826,182	376,937,420

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Net revenues	226,291,723	691,975,575	1,694,782,751
Total operating expenses	(55,725,479)	(70,858,631)	(204,766,265)
Net (loss) income	(26,409,424)	8,058,229	(1,946,318)

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates. The Group's management based their estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group's financial statements include inventory write-down, revenue recognition cut off adjustments, valuation allowance for deferred tax assets, valuation of ordinary shares and preferred shares when the preferred shares were issued, valuation of stock options. Changes in facts and circumstances may result in revised estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand demand deposits and highly liquid investments with maturity of less than three months.

2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents are placed with financial institutions with high-credit ratings and quality.

(e) Held-to-maturity securities

The Group invests in debt securities which have fixed maturity dates, pay a fixed return on the amount invested and early redemption of these securities is not allowed. The Group classifies these investments as held-to-maturity as it has both the positive intent and ability to hold them until maturity. Held-to-maturity securities are recorded at amortized cost and are classified as short-term, since their contractual maturity dates are less than one year.

(f) Inventories

Inventory is stated at the lower of cost or market. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated market value for slow-moving merchandise and damaged goods. The amount of write down is also dependent upon factors such as whether the goods are returnable to vendors, inventory aging, historical and forecasted consumer demand, and promotional environment.

The Company assesses the inventory write-down based on different product categories and applies a certain percentages based on aging. The Company classifies all goods into the following two categories: non-returnable goods and returnable goods. Non-returnable goods cannot be returned to suppliers and general inventory write-down of different percentages are applied to these goods within the different aging categories. These percentages were developed based on historical write-down on these different types of goods. In addition to general write-down, specific write-down will also be applied to non-returnable goods if assessed to be needed based on the factors mentioned above. Returnable goods will have no general write-down based on aging but specific write down will be made at the end of each reporting periods based on forecast sales, conditions of the goods and planned promotions.

Write downs are recorded in cost of goods sold in the consolidated statements of income (loss) and comprehensive income (loss).

(g) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Gains or losses on dispositions of property and equipment are included in operating income (loss). Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method from the time the assets are placed in service. Estimated useful lives are as follows, taking into account the assets' estimated residual value:

Classification	Estimated useful life
Furniture, fixtures and equipment	2 to 3 years
Leasehold improvements	Over the lease term
Motor vehicles	5 years

2. Summary of Significant Accounting Policies (Continued)

Direct and incremental costs related to the construction of assets, including costs under the construction contracts, duties and tariffs, equipment installation and shipping costs, are capitalized. Management estimates the residual value of its furniture, fixtures and equipment and motor vehicles to be 5%.

(h) Impairment of long-lived assets

The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When these events occur, the Group assesses the recoverability of these long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the future undiscounted cash flow is less than the carrying amount of the assets, the Group recognizes an impairment equal to the difference between the carrying amount and fair value of these assets. The Group recorded impairments in the amount of $437,725, nil and nil for the years ended December 31, 2011, 2012 and 2013, respectively.

(i) Revenue recognition

The Group recognizes revenue from the sale of apparel, fashion goods, cosmetics, home goods and lifestyle products and other merchandise through its online platform, including its internet website and cellular phone application. The Group recognizes revenue when persuasive evidence of an arrangement exists, products are delivered, the price to the buyer is fixed or determinable and collectability is reasonably assured.

The Group utilizes delivery service providers to deliver goods to its customers directly from its own warehouses. The Group estimates and defers revenue and the related product costs for goods that are in-transit to the customers.

The Group offers customers with an unconditional right of return for a period of seven days upon receipt of products. The Group defers revenue until the return period expires as it does not currently have sufficient historical data related to such sales to reasonably estimate the amount of future returns.

Revenue was recorded on a gross basis, net of surcharges and value added tax ("VAT") of 17% of gross sales. Surcharges are sales related taxes representing the City Maintenance and Construction Tax and Education Surtax. The Group recorded revenue on a gross basis because the Group has the following indicators for gross reporting: it is the primary obligor of the sales arrangements, is subject to inventory risks of physical loss, has latitude in establishing prices, has discretion in suppliers' selection and assumes credit risks on receivables from customers. The Group also retains some of general inventory risks despite its arrangements to return goods to some vendors within limited time periods.

The Group also sells prepaid cards which can be redeemed to purchase products sell by the Group. The cash collected from the sales of prepaid cards is initially recorded as advance from customers on the consolidated balance sheets and subsequently recognized as revenues when the prepaid cards are redeemed to purchase products.

2. Summary of Significant Accounting Policies (Continued)

Discount coupons membership reward program

The Group voluntarily provides discount coupons through certain co-operative websites or through public distributions during its marketing activities. These coupons are not related to prior purchases, and can only be utilized in conjunction with subsequent purchases on the Group's platforms. These discount coupons are recorded as reduction of revenues at the time of use. The Group has established a membership reward program wherein customers earn one point for one RMB of purchase made on the Group's platforms. Existing members may also receive extra reward points at the time of the first purchase by those customers referred by them. Membership reward points can be either exchanged into coupons to be used in connection with subsequent purchases, or exchanged into free gifts. The expiry dates of these reward points vary based on different individual promotional programs, while the coupons expire three months after redemption. The Group accrues liabilities for the estimated value of the points earned and expected to be redeemed, which are based on all outstanding reward points related to prior purchases at the end of each reporting period, as it does not currently have sufficient historical data to reasonably estimate the usage rate of these reward points.

These liabilities reflect management's best estimate of the cost of future redemptions. As of December 31, 2012 and 2013, the Group recorded deferred revenue related to reward points earned from prior purchases of $10,513,246 and $18,814,448, respectively.

The Group does not charge any membership fees from its registered members. New members who register on the Group's platforms or existing members introducing new members to the Group's website will be granted free membership reward points, which can be used to redeem coupons for future purchases. These reward points are not related to prior purchases and are recorded as reduction of revenues at the time of use.

Amounts collected by delivery service providers but not yet remitted to the Group are classified as accounts receivable on the consolidated balance sheets. Payments received in advance of delivery and unused prepaid cards credits are classified as advances from customers. Revenues include fees charged to customers for shipping and handling expenses. The Company pays a fee to the delivery service provider and records such fee as shipping and handling expenses.

Other revenues

Other revenues consist of fees charged to third-party merchants which the Company provides platform access for sales of their products. The Group is not the primary obligor on these transactions, it does not bear the inventory risk, does not have the ability to establish prices and does not provide any fulfillment services as the goods are directly shipped from third-party merchants to end customers. Upon successful sales on the Company's platform, the Group will charge the third-party merchants commission fees. Commission fees are recognized on a net basis at the point of sales of products, net of return allowance.

The Group conducts product promotion activities for certain brands on its website, including advanced and prominent placement of vendors' products on its website, and technical consultations services related to on-line advertising. These revenues are recognized on a straight-line basis over

2. Summary of Significant Accounting Policies (Continued)

the service periods, net of business tax of approximately 5% of service revenues or 6% value-added tax, or VAT, in certain pilot locations as a result of the pilot VAT reform program.

The Group provides factoring services to some of its suppliers and recognizes interest revenues over the factoring periods.

(j) Cost of goods sold

Cost of goods sold consists primarily of cost of merchandise sold and inventory write-down. The amounts of inventory write-down were $1,694,336, $12,166,659 and $33,883,024 for the years ended December 31, 2011, 2012 and 2013, respectively. Our cost of goods sold does not include fulfillment expenses, therefore our cost of goods sold may not be comparable to other companies which include such expenses in their cost of goods sold.

(k) Fulfillment expenses

Fulfillment expenses primarily consist of payroll, bonus and benefits of logistics staff, logistics centers rental expenses, shipping and handling expenses and packaging expenses.

(l) Marketing expenses

Marketing expenses primarily consist of payroll, bonus and benefits of marketing staff, advertising costs, agency fees and costs for promotional materials.

The amounts of advertising expenses were $14,562,477, $29,332,178 and $71,025,704 for the years ended December 31, 2011, 2012 and 2013, respectively.

(m) Technology and content expenses

Technology and content expenses primarily consist of payroll, bonus and benefits of the staff in the technology and system department, telecommunications expenses, model fees and photography expenses.

(n) General and administrative expenses

General and administrative expenses primarily consist of payroll, bonus and benefit costs for retail and corporate employees, legal, finance, information systems, rental expenses and other corporate overhead costs.

(o) Foreign Currency Transactions and Translations

The functional currency of the Company and Vipshop HK are the United States dollar ("US dollar"). The functional currency of all the other subsidiaries and the variable interest entity is RMB. Foreign currency denominated monetary assets and liabilities have been translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies have been translated into the functional currency at the applicable rates of exchange prevailing on the date transactions occurred. Transaction gains and losses are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

The financial statements of the subsidiaries and the variable interest entity have been translated into US dollars for the purposes of consolidation. Assets and liabilities are translated into US

2. Summary of Significant Accounting Policies (Continued)

dollars based on the rates of exchange existing on the balance sheet date. Equity accounts are translated at historical exchange rates. The statements of operations are translated using a weighted average rate for the period. Translation adjustments have been reported as a separate component of other comprehensive income.

The RMB is not a freely convertible currency. The PRC State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China foreign exchange trading system market. The Group's cash and cash equivalents denominated in RMB amounted to $123,300,918 and $333,821,679 at December 31, 2012 and 2013, respectively.

(p) Income Taxes

Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, the Group is required to estimate its income taxes in each of the jurisdictions in which it operates. The Group accounts for income taxes using the liability method. Under this method, deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income. Deferred tax assets are reduced by a valuation allowance when, based upon the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

(q) Value added taxes

The Company's PRC subsidiaries are subject to VAT at a rate of 17% on proceeds received from customers, and are entitled to a refund for VAT already paid or borne on the goods purchased by it and utilized in the production of goods that have generated the gross sales proceeds. The VAT balance is recorded either in other current liabilities or other current receivables on the consolidated balance sheets.

(r) Comprehensive income (loss)

Comprehensive income (loss) is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. During the periods presented, comprehensive income (loss) is reported in the consolidated statements of income (loss) and comprehensive income (loss), and other comprehensive income (loss) includes foreign currency translation adjustments.

(s) Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, held-to-maturity securities, amounts due from related parties, other receivables and advances to suppliers. The Group places its cash and cash equivalents and held-to-maturity securities with financial institutions with high-credit ratings and quality. Accounts receivable primarily comprise of amounts receivable from product

2. Summary of Significant Accounting Policies (Continued)

delivery service providers. These amounts are collected from customers by the service providers when products are delivered. The principal amounts of all held-to maturity securities are guaranteed by the issuers. The Group conducts a credit evaluation of these service providers and generally requires a small amount of security deposit. Amounts due from related parties are prepayments related to purchases of goods from the entities controlled by shareholders of the Company. Due to the nature of the relationship, the Company considers there to be no collection risks in regard to amounts due from related parties. With respect to advances to product suppliers, the Group performs on-going credit evaluations of the financial condition of its suppliers. The Group establishes an allowance for doubtful accounts based upon estimates, factors surrounding the credit risk of specific delivery service providers and other information.

(t) Fair value of financial instruments

Fair value is considered to be the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs may be used to measure fair value include:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The carrying values of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, accounts payable, other current liabilities, and amounts due from and to related parties, approximate their fair values.

(u) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Other leases are accounted for as capital leases. Payments made under operating leases, net of any incentives received by the Group from the

2. Summary of Significant Accounting Policies (Continued)

leasing company, are charged to the statements of operations on a straight-line basis over the lease periods.

(v) Share-based Compensation

Employee share-based compensation

Share-based payments made to employees, including employee stock options, and non-vested shares issued to employees which the Company has a repurchase option, are recognized as compensation expenses over the requisite service periods. The Group measures the cost of employee services received in exchange for share-based compensation at the grant date fair value of the awards. The Company has elected to recognize compensation expense on a straight-line basis over the requisite service period for the entire award with graded vesting provided that the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of share-based compensation expense to be recognized in future periods.

Modification of equity awards

The Group treated a modification of the terms or conditions of an equity award as an exchange of the original award for a new award. The incremental compensation cost as an effect of a modification is measured as the excess, if any, of the fair value of the modified award over the fair value of the original award immediately before its terms are modified, measured based on the share price and other pertinent factors at that date. Total recognized compensation cost for an equity award shall at least equal the fair value of the award at the grant date unless at the date of the modification the performance or service conditions of the original award are not expected to be satisfied. Thus, the total compensation cost measured at the date of a modification shall be the sum of the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at that date, and the incremental cost resulting from the modification. The Group records the incremental fair value of the modified award, as compensation cost on the date of modification for vested awards, or over the remaining service period for unvested awards.

Non-employee share-based compensation

Share-based compensation made to non-employees are recognized as compensation expenses ratably over the requisite service periods. The Group measures the cost of non-employee services received in exchange for share-based compensation based on the fair value of the equity instruments issued. The Group measures the fair value of the equity instruments in these transactions using the stock price and other measurement assumptions on the measurement date, which is determined as the earlier of the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, or the date at which the counterparty's performance is complete.

2. Summary of Significant Accounting Policies (Continued)

As the quantity and terms of the equity instruments issued to non-employees are known up front, the Group recognizes the cost incurred during financial reporting periods before the measurement date. The Group measures the equity instruments at their then-current fair values at each of the financial reporting dates, and attributes the changes in those fair values over the future services period until the measurement date has been established.

(w) Series A & B Convertible Preferred Shares

The Series A convertible preferred shares ("Series A Preferred Shares") and the Series B convertible preferred shares ("Series B Preferred Shares") are non-redeemable and classified as permanent equity and have been initially recorded at their fair value upon issuance.

In March 2012, upon the completion of the Company's initial public offering, all Series A Preferred Shares and Series B Preferred Shares were automatically converted into ordinary shares.

(x) Earnings (loss) per share

During the period when the preferred shares are outstanding, basic earnings (loss) per share are computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. The Group has determined that its convertible Series A and B Preferred Shares participate in undistributed earnings on the same basis as the ordinary shares. Accordingly, the Group has used the two-class method of computing earnings (loss) per share. Under this method, net income (loss) applicable to holders of ordinary shares is allocated on a pro rata basis to the ordinary and convertible Series A and B Preferred shares to the extent that each class may share in income (loss) for the period had it been distributed. Losses are not allocated to the participating securities. Diluted earnings (loss) per share is computed using the more dilutive of (a) the two-class method or (b) the if-converted method.

After the conversion of the preferred shares, basic earnings (loss) per share are computed by dividing net earnings (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into ordinary shares.

(y) Recent Changes in Accounting Standards

In February 2013, the Financial Accounting Standards Board (the "FASB") has issued an authoritative pronouncement related to obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The pronouncement provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this pronouncement is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this pronouncement also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The

(In U.S. dollars, except for share data)

2. Summary of Significant Accounting Policies (Continued)

amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments in this Accounting Standards Update ("ASU") should be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the scope that exist at the beginning of an entity's fiscal year of adoption. An entity may elect to use hindsight for the comparative periods (if it changed its accounting as a result of adopting the amendments in this pronouncement) and should disclose that fact. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on the Group's consolidated financial results or disclosures.

In July 2013, the FASB issued a pronouncement which provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this ASU is to eliminate diversity in practice resulting from a lack of guidance on this topic in current U.S. GAAP. The amendments in this ASU state that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of this ASU is not expected to have a material impact on the Group's consolidated financial results or disclosures.

3. Accounts Receivable

	As of December 31,	
	2012	2013
	$	$
Components of accounts receivable are as follows:		
Delivery service providers (a)	6,875,717	573,085
Other customers	114,843	36
Other receivables (b)	—	2,482,325
Total	6,990,560	3,055,446

(In U.S. dollars, except for share data)

3. Accounts Receivable (Continued)

The accounts receivable for more than 10% are as follows:

	As of December 31	
	2012	2013
Lending to supplier A	—	32%
Lending to supplier B	—	15%
Delivery service provider A	18%	—
Delivery service provider B	17%	—

Note a: For certain sales transactions, delivery service providers will collect payments from the Group's customers upon delivery of goods, and remit such payments back to the Group on a periodic basis.

Note b: The Comany provides lending to some its suppliers, and record corresponding accounts receivables as it keeps the right of recourse.

4. Other Receivables

	As of December 31	
	2012	2013
	$	$
Components of other receivables are as follows:		
Deposits (Note)	4,734,991	6,434,449
Cash advanced to staff	104,310	684,106
VAT receivable	4,934,645	8,395,774
Interest receivable	—	450,376
Others	219,941	516,327
Total	9,993,887	16,481,032

Note: Deposits consist of amounts paid to vendors for advertising, and rental deposits.

(In U.S. dollars, except for share data)

5. Held-to-maturity securities

As of December 31, 2012 and 2013, the Group's held-to-maturity securities consist of debt securities carried at amortized cost of $86,097,191 and $385,841,626 respectively, which approximate the aggregate fair value. All of these securities mature within one year and are classified as current asset. The amount of unrealized holding gain as of December 31, 2012 and 2013 was $1,026,325 and $4,256,810 respectively.

There has been no impairment recognized and no sales of any held-to-maturity securities before maturities during the periods presented.

6. Property and Equipment, Net

	As of December 31	
	2012	2013
	$	$
Cost		
Furniture, fixtures and equipment	12,506,256	27,332,339
Leasehold improvements	2,624,050	6,331,139
Motor vehicles and software	3,613,056	6,123,775
Sub-total	18,743,362	39,787,253
Less: accumulated depreciation	(6,105,795)	(15,487,835)
Property and equipment, net	12,637,567	24,299,418

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Depreciation expenses were charged to:			
Fulfillment expenses	352,921	2,265,757	3,167,289
Marketing expenses	2,128	6,648	17,127
Technology and content expenses	360,194	1,634,180	3,442,934
General and administrative expenses	653,581	620,537	2,211,543
Total	1,368,824	4,527,122	8,838,893

During the year ended December 31, 2011, the Group has recognized impairment loss of leasehold improvements in the amount of US$437,725. The amount has been charged to general and administrative expenses, as such loss relates to a leased office premise that has no future expected usage due to change of business plan.

(In U.S. dollars, except for share data)

7. Accrued Expenses and other current liabilities

	As of December 31,	
	2012	2013
	$	$
Accrued advertising expense	6,442,327	15,062,381
Accrued shipping and handling expenses	16,979,115	54,614,837
Accrued payroll	8,049,376	21,224,480
Social benefit provision	2,189,601	2,954,756
Deposits from delivery service providers	3,730,277	10,311,553
Other tax payable	8,823,374	29,091,190
Income tax payable	690,410	15,341,849
Accrued rental expenses	1,580,588	3,557,804
Accrued administrative expenses	2,028,619	8,679,322
Amounts received on behalf of third-party merchants (Note)	—	34,720,189
Others	2,162,756	769,158
Total	52,676,443	196,327,519

Note: Amounts relate to the cash collected on behalf of third-party merchants which the Company provides platform access for sales of their products.

8. Employee Retirement Benefit

Full time employees in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to make contributions based on certain percentages of the employees' basic salaries. Other than the contribution, there is no further obligation under these plans. The total contributions and accruals made for such employee benefits was $2,651,763, $5,280,299 and $11,364,237 for the years ended December 31, 2011, 2012 and 2013, respectively.

9. Distribution of Profit

Pursuant to laws applicable to entities incorporated in the PRC, the PRC subsidiaries are prohibited from distributing their statutory capital and are required to appropriate from PRC GAAP profit after tax to other non-distributable reserve funds after offsetting accumulated losses from prior years, until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires annual appropriation at 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end); the appropriation to the other fund are at the discretion of the subsidiaries.

The general reserve is used to offset future extraordinary losses. A subsidiary may, upon a resolution passed by the shareholders, convert the general reserve into capital. The staff welfare and

9. Distribution of Profit (Continued)

bonus reserve is used for the collective welfare of the employees of the subsidiary. The enterprise expansion reserve is for the expansion of the subsidiary's operations and can be converted to capital subject to approval by the relevant authorities. These reserves represent appropriations of the retained earnings determined in accordance with Chinese law, and are not distributable as cash dividends to the Group.

Relevant PRC statutory laws and regulations permit payment of dividends by the Company's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The Company's PRC subsidiaries transferred nil, $266,478 and $8,985,792 to general reserve during the year ended December 31, 2011, 2012 and 2013, respectively.

The balance of restricted net assets was $121,629,677 and $153,829,188, of which $3,829,188 and $3,829,188 was attributed to the net assets of the VIE and $105,000,000 and $150,000,000 was attributed to the paid in capital of the WOFE, as of December 31, 2012 and 2013, respectively.

10. Capital Structure

On August 27, 2010, the Company was incorporated with authorized and issued share capital of $50,000 divided into 50,000 ordinary shares of par value of US$1.0 each to Mr. Eric Ya Shen, the Chairman and chief executive officer of the Company, Mr. Arthur Xiaobo Hong, the Vice Chairman of the Board of Directors of the Company (collectively, the "Founders") and three other investors (the "Original Investors").

On November 22, 2010, the Company subdivided its share capital into 500,000,000 shares at par value of US$0.0001 each. On the same day, the Company redeemed and cancelled 499,990,000 issued shares owned by the existing shareholders on a pro rata basis, at par value of US$0.0001 per share. As a result of these transactions, there were 10,000 issued and outstanding ordinary shares at par value of US$0.0001 per share.

Issuance of Series A Preferred Shares

In preparation for the issuance of the Company's Series A Preferred Shares, the Series A Preferred Shares investors entered into three loans agreements with the Chairman of the Company on July 20, 2010, October 14, 2010 and December 17, 2010, with an aggregated amount of $9,709,643. Pursuant to these three loan agreements, the entire outstanding principals had been converted into the number of Series A Preferred Shares upon issuance of such shares. During 2010, the Chairman utilized the majority of the proceeds from these three loans to finance the operation of the Company through shareholder loans.

On January 24, 2011, the Company, the Series A Preferred Share investors and the Chairman of the Company entered into the Loan Assignment and Assumption Agreement, pursuant to which the Chairman of the Company assigned the entire principal of the three loan agreements entered into with the Series A Preferred Shares investors to the Company (the "Assigned Loans").

On January 31, 2011, the Company re-designated its authorized share capital of $50,000 divided into (a) 479,787,500 ordinary shares of par value of US$0.0001 each and (b) 20,212,500 Series A Preferred Shares of par value of US$0.0001 each. On the same day, the Company issued 47,765,000

10. Capital Structure (Continued)

ordinary shares to its five original investors in the same proportion of their existing ownership. As a condition to the closing of the Series A Preferred Shares subscription, the Company also repurchased 1,837,500 ordinary shares from one of its Original Investors, Rapid Prince Development Limited ("Rapid Prince"), a company wholly owned by Mr. Bin Wu at an aggregate purchase price of $1,837,500 and these shares were cancelled on the same day.

On January 31, 2011, the shareholders and directors of the Company also resolved to reserve 7,350,000 ordinary shares for future issuance under the employee stock incentive plan to be adopted by the Company (the "ESOP").

On February 21, 2011, 20,212,500 Series A Preferred Shares of US$0.0001 each were issued to investors for $20,212,781 or US$1 each. Concurrently, the Company entered into a Convertible Loan Agreement with the Series A Preferred Share investors, also the lenders of the three Assigned Loans, which converted the entire assigned loan amounts into part of the subscription price for Series A Preferred Shares upon closing.

The Assigned Loan amount was settled with the accumulated shareholders loan due from the Company to the Chairman on February 21, 2011. The rest of the subscription price of US$10,503,138 was settled in cash on February 23, 2011.

Each Series A Preferred Share were convertible, at the option of the holder, at any time after the date of issuance, into one ordinary share of the Company, subject to certain anti-dilution adjustments such as share splits and combination, adjustment for ordinary share dividends and distributions, reorganization and mergers. Each Series A Preferred Share were automatically converted into ordinary shares of the Company upon the closing of an initial public offering of the Company in the United States or on a reputable stock exchange determined by the Company, with gross proceeds to the Company of not less than $30,000,000 (the "Qualified IPO"), or in the event that holders of two-thirds of the Series A Preferred Shares then outstanding elect to convert. Each Series A Preferred Share carried such number of votes as was equal to the number of votes of ordinary shares then issuable upon the conversion of such Series A Preferred Shares, and was entitled to dividend declared or paid on ordinary shareholders on an as-if-converted basis.

Upon a liquidation event, the Series A Preferred Shares were entitled to receive out of the assets of the Company available for distribution to its members, prior and in preference to any distribution to ordinary shareholders, the amount of 120% of the Series A Preferred Shares subscription price, adjusted for certain anti-dilutive events, plus all declared but unpaid dividends and distribution on such Series A Preferred Shares. The Series A Preferred Shares were not redeemable at the option of the holders.

As another condition to the closing of the Series A Preferred Shares, the Founders and the Original Investors of the Company, entered into the Share Restriction Agreement with the Series A Preferred Share investors and the Company on February 21, 2011. Pursuant to which the Founders and the Original Investors are prohibited from transferring, selling, assigning, pledging or disposing in any way their equity interest in the Company before such shares are vested.

The shares held by the Founders were 40% vested immediately, with the remaining shares to be vested in 36 equal and continuous monthly installments for each month starting from February 21,

10. Capital Structure (Continued)

2011; provided that the Founders remain full-time employees of the Group at the end of such month. A total of 18,632,250 unvested shares were held by the Founders as of February 21, 2011. The shares held by the Original Investors, were 25% vested on February 21, 2012, with the remaining shares to be vested in 36 equal and continuous monthly installments for each month starting from February 21, 2012. The Company had the option to repurchase the ordinary shares held by the Founders in the event a Founder ceased to be a full-time employee of the Group for any reasons. The Company had an irrevocable and exclusive option to repurchase all the unvested shares held by Founders at par value, and all the shares (including vested shares) held by the Founders at fair market value. The Founders and the Original Investors also agreed not to transfer their equity interest in the Company during the 180 day period following the effective date of the Company's first registration statement, or such shorter periods as may be requested by the managing underwriter. The Share Restriction Agreement was terminated upon the closing of the Qualified IPO.

This Share Restriction Agreement between the Founders and the Company was accounted for as a reverse stock split follow by the grant of a restricted stock award under a stock-based compensation plan. Accordingly, the Group measured the fair value of the unvested shares of the Founders at grant date and recognizes the whole amount as compensation expense (refer to note 16(b)).

As a result of all the above transactions, the Company had an authorized capital of US$50,000 divided into (a) 479,787,500 ordinary shares of a par value of US$0.0001 each, 45,937,500 of which had been issued and outstanding, and (b) 20,212,500 Series A Preferred Shares of par value of US$0.0001 each, all of which had been issued and outstanding. All ordinary shares and per share data had been retroactively restated, unless otherwise indicated, in the accompanying consolidated financial statements and notes to the financial statements for all periods presented to reflect the impact of the above transactions.

The Group recorded the initial carrying amount of the convertible non-redeemable Series A Preferred Shares as equity at US$20,113,898, which was the total proceed from the issuance of the shares offset by the direct costs of equity issuance of US$98,883.

The fair value of Series A Preferred Shares on issuance date of February 21, 2011 was determined to be US$3.75 per share, and the fair value of ordinary shares of the Company was determined to be US$3.43 per share on that day. Series A Preferred Shareholders paid approximately US$1.00 per share.

When estimating the fair values of the ordinary shares as of the issuance date. The Group first determined its enterprise value by means of a discounted cash flow analysis. The discounted cash flow derived by management considered the Group's future business plan, specific business and financial risks, the stage of development of the Group's operations and economic and competitive elements affecting the Group's business, industry and market, and with reference to equity transactions of the Company. The Group then allocated the resulting enterprise value between the ordinary shares and Series A Preferred Shares. The fair values of the shares were determined with the assistance of an independent valuation firm.

The Company recognized a deemed dividend of US$49,214,977 for the beneficial conversion feature ("BCF") the Series A Preferred Shareholders received, which is equal to the amount of the intrinsic value of the conversion feature. The intrinsic value was calculated at the commitment date of February 21, 2011, as the difference between the effective conversion price based on the proceeds

10. Capital Structure (Continued)

received of approximately US$1.00 per share and the fair value of the ordinary shares of US$3.43 per share into which the Series A Preferred Shares are convertible, multiplied by the number of ordinary shares into which the Series A Preferred Shares was convertible.

Issuance of Series B Preferred Shares

On April 11, 2011, in preparation for the closing of the subscription of the 8,166,667 Series B Preferred Shares, the Company re-designated its authorized capital of US$50,000 to be divided into (a) 471,620,833 ordinary shares of par value of US$0.0001 each, (b) 20,212,500 Series A Preferred Shares of par value of US$0.0001 each, and (c) 8,166,667 Series B Preferred Shares of par value of US$0.0001 each. All of the issued and outstanding 45,937,500 ordinary shares and 20,212,500 issued and outstanding Series A Preferred Shares remain unchanged. On the same date, 8,166,667 Series B Preferred Shares were issued to investors, for a total consideration of US$41,223,892 (approximately $5.05 per Series B Preferred Share).

Series B Preferred Shareholders had the same rights as Series A Preferred Shareholders as described above, except a different liquidation preference. Upon a liquidation event, and the valuation of the liquidation event was more than RMB5 billion (US$0.8 billion), the holders of the Series B Preferred Shares was entitled to receive on a pro rata basis, the RMB$100 million (US$16.5 million) prior to any distribution to the holders of any other class of shares. After such distribution, the holders of the Series B Preferred Shares was entitled to receive the amount equal to 135% of the Series B Preferred Shares purchase price, plus all declared but unpaid dividends and distributions on such Series B Preferred Shares. Lastly, if there were still any assets or funds, then each holder of Series A Preferred Shares were entitled to receive their distribution at 120% of the Series A purchase price as described above.

On April 11, 2011, the Company also adopted the Second Amended and Restated Memorandum and Articles of Association, which raised the amount of the Qualified IPO to an offering with gross proceeds to the Company of not less than $150,000,000. Based on the Second Amended and Restated Memorandum and Articles of Association, each Series A and B Preferred Share were automatically converted into ordinary share upon the closing of the Qualified IPO or with the written consent of the holders of two-thirds of the Series A and B Preferred Shares then outstanding.

On April 11, 2011, the Company, the Founders, the Original Investors, Series A and B Preferred Shareholders, entered into the Amended and Restated Share Restriction Agreement (the "Amended SRA") which superseded and replaced in its entirety the Share Restriction Agreement dated February 21, 2011 (the "Original SRA"). The Amended SRA included the Series B Preferred Shareholders as an addition party to the agreement, but did not change any of the significant terms of the Original SRA.

The Group recorded the initial carrying amount of the convertible non-redeemable Series B Preferred Shares as equity at US$41,147,021, which was the total proceed from the issuance of the shares offset by the direct costs of equity issuance of US$76,871.

The fair value of Series B Preferred Shares on issuance date of April 11, 2011 was determined to be US$5.04 per share, and the fair value of ordinary shares of the Company was determined to be

10. Capital Structure (Continued)

US$3.79 per share on that day. Series B Preferred Shareholders paid approximately US$5.05 per share. Accordingly, there is no BCF related to the issuance of Series B Preferred Shares.

The Group determined the fair value of its Series B Preferred Shares and ordinary shares on April 11, 2011 using the same methodologies as its February 21, 2011 valuations described above.

Ordinary shares transactions in June 2011

On June 15, 2011, the Chairman and two of the Original Investors, collectively through their respective investment holding companies, transferred 215,431 ordinary shares to Rapid Prince at nil consideration, to correct for an unintended error in earlier share distributions.

On the same date, Elegant Motion Holdings Limited ("Elegant Motion"), a company wholly-owned by the Chairman, transferred 1,521,007 ordinary shares of the Company to High Vivacity Holdings Limited ("High Vivacity"), a company wholly-owned by the Mr. Arthur Xiaobo Hong at nil consideration. This transaction was conducted to redistribute the Founders' diluted shareholdings of the Company to align their original agreed upon shareholdings after taken into the effect of the dilutions incurred from the issuance of Series A and B Preferred Shares and the ESOP. As Mr. Arthur Xiaobao Hong is the Group's Founder and has served as the Vice Chairman of the Board of Directors of the Group since its inception, the Company considers the transfer of 1,521,007 ordinary shares from Elegant Motion to High Vivacity a for past services. Accordingly, the Group recognized a stock based compensation of US$6,205,709 on the date of grant based on the fair value of the Company's ordinary share of US$4.08 per share on June 15, 2011, multiple by 1,521,007 ordinary shares transferred (refer to note 16(c)).

Further, the Company also issued 198,106 ordinary shares to Elegant Motion and 99,053 ordinary shares to High Vivacity at an aggregate price of US$1.5 million (approximately US$5.05 per share) on June 15, 2011.

Termination of the Amended SRA in December 2011

On December 8, 2011, the Company, the Founders, the Original Investors, Series A and B Preferred Shareholders, entered into the Termination Agreement to terminate the Amended SRA. Such termination of the Amended SRA was without prejudice to any rights, obligations or claims that have accrued and were outstanding as at the date of such termination. Such transaction was accounted for as a modification of the vesting conditions of the Founders' restricted stock award (refer to note 16(b) for details).

2012 Stock Incentive Plan

In March 2012, the Company adopted the Vipshop Holdings Limited 2012 Stock Incentive Plan (the "2012 Plan"). The plan permitted the grant of options to purchase the Company's ordinary shares, restricted shares and restricted share units as deemed appropriate by the administrator under the plan. The maximum aggregate number of shares that could be issued pursuant to the 2012 Share Incentive Plan was 9,000,000.

(In U.S. dollars, except for share data)

10. Capital Structure (Continued)

Initial public offering

In March 2012, upon the completion of the Company's initial public offering, all Series A Preferred Shares and Series B Preferred Shares were automatically converted into 20,212,500 and 12,682,206 ordinary shares respectively. In addition, as part of the initial public offering, the Company issued 22,009,200 ordinary shares. The gross proceeds received were US$66,022,797 and the related issuance costs were US$3,332,962.

Follow-on offering

In March 2013, the Group completed its follow-on public offering. The Company issued 8,000,000 ordinary shares. The gross proceeds received were US$91,920,000 and the related issuance costs were US$1,571,688.

Exercise of stock options

During the year ended December 31, 2012 and 2013, 146,316 and 1,905,026 ordinary shares were issued respectively as a result of exercises of share options by employees and a consultant.

Vesting of shares awards

During the year ended December 31, 2012 and 2013, nil and 476,065 ordinary shares were issued respectively as a result of vesting of shares awards granted to employees and a consultant.

11. Other Income

Other income consist of Government subsidies and miscellaneous. Government subsidies represent rewards provided by the relevant PRC municipal government authorities to the Group for business achievements made by the Group. As there is no further obligation for the Group to perform, government subsidies are recognized as other income when received. The amount of such government subsidies are determined solely at the discretion of the relevant government authorities and there is no assurance that the Group will continue to receive these government subsidies in the future.

Other income is comprised of:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Government subsidies	85,311	1,415,420	6,292,006
Claims for Goods insurance	128,002	583,958	1,698,484
Others	350,869	563,943	717,997
Total other income	564,182	2,563,321	8,708,487

12. Income Taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

The provision for current income taxes of the subsidiary operating in Hong Kong has been calculated by applying the current rate of taxation of 16.5% for the year ended December 31, 2011, 2012 and 2013, if applicable.

People's Republic of China

On March 16, 2007, the National People's Congress of China enacted a new Corporate Income Tax Law ("New Tax Law") which became effective on January 1, 2008. Under the New Tax Law, domestically owned enterprises and foreign invested enterprises (the "FIEs") are subject to a uniform tax rate of 25%. While the New Tax Law equalizes the tax rates for FIEs and domestically-owned enterprises, preferential tax treatment may continue to be given to companies in certain encouraged sectors and to entities classified as high-technology companies, regardless of whether these are domestically-owned enterprises or FIEs. The Group's subsidiaries and the variable interest entity in the PRC are all subject to the tax rate of 25% for the periods presented, except for Vipshop Jianyang that enjoyed the following preferential tax treatment:

Vipshop Jianyang was classified as a domestically-owned enterprise in the western region that is in an industry sector encouraged by the PRC government. Vipshop Jianyang has obtained final approval from the local tax bureau to enjoy a preferential tax rate of 15% for the period from February 22, 2012 to December 31, 2020.

The term "domestically-owned enterprises in an industry sector encouraged by the PRC government" as used herein refers to any enterprise that its primary business falls into the scopes of the encouraged industries stipulated in the existing related policies, including Industrial Restructuring Guidance Catalogue (2011), Industrial Restructuring Guidance Catalogue (2005), Catalogue for the Guidance of Foreign Investment Industries (Revised in 2007), and Catalogues of Foreign-invested Advantage Industries in Central-Western Areas (2008 Revision), and the annual primary business revenue of which accounts for more than 70% of the total enterprise revenue.

The Group evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of December 31, 2012 and 2013, the Group had no unrecognized tax benefits. The Group does not anticipate any significant increase to its liability for unrecognized tax benefit within the next 12 months. The Group will classify interest and penalties related to income tax matters, if any, in income tax expense.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly

(In U.S. dollars, except for share data)

12. Income Taxes (Continued)

defined, but an underpayment of income tax liability exceeding RMB100,000 ($16,519) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

Income tax expense is comprised of:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Current tax (note)	—	706,173	29,676,438
Deferred tax	—	—	(11,126,647)
Total tax expenses	—	706,173	18,549,791

Note: All current tax was related to income tax in PRC.

Under the New Tax Law, enterprises are classified as either resident or non-resident. A resident enterprise refers to one that is incorporated under the PRC law or under the law of a jurisdiction outside the PRC with its "de facto management organization" located within the PRC. Non-residential enterprise refers to one that is incorporated under the law of a jurisdiction outside the PRC with its "de facto management organization" located also outside the PRC, but which has either set up institutions or establishments in the PRC or has income originating from the PRC without setting up any institution or establishments in the PRC. On December 6, 2007, the State Council of the PRC issued New Enterprise Income Tax Implementation Regulations on the New Taxation Law ("New EIT Implementation Regulations"). Under the New EIT Implementation Regulations, "de facto management organization" is defined as the organization of an enterprise through which substantial and comprehensive management and control over the business, operations, personnel, accounting and properties of the enterprise are exercised. Under the New Tax Law and the New EIT Implementation Regulations, a resident enterprise's global net income will be subject to a 25% enterprise income tax rate. Uncertainties exist with respect to how the New Tax Law and New EIT Implementation Regulations apply to the Group's overall operations, and more specifically, with regard to tax residency status. On April 22, 2009, the State Administration of Taxation, or the SAT, issued SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. In addition, the SAT issued a bulletin on July 27, 2011 providing more guidance on the implementation of Circular 82 and clarifies matters such as resident status determination. Due to the present uncertainties resulting from the limited PRC tax guidance on this issue, it is unclear that the legal entities organized outside of PRC should be treated as residents for New Tax Law purposes. Nevertheless, even if one or more of its legal entities organized outside of the PRC were characterized as PRC tax residents, both of them are still in accumulated loss position and no significant impact would be expected on the net current tax payable balance and the net deferred tax balance.

If the entity were to be non-resident for PRC tax purpose, dividends paid to it out of profits earned after January 1, 2008 would be subject to a withholding tax. In the case of dividends paid by PRC subsidiaries the withholding tax would be 10% and in the case of a subsidiary 25% or more

(In U.S. dollars, except for share data)

12. Income Taxes (Continued)

directly owned by residents which meet the criteria of beneficial owner in the Hong Kong SAR, the withholding tax would be 5%.

Aggregate undistributed earnings of the Group's subsidiaries and the VIE in the PRC that are available for distribution to the Group of approximately nil and RMB497.1 million (US$82.1 million) as of December 31, 2012 and 2013 respectively are considered to be indefinitely reinvested under ASC No.740-30, Accounting for Income Taxes—Special Areas, and accordingly, no provision has been made for the Chinese dividend withholding taxes that would be payable upon the distribution of those amounts to the Group. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, the Group would have to record a deferred income tax liability in respect of those undistributed earnings of approximately nil and RMB24.9 million (US$4.14 million) as of December 31, 2012 and 2013 respectively.

A reconciliation of the income tax expense (credit) to loss before income tax computed by applying the PRC statutory income tax rate of 25% per the consolidated statements of income (loss) and comprehensive income (loss) is as follows:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
(Loss) income before income tax	(107,271,525)	(8,765,901)	70,849,654
Computed income tax expense at PRC EIT tax rate	(26,817,881)	(2,191,475)	17,712,413
Effect of non-deductible expenses, including:			
—Share-based compensation expenses	18,481,976	1,899,237	3,114,066
—Inventory wastage (note)	—	(981,266)	—
—Other non-deductible expenses	1,050,680	20,561	352,329
Effect of different tax rates of a subsidiary operating in other jurisdiction	44,048	135,975	(162,863)
Effect of tax holidays on concessionary rates granted to a PRC subsidiary	—	(136,527)	(1,963,422)
Change in valuation allowance	7,241,177	1,959,668	(502,732)
Actual income tax expenses	—	706,173	18,549,791

Note: Inventory wastage represents subsequent reversal of prior yea's non-deductible expenses upon approval by local tax bureau.

(In U.S. dollars, except for share data)

12. Income Taxes (Continued)

The aggregate amount and per share effect of the tax holidays and tax concessions are as follows:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
The aggregate effect	—	136,527	1,963,422
Per share effect—basic	—	0.00	0.02
Per share effect—diluted	—	0.00	0.02

The principal components of deferred tax assets are as follows:

	As of December 31,	
	2012	2013
	$	$
Deferred tax assets:		
Net operating loss carry forwards	1,752,613	33,928
Allowance for doubtful debts	62,369	65,368
Inventory write-down	2,672,334	5,059,396
Payroll payable and other accruals	2,139,275	4,460,609
Deferred revenue	5,443,072	12,648,865
Adverting expenses	—	625,384
Others	14,653	153,906
Foreign exchange (note)	(487,837)	(827,062)
Less: valuation allowance	(11,596,479)	(11,093,747)
Total deferred tax assets	—	11,126,647

Note: Foreign exchange represents the differences of exchange rate on balance sheet date used to translate the deferred tax assets balances and the weighted average rate used to translate the valuation allowance recognized during the period.

The amount of tax loss carried forward was $7,730,540 and $204,350 of December 31, 2012 and 2013, respectively, for the Group's certain subsidiaries and the variable interest entity in the PRC.

The Group has provided a valuation allowance for 100% and 50% amount of the deferred tax assets relating to the future benefit of net operating loss carried forward of certain subsidiaries and other deferred tax assets of December 31, 2012 and 2013, respectively, as management is not able to conclude that the future realization of some of those net operating loss carry forwards and other deferred tax assets are more likely than not.

(In U.S. dollars, except for share data)

13. Earnings (loss) Per Share

The Group had the following securities which could potentially dilute basic net earnings per share in the future, but which were excluded from the computation of diluted net earnings per share in the periods presented, as their effects would have been anti-dilutive.

	As of December 31,		
	2011	2012	2013
Employee Stock Options	7,167,138	6,657,794	—
Series A Preferred Shares	20,212,500	—	—
Series B Preferred Shares	8,166,667	—	—
Non-vested ordinary shares	—	741,500	—

Basic net earnings (loss) per share is based on the weighted average number of common shares outstanding during each period. For the purpose of calculating basic earnings per share as a result of the Reorganization, the number of ordinary shares used in the calculation reflects the issuance of ordinary shares as if it took place on August 22, 2008.

Basic earnings (loss) per share and diluted earnings per share have been calculated for the years ended December 31, 2011, 2012 and 2013 as follows:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Numerator:			
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Deemed dividend on issuance of Series A Preferred Shares	(49,214,977)	—	—
Net (loss) income attributable to ordinary shareholders	(156,486,502)	(9,472,074)	52,299,863
Denominator:			
Weighted-average ordinary shares, outstanding—basic	46,255,574	88,849,206	108,962,637
Weighted-average ordinary shares, outstanding—diluted	46,255,574	88,849,206	115,495,173
Basic net (loss) earnings per share	(3.38)	(0.11)	0.48
Diluted net (loss) earnings per share	(3.38)	(0.11)	0.45

The Series A and B Preferred shares are convertible participating securities but have not been included in the computation of basic net loss per share for the periods presented, as based on the contractual terms, Series A and B Preferred shareholders have no contractual obligation to share in the losses of the Company.

The Company granted a number of non-vested ordinary shares to an executive officer and certain employees during 2012 (refer to Note 16 (d)), these non-vested shares are not included in the computation of basic earnings per share. Such shares are considered contingently returnable shares because in the event a non-vested shareholder's employment for the Company is terminated for any reason prior to the fourth anniversary of the grant date, the outstanding non-vested shares shall be forfeited and automatically transferred to and reacquired by the Company at nil consideration.

(In U.S. dollars, except for share data)

14. Commitments and contingencies

Operating Leases Agreements

The Group leases office space and certain equipment under non-cancellable operating lease agreements that expire at various dates through December 2020. Those lease agreements provide for periodic rental increases based on both contractual incremental rates and inflation rates adjustments over the leased periods. During the three years ended December 31, 2011, 2012 and 2013, the Company incurred rental expenses amounting to $3,153,903, $7,500,451 and13,683,638, respectively.

As of December 31, 2013, minimum lease payments under all non-cancellable leases were as follows:

	$
Year ending December 31, 2014	18,634,366
Year ending December 31, 2015	14,160,517
Year ending December 31, 2016	14,278,154
Year ending December 31, 2017	12,241,088
Year ending December 31, 2018	10,977,795
Over December 31, 2018	13,695,794
Total minimum lease payments	83,987,714

Capital commitment

As of December 31, 2013, the Group had contracted for capital expenditures of $14,337,967.

Contingencies

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not believe that any currently pending legal proceeding to which the Group is a party will have a material effect on its business, results of operations or cash flows.

The Group has not made adequate social welfare payments as required under applicable PRC labor laws. Accrual for the amounts under-paid has been made in the reported periods and amounted to $2,189,601 and $2,954,756 as of December 31, 2012 and 2013, respectively. However, accruals for the interest on underpayments and penalties that may be imposed by the relevant PRC government authorities have not been made in the financial statements as management considered that it is not probable the relevant PRC government authorities will impose any significant interests or penalties.

15. Related Party Transactions

For the years ended December 31, 2011, 2012 and 2013, the Group entered into the following material related party transactions:

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Purchase of goods	6,310,308	6,663,431	3,688,492

(In U.S. dollars, except for share data)

15. Related Party Transactions (Continued)

Details of those material related party transactions provided in the table above are as follows:

(a) Amounts due from related parties

Amounts due from related parties as of December 31, 2012 and 2013 amounted to $177,237 and nil respectively are prepayments related to purchases of goods from the entities controlled by shareholders of the Company.

(b) Amounts due to related parties

Amounts due to related parties are made up by shareholder loans and amounts due to companies controlled by shareholders.

Shareholders provided loans to the Group, which are mainly used for working capital purposes. The outstanding loan balances due to the Chariman, who is also a shareholder, amounted to $789,700 and $1,200,559 as of December 31, 2012 and 2013 respectively, were unsecured, interest free and repayable on demand.

The amounts due to companies controlled or significantly influenced by shareholders as of December 31, 2012 and 2013 amounted to $546,056 and $940,852 respectively, and were unsecured and interest free. These amounts are all related to purchases of goods from companies controlled by shareholders.

16. Share-based Payments

(a) Stock incentive plan

In March 2011, the Company adopted the Vipshop Holdings Limited 2011 Stock Incentive Plan (the "2011 Plan"), which provide up to an aggregate of 7,350,000 ordinary shares of the Company as stock based compensation to employees, directors, officers and consultants and other eligible personal of the Group.

In 2012, the Company adopted the 2012 Plan, which provide up to an aggregate of 9,000,000 ordinary shares of the Company, and the maximum aggregate number of shares that may be issued per calendar year is 1,500,000 from 2012 until the termination of the 2012 Plan.

During the year ended December 31, 2011, 2012 and 2013, a total of 7,167,138, 758,048 and 450,569 share options were granted to executive officers, employees and a non-employee of the Group under the 2011 and 2012 stock incentive plan respectively.

Grant date	Exercise Price per share $	Number of options	Vesting period
March 18, 2011	0.5	1,470,000	36% of the shares shall vest at the first anniversary of the grant date, and 1/36th of the total shares shall vest at the end of each month thereafter
March 18, 2011	0.5	183,750	29% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

Grant date	Exercise Price per share $	Number of options	Vesting period
March 18, 2011	0.5	735,000	37.5% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
March 18, 2011	0.5	735,000	56% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
March 18, 2011	0.5	367,500	33% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
March 28, 2011	0.5	945,000	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
July 10, 2011	0.5	50,000	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
August 30, 2011	2.52	819,638	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
November 30, 2011	2.52	551,250	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
November 30, 2011	2.50	1,310,000	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
February 1, 2012	2.52	204,910	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
April 16, 2012	2.50	553,138	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
January 1, 2013	0.50	400,000	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter
March 22, 2013	2.50	50,569	25% of the shares shall vest at the first anniversary of the grant date, and 1/48th of the total shares shall vest at the end of each month thereafter

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

The expiration dates of the above options were 10 years from grant date, vesting is subject to the continuous services of the option holders to the Group, and post-termination exercise period was nine months. During any authorized leave of absence, the vesting of the option shall be suspended after the leave of absence exceeds a period of 90 days. Vesting of the option shall resume upon the option holders' return to service to the Group. The vesting schedule shall be extended by the length of the suspension.

In the event of termination of the option holders' continuous service for cause, the option holders' right to exercise the option shall terminate concurrently, except otherwise determined by the plan administrator, and the Company shall have the rights to repurchase all vested options purchased by the option holders at a discount price determined by the plan administrator. The stock option holders have waived any voting rights with regard to the shares and granted a power of attorney to the Board of Directors of the Company to exercise voting rights with respect to the shares.

The Company uses the Binomial model to determine the estimated fair value for each option granted below with the assistance of an independent valuation firm. The Group estimates that the forfeiture rate for key management and employees will be nil and 12% respectively.

The assumptions used in determining the fair value of the share options were as follows:

Assumptions	2011	2012	2013
Expected dividend yield	0%	0%	0%
Risk-free interest rate	2.853%~4.127%	2.5362%~3.002%	3.19%~3.3%
Expected Volatility range	54%~56.68%	51.33%~53.12%	24.09%~34.77%
Expected life	10 years	10 years	10 years
Exercise multiples	2.2 to 2.8 times	2.2 to 2.8 times	2.2 to 2.8 times
Weighted average Fair value of underlying ordinary shares	3.39	8.36	8.88

Notes:

(1) Expected dividend yield:

The expected dividend yield was estimated by the Company based on its dividend policy over the expected life of the options.

(2) Risk-free interest rate:

Risk-free interest rate was estimated based on the fair market yields of China International Government Bond as of the valuation dates with a maturity period close to the expected life of the options.

(3) Expected volatility:

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of listed comparable companies over a period comparable to the expected maturity period of the options.

16. Share-based Payments (Continued)

(4) Expected life:

As the Company did not have sufficient historical share option exercise experience, it estimated the expected life based on the term according to the option agreement.

(5) Exercise multiples:

The expected exercise multiple is the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. As the Company did not have sufficient information of past employee exercise history, it estimated the exercise multiples based on researches conducted by Huddart and Lang (1995).

(6) Fair value of underlying ordinary shares:

(i) When estimating the fair value of the ordinary shares on grant dates as of March 18, 2011 and March 28, 2011, the Group determined its enterprise value by means of a discounted cash flow analysis using the retrospective approach, and when estimating the fair value of the ordinary shares on grant dates as of August 30, 2011 and November 30, 2011, the Group determined its enterprise price value by means of a discounted cash flow analysis using the contemporaneous approach. The discounted cash flow derived by management considered the Group's future business plan, specific business and financial risks, the stage of development of the Group's operations and economic and competitive elements affecting the Group's business, industry and market, and with reference to equity transactions of the Company. The Group then allocated the resulting enterprise value between the ordinary shares and Series A Preferred Shares. The fair values of the shares were determined with the assistance of an independent valuation firm.

(ii) The Group attributed the ordinary shares underlying the options granted on July 10, 2011 at an estimated fair value of $4.31 per share, determined based on the linear relationship between the fair value of the ordinary shares as of June 15, 2011 and the fair value of the ordinary shares as of August 30, 2011.

(iii) After the Company's initial public offering in March 2012, the fair values of ordinary shares were determined based on actual quoted prices (unadjusted) in the market.

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

For the year ended December 31, 2011, 2012 and 2013, the share option movements were as follows:

	Options outstanding	Weighted average exercise price per share	Weighted average remaining contractual life per share	Weighted average fair value at grant date	Weighted average intrinsic value per option	Aggregate intrinsic value
		$	$			$
As of January 1, 2011	—	—	—			
Granted during the period	7,167,138	1.25	3.61 years	3.40	3.09	22,119,207
Outstanding as of December 31, 2011	7,167,138	1.25	3.06 years			
Granted	758,048	2.51	3.26 years	1.91	0.59	449,469
Exercised	(146,316)	1.31	2.53 years	3.62	5.74	840,014
Forfeited	(376,028)	0.90	2.42 years	1.88		
Outstanding as of December 31, 2012	7,402,842	1.16	2.16 years	4.13	7.76	57,439,086
Granted	450,569	0.72	3.03 years	8.88	41.12	18,525,384
Exercised	(1,905,026)	1.18	1.12 years	3.95	40.66	77,465,457
Forfeited	(507,625)	0.84	0.62 years	3.09		
Outstanding as of December 31, 2013	5,440,760	1.18	1.37 years			
Non-vested as of December 31, 2013	3,011,321			11.49		
Options vested and expected to vest as of December 31, 2013	5,336,574	1.17	1.36 years			217,052,749
Exercisable as of December 31, 2013	3,090,376	0.96	1.03 years			126,337,151

For the year ended December 31, 2011, 2012 and 2013, the Group recognized share-based payment expenses of $3,813,576, $7,369,081 and $8,348,740 in connection with the share options granted to employees, respectively. The total fair value of shares vested during 2012 and 2013 was $10,617,312 and $8,975,087 respectively.

As of December 31, 2012 and 2013, there was $14,511,914 and $14,867,234 unrecognized compensation cost related to unvested share options granted to executive and employees of the Group respectively. The unvested share options expense relating to the stock options of the Group is expected to be recognized over a weighted-average period of 2.45 and 2.09 years on a straight-line basis schedule as of December 31, 2012 and 2013 respectively.

Option modification

In July 2012, the Board of Directors approved an option modification to reduce the exercise price of 819,638 options from $2.52 to $0.50 per ordinary shares. All other terms of the share options granted under the 2011 stock option plan remain unchanged. The modification resulted in incremental compensation cost of $1,122,360, of which $484,862 and $239,073 was recorded during the year ended December 31, 2012 and 2013 respectively. The remaining $637,498 and $398,425 will be amortized over

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

the remaining vesting period of the modified options up to August 2015 as of December 31, 2012 and 2013 respectively.

The fair value of the options immediately before and after the aforementioned modification is estimated on that date using the Black-Scholes option pricing model with the assumptions noted below. The basis of the assumptions used is similar to those explained in this note above.

	Before Modification	After Modification
Expected dividend yield	0%	0%
Risk-free interest rate	3.00%	3.00%
Expected volatility	42.55%	42.55%
Expected life	4.5 years	4.5 years
Exercise multiples	2.2 times	2.2 times
Fair value of underlying ordinary shares	2.78	2.78
Exercise price	2.52	0.50

(b) Founders' unvested shares

As described on note 10, the Founders' unvested ordinary shares pursuant to the Share Restricted Agreement dated February 21, 2011 and the Amended SRA dated April 11, 2011, were measured at grant date fair value and to be recognized as compensation expense over the vesting periods. The shares held by the Founders shall be 40% vested immediately, with the remaining shares to be vested in 36 equal and continuous monthly installments for each month starting from February 21, 2011; provided that the Founders remain full-time employees of the Group at the end of such month. The Company has the option to repurchase the ordinary shares held by the Founders in the event a Founder ceases to be a full-time employee of the Group for any reasons. The Company shall have an irrevocable and exclusive option to repurchase all the unvested shares held by Founders at par value, and all the shares (including vested shares) held by the Founders at fair market value.

Before the Founders' unvested shares were vested and released from the repurchase rights, the Founders shall be entitled to all rights and privileges as shareholders of the ordinary shares, including voting rights and dividends. Therefore, these unvested shares were considered participating securities for the purpose of earnings (loss) per share calculation.

On December 8, 2011, the Company, the Founders, the Original Investors, Series A and B Preferred Shareholders entered into the Termination Agreement to terminate the Amended SRA. This transaction in substance accelerated the vesting terms of services provided by the Founders related to their restricted stock awards, from the original vesting terms to December 8, 2011. Accordingly, this transaction was accounted for as a modification of the vesting conditions, and all unrecognized share-based compensation expense related to the Founders' unvested shares as of December 8, 2011 was expensed to profit or loss on that day.

(c) Ordinary shares transferred to the Vice Chairman of the Board of Directors

For the year ended December 31, 2011, the Group recorded share-based compensation expense of $63,908,618 related to the unvested shares of the Founders.

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

On June 15, 2011, Elegant Motion, a company wholly-owned by the Chairman, transferred 1,521,007 ordinary shares to High Vivacity, a company wholly-owned by Mr. Hong, who is an employee and vice chairman of the board of directors of the Company. The transfer of shares was intended to compensate Mr. Hong's contribution for his services as an employee of the Company. In conjunction with the Reorganization of the Company that took place in 2011, Mr. Shen determined the number of ordinary shares and executed the share transfer on June 10, 2011. The Company considers June 10, 2011 as the grant date of the share award. Accordingly, the transaction was recognized as share-based compensation for past services of Mr. Arthur Xiaobo on the grant date. The Group recognized a share-based compensation of US$6,205,708 on June 15, 2011, based on the fair value of the Company's ordinary share of US$4.08 per share on that date multiple by 1,521,007 ordinary shares transferred.

The following table summarizes information regarding the ordinary shares granted during the year ended December, 31 2011 as share-based compensation:

	Number of ordinary shares	Weighted average granted date fair value(A)
Ordinary shares granted as share-based compensation outstanding as of January 1, 2011	—	—
Granted (note 16(b))	18,632,250	3.43
Granted (note 16(c))	1,521,007	4.08
Vested	(20,153,257)	
Outstanding as of December 31, 2011	—	—

Note A: The fair value of ordinary shares are determined using the same methodologies as described in note 15(a) footnote 6(i), with the assistance of an independent valuation firm.

(d) Non-vested shares

During 2012 and 2013, a total of 741,500 and 1,483,600 non-vested shares were granted to executive officers, employees, members of Audit Committee and consultants of the Group under the 2012 stock incentive plan, respectively. The Company granted 367,500, 340,000, 34,000, 561,000, 10,000, 501,000 and 411,600 non-vested shares on June 1, September 30 and October 1, 2012 and January 1, March 22, April 1 and September 30, 2013, respectively. Most of these shares have a vesting period of four years of employment services with the first one-fourth vesting on the first anniversary from grant date, and the remaining three-fourth vesting on a monthly basis over a three-year period ending on the fourth anniversary of the grant date. The non-vested shares are not transferable and may not be sold or pledged and the holder has no voting or dividend right on the non-vested shares. In the event a non-vested shareholder's employment for the Company is terminated for any reason prior to the fourth anniversary of the grant date, the holder's right to the non-vested shares will terminate effectively. The outstanding non-vested shares shall be forfeited and automatically transferred to and reacquired by the Company at nil consideration.

The Group recognized compensation expense over the four year service period on a straight line basis, and applied a forfeiture rate of 9% on 374,000 non-vested shares grant to certain employees

(In U.S. dollars, except for share data)

16. Share-based Payments (Continued)

during 2012 and 12% on 964,000 non-vested shares grant to certain employees during 2013. The aggregate fair value of the restricted shares at grant dates was $2,413,092 and $21,492,565 during 2012 and 2013 respectively. The fair values of non-vested shares are measured at the respective fair values of the Company's ordinary shares on the grant-dates, which was US$2.76, US$3.75 and US$3.70 on June 1, September 30 and October 1, 2012, and US$8.92, US$14.31, US$14.93 and US$21.21 on January 1, March 22, April 1 and September 1, 2013, respectively.

As of December 31, 2012 and 2013 there was $2,059,168 and $17,383,954 unrecognized compensation cost related to non-vested shares which is expected to be recognized over a weighted average vesting period of 3.62 years and 3.26 years respectively. The weighted average granted fair value of non-vested shares granted during the year ended December 31, 2012 and 2013 was $3.25 and $13.15 respectively. There has been no forfeiture of non-vested shares during the year ended December 31, 2012 and 2013.

(e) Share-based compensation expenses

For the years ended December 31, 2011, 2012 and 2013, share-based compensation expenses have been included in the following balances on the consolidated statements of income (loss) and comprehensive income (loss):

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
Fulfillment expenses	(297,095)	(292,866)	(721,531)
Marketing expenses	(184,404)	(169,100)	(381,326)
Technology and content expenses	(729,420)	(897,133)	(3,275,228)
General and administrative expenses	(72,716,983)	(6,237,850)	(8,078,178)
	(73,927,902)	(7,596,949)	(12,456,263)

17. Segment information

The Group has only one reportable segment, which is the sales, product distribution and offering of goods on its online platforms. The Group's chief operating decision-maker ("CODM") has been identified as the Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Group. The Group's net revenues are all generated from customers in the PRC. Hence, the Group operates and manages its business without segments. All the property, plant and equipment of the Group are located at the PRC.

Product revenues: relate to sales of apparel, shoes and bags and other products.

Other revenues: relate to revenues from product promotion and online advertising, and commission fees charged to third-party merchants which the Company provides platform access for sales of their product, and revenues from factoring services provided to vendors of the Group.

(In U.S. dollars, except for share data)

17. Segment information (Continued)

Revenues from different product groups and services are as follow:

	As of December 31,	
	2012	2013
	$	$
Product revenues		
Apparel	296,463,332	757,132,824
Shoes and bags	84,801,417	245,095,274
Cosmetics	75,221,908	107,069,891
Sportswear and sporting goods	70,721,110	140,340,540
Home goods and other lifestyle products	68,810,873	143,484,624
Toys, kids and baby	34,544,067	89,129,541
Other goods	59,494,542	198,308,159
	690,057,249	1,680,560,853
Other revenues	2,055,715	16,111,882
Total net revenues	692,112,964	1,696,672,735

18. Subsequent event

(a) On February 1, 2014, the Group granted 1,240,448 non-vested ordinary shares to its executive officers and employees. These shares have a vesting period of four years of employment services with the first twenty five percent vesting on the first anniversary of the grant date, and the remaining seventy five percent vesting on a monthly basis over a three-year period ending on the fourth anniversary of the grant date. The non-vested shares are not transferable and may not be sold, pledged or otherwise transferred, and the holder has no voting or dividend right on the non-vested shares. The ordinary share of the Company on grant date was US$52.93 on grant date.

(b) In February 2014, the Group acquired a 75% equity interest Lefeng.com Limited ("Lefeng") from Ovation Entertainment Limited ("Ovation"). Lefeng owns and operates the online retail business conducted through lefeng.com, an online retail website specialized in selling cosmetics and fashion products in China. The total consideration payable by the Group for the acquisition was approximately US$132.5 million, including cash payment and financing in connection with assumed liabilities.

In connection with this acquisition, the Company entered into a framework supply agreement with the PRC affiliates of Lefeng and Ovation, pursuant to which Ovation's PRC affiliate agreed to supply cosmetics, apparel and other consumer products developed under Ovation's proprietary brands for sale to consumers through vip.com and lefeng.com. If sales of Ovation products through vip.com and lefeng.com in 2014 are less than RMB900 million (US$148.7million), the Company would be required to purchase additional products from Ovation to the extent of the shortfall. However, if sales of Ovation products through vip.com and lefeng.com in 2014 exceed RMB900 million (US$148.7million), the Company would be entitled to a commission based on the amount of such excess sales.

18. Subsequent event (Continued)

Subsequently in February 2014, the Company acquired a 23% equity interest in Ovation for a total consideration of approximately US$55.8 million pursuant to a share purchase and subscription agreement with Ovation and certain of its existing shareholders.

(c) On February 14, 2014, the Company entered into a term loan facility agreement with Wing Lung Bank Limited for a loan facility of up to US$50 million or its equivalent of HK$390 million. The term loan facility will mature 12 months following the drawdown date or 30 days prior to expiry of the irrevocable letter of credit described below, whichever is earlier, and bears interest at the rate of three-month LIBOR plus 1.8% for borrowings denominated in U.S. dollars or three-month HIBOR plus 1.6% for borrowings denominated in Hong Kong dollars. The facility is guaranteed by an irrevocable standby letter of credit for an amount no less than US$50 million (or Renminbi with amount not less than 103% of US$/HK$ equivalent of US$50 million) issued by China Merchants Bank Co., Limited, Guangzhou Branch where the Company maintains its bank deposits.

On February 21, 2014, the Company entered into a credit agreement with China Merchants Bank Co., Limited, New York Branch for a credit facility of up to US$150 million. The available period for the facility is three months from the closing of the facility and is collateralized by irrevocable standby letters of credit issued by one of the bank's PRC branches and secured by bank deposits of an amount equal to that of the letters of credit in an account maintained with that branch. The maturity date of each borrowing under the credit facility is the earlier of (1) the first anniversary of its borrowing date, and (2) the date that is ten business days prior to the date on which any letter of credit securing the loan obligations shall expire or terminate.

As of the date of this report, the Company made one drawdown of US$50 million under the term loan facility and two drawdowns in the aggregate amount of US$120.9 million under the credit facility. The interest rate for the two drawdowns under the credit facility is three-month LIBOR plus 1.5%. The Company entered into these loan arrangements primarily to satisfy their offshore funding needs in connection with their acquisitions of equity interest in Lefeng and Ovation (note 18(b)).

(d) On March 17, 2014, the Company completed a public offering of 1,140,000 ADSs by certain of the Company's selling shareholders, representing 2,280,000 ordinary shares, at a public offering price of US$143.74 per ADS, and US$550,000,000 aggregate principal amount of the Company's 1.50% convertible senior notes due 2019. Concurrently, the underwriters exercised in full the option to purchase an aggregate of 171,000 additional ADSs from certain selling shareholders at the public offering price of the offering and up to an additional US$82,500,000 aggregate principal amount of the Company's 1.50% convertible senior notes due 2019.

VIPSHOP HOLDINGS LIMITED
SCHEDULE I—CONDENSED FINANCIAL INFORMATION
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(In U.S. dollars, except for share data)

	1.1.2011 to 12.31.2011	1.1.2012 to 12.31.2012	1.1.2013 to 12.31.2013
	$	$	$
General and administrative expenses	(73,927,902)	(7,596,949)	(12,456,263)
Loss from operations	(73,927,902)	(7,596,949)	(12,456,263)
Equity in (losses) incomes of subsidiaries and a variable interest entity	(33,343,623)	(1,875,125)	64,756,126
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Deemed dividend on issuance of Series A Preferred Shares	(49,214,977)	—	—
Net (loss) income attributable to ordinary shareholders	(156,486,502)	(9,472,074)	52,299,863
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(569,628)	994,606	3,518,820
Comprehensive (loss) income	(107,841,153)	(8,477,468)	55,818,683

VIPSHOP HOLDINGS LIMITED
SCHEDULE I—CONDENSED FINANCIAL INFORMATION
BALANCE SHEETS

(In U.S. dollars, except for share data)

	As of December 31,	
	2012	2013
	$	$
ASSETS		
NON-CURRENT ASSETS		
Cash and cash equivalents	—	95,124
Amount due from a subsidiary	82,582,815	243,160,275
TOTAL ASSETS	82,582,815	243,255,399
LIABILITIES AND EQUITY		
Amount due to a shareholder	1	1
Total liabilities	1	1
EQUITY		
Ordinary shares (US$0.0001 par value, 471,620,833 shares authorized, and 101,284,881 and 111,665,972 shares issued and outstanding as of December 31, 2012 and December 31, 2013, respectively)	10,128	11,167
Additional paid-in capital	258,368,448	363,221,310
Accumulated losses	(176,025,335)	(123,725,472)
Accumulated other comprehensive income	229,573	3,748,393
Total shareholders' equity	82,582,814	243,255,398
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	82,582,815	243,255,399

VIPSHOP HOLDINGS LIMITED
SCHEDULE I—CONDENSED FINANCIAL INFORMATION
STATEMENTS OF SHAREHOLDERS' EQUITY
(In U.S. dollars, except for share data)

	Series A Preferred shares		Series B Preferred shares		Ordinary shares		Additional paid-in capital	Accumulated losses	Accumulated other comprehensive income (loss)	Total
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount				
		$		$		$	$	$	$	$
Balance as of January 1, 2011	—	—	—	—	47,775,000	4,778	145,805	(10,066,759)	(195,405)	(10,111,581)
Net loss	—	—	—	—	—	—	—	(107,271,525)	—	(107,271,525)
Repurchase of ordinary shares	—	—	—	—	(1,837,500)	(184)	(1,837,316)	—	—	(1,837,500)
Issuance of ordinary shares	—	—	—	—	297,159	30	1,499,964	—	—	1,499,994
Issuance of Series A Preferred shares	20,212,500	20,113,898	—	—	—	—	—	—	—	20,113,898
Issuance of Series B Preferred shares	—	—	8,166,667	41,147,021	—	—	—	—	—	41,147,021
Registered capital contributions by shareholders of the VIE	—	—	—	—	—	—	1,390,621	—	—	1,390,621
Deemed dividend on issuance of Series A Preferred shares	—	—	—	—	—	—	49,214,977	(49,214,977)	—	—
Share-based compensation expenses	—	—	—	—	—	—	73,927,902	—	—	73,927,902
Foreign currency translation	—	—	—	—	—	—	—	—	(569,628)	(569,628)
Balance as of December 31, 2011	20,212,500	20,113,898	8,166,667	41,147,021	46,234,659	4,624	124,341,953	(166,553,261)	(765,033)	18,289,202
Net loss	—	—	—	—	—	—	—	(9,472,074)	—	(9,472,074)
Issuance of ordinary shares pursuant to initial public offering	—	—	—	—	22,009,200	2,201	66,020,596	—	—	66,022,797
Direct offering expenses	—	—	—	—	—	—	(3,332,962)	—	—	(3,332,962)
Conversion of Series A Preferred Shares into ordinary shares	(20,212,500)	(20,113,898)	—	—	20,212,500	2,021	20,111,877	—	—	—
Conversion of Series B Preferred Shares into ordinary shares	—	—	(8,166,667)	(41,147,021)	12,682,206	1,268	41,145,753	—	—	—
Proceeds from registered capital contributions by shareholders of the VIE	—	—	—	—	—	—	2,292,763	—	—	2,292,763
Proceeds from issuance of ordinary shares upon exercise of stock options	—	—	—	—	146,316	14	191,519	—	—	191,533
Share-based compensation expenses	—	—	—	—	—	—	7,596,949	—	—	7,596,949
Foreign currency translation	—	—	—	—	—	—	—	—	994,606	994,606
Balance as of December 31, 2012	—	—	—	—	101,284,881	10,128	258,368,448	(176,025,335)	229,573	82,582,814
Net lncome	—	—	—	—	—	—	—	52,299,863	—	52,299,863
Issuance of ordinary shares pursuant to follow-on offering	—	—	—	—	8,000,000	800	91,919,200	—	—	91,920,000
Direct offering expenses of follow-on offering	—	—	—	—	—	—	(1,571,688)	—	—	(1,571,688)
Proceeds from issuance of ordinary shares upon exercise of stock options	—	—	—	—	1,905,026	191	2,049,087	—	—	2,049,278
Proceeds from issuance of ordinary shares upon exercise of non-vested shares	—	—	—	—	476,065	48	—	—	—	48
Share-based compensation expense	—	—	—	—	—	—	12,456,263	—	—	12,456,263
Foreign currency translation	—	—	—	—	—	—	—	—	3,518,820	3,518,820
Balance as of December 31, 2013	—	—	—	—	116,665,972	11,167	363,221,310	(123,725,472)	3,748,393	243,255,398

VIPSHOP HOLDING LIMITED

SCHEDULE I—CONDENSED FINANCIAL INFORMATION

STATEMENTS OF CASH FLOWS

(In U.S. dollars, except for share data)

	1.1.2011 to 12.31.2011 $	1.1.2012 to 12.31.2012 $	1.1.2013 to 12.31.2013 $
CASH FLOW FROM OPERATING ACTIVITIES:			
Net (loss) income	(107,271,525)	(9,472,074)	52,299,863
Adjustments to reconcile net (loss) income to net cash by operating activities:			
Equity in (losses) incomes of subsidiaries and a variable interest entity	33,343,623	1,875,125	(64,756,126)
Share-based compensation expenses	73,927,902	7,596,949	12,456,263
Changes in operating assets and liabilities:			
Amount due from a subsidiary	—	—	(92,302,514)
Net cash used in operating activities	—	—	(92,302,514)
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares in the offerings, net of issuance costs	—	—	90,348,312
Proceeds from issuance of ordinary shares upon exercise of stock options	—	—	2,049,326
Net cash provided by financing activities	—	—	92,397,638
Net increase in cash and cash equivalents	—	—	95,124
Cash and cash equivalents at beginning of the period	—	—	—
Cash and cash equivalents at end of the period	—	—	95,124

VIPSHOP HOLDINGS LIMITED

NOTE TO SCHEDULE I

(In U.S. dollars, except for share or per share data)

Schedule I has been provided pursuant to the requirement of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, changes in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of end of the most recently completed fiscal year.

As of December 31, 2012 and 2013, $121,629,677 and $153,829,188 of the restricted capital and reserves are not available for distribution respectively, and as such, the condensed financial information of Vipshop Holdings Limited ("Parent Company") has been presented. Relevant PRC laws and regulations also restrict the WOFE and the VIE from transferring a portion of their net assets to the Company in the form of loans and advances or cash dividends. No dividends have been paid by the WOFE or the VIE to the Company during the periods presented. Total restricted net assets of the Group include net assets of VIE and paid in capital of WOFE. The balance of restricted net assets was $121,629,677 and $153,829,188, of which $3,829,188 and $3,829,188 was attributed to the net assets of the VIE and $105,000,000 and $150,000,000 was attributed to the paid in capital of the WOFE, as of December 31, 2012 and 2013, respectively.

During the each of the three years in the period ended December 31, 2013, no cash dividend was declared and paid by the Parent Company.

Basis of preparation

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in its consolidated financial statements, except that the Parent Company has used the equity method to account for its investment in its subsidiaries and its variable interest entity. Accordingly, the condensed financial information presented herein represents the financial information of the Parent Company.

The Parent Company had no bank account for the years ended December 31, 2011 and 2012.

Exhibit 2.4

INDENTURE

Dated as of

March 17, 2014

Between

VIPSHOP HOLDINGS LIMITED

as Company

and

Deutsche Bank Trust Company Americas

as Trustee

DEBT SECURITIES

CROSS-REFERENCE SHEET*

Trust Indenture Act Section	Indenture Section
§ 310(a)	11.04(a)
(b)	11.04(b), 11.05
§ 311 11.01(f)	
§ 312(a)	10.03
(b)	11.10
(c)	11.10
§ 313(a)	10.01(a)
(b)	10.01(a)
(c)	10.01(b)
(d)	10.01(b)
§ 314(a)(1)	10.02
(a)(2)	10.02
(a)(4)	6.07
(c)	16.01(a)
(e)	16.01(b)
§ 315(a)(1)	11.02(b)(i)
(a)(2)	11.02(b)(ii)
(b)	11.03
(c)	11.02(a)
(d)	11.02(b)
(e)	7.08
§ 316(a) (last sentence)	1.01 (definition of “Outstanding”)
(a)(1)	7.06
(b)	7.07
(c)	8.02(e), 14.02(d)
§ 317(a)	7.03, 7.04
(b)	6.03(c)
§318	16.02

*This cross-reference sheet shall not, for any purpose, be deemed to be a part of this Indenture.

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ARTICLE VI

PARTICULAR COVENANTS OF THE COMPANY

ARTICLE VII

REMEDIES OF TRUSTEE AND SECURITYHOLDERS

INDENTURE dated as of March 17, 2014, between Vipshop Holdings Limited, an exempted company incorporated in the Cayman Islands (the "Company"), and Deutsche Bank Trust Company Americas, a New York banking corporation as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of debentures, notes, bonds or other evidences of indebtedness (the "Securities") in an unlimited aggregate principal amount to be issued from time to time in one or more series as provided in this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid and legally binding agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That, in consideration of the premises and the purchase of the Securities by the Holders (as defined below) thereof for the equal and proportionate benefit of all of the present and future Holders of the Securities, each party agrees and covenants as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

(a) Unless otherwise defined in this Indenture or the context otherwise requires, all terms used herein shall have the meanings assigned to them in the Trust Indenture Act.

(b) Unless the context otherwise requires, the terms defined in this Section 1.01(b) shall for all purposes of this Indenture have the meanings hereinafter set forth, the following definitions to be equally applicable to both the singular and the plural forms of any of the terms herein defined:

"Additional Amounts" has the meaning provided in Section 6.05(a).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" has the meaning provided in Section 11.09.

"Bankruptcy Code" means Title 11 of the United States Code.

"Board of Directors" means the board of directors elected or appointed by the shareholders of the Company to manage its business or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of members was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions or trust companies in the Cayman Islands, Hong Kong or Beijing are, or the Federal Reserve Bank of New York is, authorized or obligated by law, regulation or executive order to close or be closed

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

"close of business" means 5:00 p.m., New York City time.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Company" means the Person named as the "Company" in the recitals, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Order" means a written request or order signed in the name of the Company by (i) two Officers or (ii) one Officer and either a Treasurer, an Assistant Treasurer, a Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Consolidated Affiliated Entity" of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under Accounting Standards Codification subtopic 810-10, *Consolidation: Overall* (including any changes, amendments or supplements thereto) or, if such Person prepares its financial statements in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, *Consolidation: Overall* under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of the Company.

"Controlled Entity" of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

"Corporate Trust Office," or other similar term, means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date hereof is located at Deutsche Bank Trust Company Americas, 60 Wall Street, 16th Floor, New York, New York 10005, Attention: Trust & Agency Services, or such other

address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust officer of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

"Covenant Defeasance" has the meaning provided in Section 12.03(d).

"CUSIP" means the identification number provided by the Committee on Uniform Securities Identification Procedures.

"Currency" means U.S. Dollars or Foreign Currency.

"Currency Determination Agent" has the meaning provided in Section 3.11(d).

"Default" has the meaning provided in Section 11.03.

"Defaulted Interest" has the meaning provided in Section 3.08(b).

"Depositary" means, with respect to the Securities of any series issuable in whole or in part in the form of one or more Global Securities, the Person designated as Depositary by the Company pursuant to Section 3.01 until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean or include each Person who is then a Depositary hereunder, and if at any time there is more than one such Person, "Depositary" as used with respect to the Securities of any such series shall mean the Depositary with respect to the Securities of that series.

"Designated Currency" has the meaning provided in Section 3.11(a).

"Discharged" has the meaning provided in Section 12.03(b).

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such foreign currency involved in such computation into U.S. Dollars at the base rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Event of Default" has the meaning provided in Section 7.01.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Exchange Rate" has the meaning provided in Section 3.11(d).

"Floating Rate Security" means a Security that provides for the payment of interest at a variable rate determined periodically by reference to an interest rate index specified pursuant to Section 3.01.

"Foreign Currency" means a currency issued by the government of any country other than the United States or a composite currency, the value of which is determined by reference to the values of the currencies of any group of countries.

"Global Security" means any Security that evidences all or part of a series of Securities, issued in fully-registered certificated form to the Depositary for such series in accordance with Section 3.03 and bearing the legend prescribed in Section 3.03(f).

"Holder," "Holder of Securities," or "Securityholder" mean the Person in whose name Securities are registered in the Register.

"Indebtedness" means any and all obligations of a Person for money borrowed which, in accordance with U.S. GAAP, would be reflected on the balance sheet of such Person as a liability on the date as of which Indebtedness is to be determined.

"Indenture" means this instrument and all indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities established as contemplated by Section 3.01.

"Independent Legal Counsel" means an independent legal firm of nationally recognized standing that is reasonably acceptable to the Trustee.

"Interest Payment Date" means, with respect to any Security, the Stated Maturity of an installment of interest on such Security.

"ISIN" means the International Securities Identification Number.

"Issue Date" means, with respect to any Security, the date on which such Security is originally issued under this Indenture.

"Judgment Currency" has the meaning provided in Section 16.06.

"Legal Defeasance" has the meaning provided in Section 12.03(b).

"Mandatory Sinking Fund Payment" has the meaning provided in Section 5.01(b).

"Maturity" means, with respect to any Security, the date on which the principal of such Security shall become due and payable as therein and herein provided, whether by declaration, call for redemption or otherwise.

"Members" has the meaning provided in Section 3.03(h).

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary of the Company or, in the event that the Company is a partnership or a limited liability company that has no such officers, a person duly authorized under applicable law by the general partner, managers, members or a similar body to act on behalf of the Company.

"Officer's Certificate" means a certificate signed by any of the Officers and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 16.01 if and to the extent required by the provisions of such Section.

"Opinion of Counsel" means an opinion in writing reasonably acceptable to the Trustee signed by legal counsel, who may be an employee of or counsel to the Company or who may be other counsel, that meets the applicable requirements provided for in Section 16.01.

"Optional Sinking Fund Payment" has the meaning provided in Section 5.01(b).

"Original Issue Discount Security" means any Security that is issued with "original issue discount" within the meaning of Section 1273(a) of the Code and the regulations thereunder and any other Security designated by the Company as issued with original issue discount for United States federal income tax purposes.

"Outstanding" means, when used with respect to Securities, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities or portions thereof for which payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities or Securities as to which the Company's obligations have been Discharged; provided, however, that if such Securities or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Securities that have been paid pursuant to Section 3.07(b) or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to a Responsible Officer of the Trustee proof satisfactory to it that such Securities are held by a protected purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Securities of a series Outstanding have performed any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) hereunder, Securities owned by the Company or any other obligor upon the Securities of such series or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding unless the Company, such Affiliate or such other obligor owns all of such Securities, except that, in determining whether the Trustee shall be protected in relying upon any such action, only Securities of such series for which the Trustee has received written notice to be so owned shall be so disregarded. Securities so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to act with respect to such Securities and that the pledgee is not the Company or

any other obligor upon such Securities or any Affiliate of the Company or of such other obligor. In case of a dispute as to such right, the decision of the Trustee upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all such Securities, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to the provisions of Section 11.01, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all such Securities not listed therein are Outstanding for the purpose of any such determination. In determining whether the Holders of the requisite principal amount of Outstanding Securities of a series have performed any action hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding for such purpose shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02 and the principal amount of a Security denominated in a Foreign Currency that shall be deemed to be Outstanding for such purpose shall be the amount calculated pursuant to Section 3.11(b).

"Paying Agent" means any Person authorized by the Company to pay the principal of, premium, if any, or interest on any Securities on behalf of the Company. The Company may act as Paying Agent with respect to Securities of any series issued hereunder.

"Payment Default" has the meaning provided in Section 7.01(e).

"Person" means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

"Place of Payment" has the meaning provided in Section 3.01(h).

"PRC" means the People's Republic of China, excluding, for purposes of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

"Predecessor Security" means, with respect to any Security, every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security, and, for the purposes of this definition, any Security authenticated and delivered under Section 3.07 in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the lost, destroyed or stolen Security.

"Preferred Shares," as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

"Principal Controlled Entities" at any time shall mean one of the Controlled Entities of the Company:

(i) as to which one or more of the following conditions is/are satisfied:

(A) its total revenue or (in the case of one of the Controlled Entities of the Company which has one or more Controlled Entities) consolidated total revenue attributable to the Company is at least 5% of the consolidated total revenue of the Company;

(B) its net profit or (in the case of one of the Controlled Entities of the Company which has one or more Controlled Entities) consolidated net profit attributable to the Company (in each case before taxation and exceptional items) is at least 5% of the consolidated net profit of the Company (before taxation and exceptional items); or

(C) its net assets or (in the case of one of the Controlled Entities of the Company which has one or more Controlled Entities) consolidated net assets attributable to the Company (in each case after deducting minority interests in Subsidiaries) are at least 10% of the consolidated net assets of the Company (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Controlled Entity of the Company and the then latest audited consolidated financial statements of the Company; provided that, in relation to clauses (A), (B) and (C) above:

(1) in the case of a corporation or other business entity becoming a Controlled Entity after the end of the financial period to which the latest consolidated audited accounts of the Company relate, the reference to the then latest consolidated audited accounts of the Company and its Controlled Entities for the purposes of the calculation above shall, until the consolidated audited accounts of the Company for the financial period in which the relevant corporation or other business entity becomes a Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Company and its Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Controlled Entity which itself has Controlled Entities) of such Controlled Entity in such accounts;

(2) if at any relevant time in relation to the Company or any Controlled Entity which itself has Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Company and/or any such Controlled Entity shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Company;

(3) if at any relevant time in relation to any Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Controlled Entity prepared for this purpose by or on behalf of the Company; and

(4) if the accounts of any Controlled Entity (not being a Controlled Entity referred to in proviso (1) above) are not consolidated with the accounts of the Company, then the determination of whether or not such Controlled Entity is a Principal Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Company (determined on the basis of the foregoing); or

(ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An Officer's Certificate delivered to the Trustee certifying in good faith as to whether or not a Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error.

"Prospectus" means the prospectus relating to the offering of Securities.

"Record Date" means, with respect to any interest payable on any Security on any Interest Payment Date, the close of business on such date specified in such Security for the payment of interest pursuant to Section 3.01.

"Redemption Date" means, when used with respect to any Security to be redeemed, in whole or in part, the date fixed for such redemption by or pursuant to this Indenture and the terms of such Security, which, in the case of a Floating Rate Security, unless otherwise specified pursuant to Section 3.01, shall be an Interest Payment Date only.

"Redemption Price" means, when used with respect to any Security to be redeemed, in whole or in part, the price at which it is to be redeemed pursuant to the terms of the Security and this Indenture.

"Register" has the meaning provided in Section 3.05(a).

"Registrar" has the meaning provided in Section 3.05(a).

"Relevant Jurisdiction" has the meaning provided in Section 6.05(a).

"Responsible Officer" mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily

performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"SEC" means the United States Securities and Exchange Commission, as constituted from time to time.

"Security" or "Securities" means any security or securities, as the case may be, duly authenticated by the Trustee and delivered under this Indenture.

"Security Custodian" means the custodian with respect to any Global Security appointed by the Depositary, or any successor Person thereto, and shall initially be the Paying Agent.

"Senior Indebtedness" means the principal of, premium, if any, or interest on (i) Indebtedness of the Company, whether outstanding on the date hereof or thereafter created, incurred, assumed or guaranteed, for money borrowed other than (A) any Indebtedness of the Company which when incurred, and without respect to any election under Section 1111(b) of the Bankruptcy Code, was without recourse to the Company, (B) any Indebtedness of the Company to any of its Subsidiaries, (C) Indebtedness to any employee of the Company, (D) any liability for taxes, (E) Trade Payables and (F) any Indebtedness of the Company which is expressly subordinate in right of payment to any other Indebtedness of the Company, and (ii) renewals, extensions, modifications and refundings of any such Indebtedness. For purposes of the foregoing and the definition of "Senior Indebtedness," the phrase "subordinated in right of payment" means debt subordination only and not lien subordination, and accordingly, (x) unsecured indebtedness shall not be deemed to be subordinated in right of payment to secured indebtedness merely by virtue of the fact that it is unsecured, and (y) junior liens, second liens and other contractual arrangements that provide for priorities among Holders of the same or different issues of indebtedness with respect to any collateral or the proceeds of collateral shall not constitute subordination in right of payment. This definition may be modified or superseded by a supplemental indenture.

"Special Record Date" has the meaning provided in Section 3.08(b)(i).

"Stated Maturity" means, when used with respect to any Security or any installment of interest thereon, the date specified in such Security as the fixed date on which the principal (or any portion thereof) of or premium, if any, on such Security or such installment of interest is due and payable.

"Subsidiary" of any Person means (i) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (ii) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (i) and (ii), voting at the time owned or controlled, directly or indirectly, by (A) such Person, (B) such Person and one or more Subsidiaries of such Person or (C) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

"Successor Company" has the meaning provided in Section 3.06(i).

"Successor Jurisdiction" has the meaning provided in Section 6.05(f).

"Tax Change" has the meaning provided in Section 4.07(a).

"Taxes" has the meaning provided in Section 6.05(a).

"Total Equity," as of any date, means the total equity attributable to the Company's shareholders on a consolidated basis determined in accordance with U.S. GAAP, as shown on the consolidated balance sheet of the Company for the most recent fiscal quarter.

"Trade Payables" means accounts payable or any other Indebtedness or monetary obligations to trade creditors created or assumed by the Company or any Subsidiary of the Company in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities).

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"U.S. Dollars" or "US$" means such currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts.

"U.S. GAAP" refers to generally accepted accounting principles in the United States.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged or (ii) obligations of an agency or instrumentality of the United States the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount

payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depositary receipt.

"United States" shall mean the United States of America (including the States and the District of Columbia), its territories and its possessions and other areas subject to its jurisdiction.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable, of such Person.

Section 1.02 Rules of Construction. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(b) references to "Article" or "Section" or other subdivision herein are references to an Article, Section or other subdivision of the Indenture, unless the context otherwise requires; and

(c) references to any agreement, instrument, statute or regulation defined or referred to herein or in any instrument establishing the terms of any Securities (or executed in connection therewith) are references to such agreement, instrument, statute or regulation as from time to time amended, modified, supplemented or replaced, including (in the case of agreements or instruments) by waiver or consent and by succession of comparable successor agreements, instruments, statutes or regulations.

ARTICLE II

FORMS OF SECURITIES

Section 2.01 Form Generally.

(a) The Securities of each series shall be substantially in the form set forth in Exhibit A attached hereto or as shall be established pursuant to a Company Order, Officer's Certificate or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange on which any series of the Securities may be listed or of any automated quotation system on which any such series may be quoted, or to conform to usage, all as determined by the officers executing such Securities as conclusively evidenced by their execution of such Securities.

(b) The terms and provisions of the Securities shall constitute, and are hereby expressly made, a part of this Indenture, and, to the extent applicable, the Company and the

Trustee, by their execution and delivery of this Indenture expressly agree to such terms and provisions and to be bound thereby.

Section 2.02 Form of Trustee's Certificate of Authentication.

(a) Only such of the Securities as shall bear thereon a certificate substantially in the form of the Trustee's certificate of authentication hereinafter recited, executed by the Trustee by manual signature, shall be valid or become obligatory for any purpose or entitle the Holder thereof to any right or benefit under this Indenture.

(b) Each Security shall be dated the date of its authentication.

(c) The form of the Trustee's certificate of authentication to be borne by the Securities shall be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of authentication:

[Deutsche Bank Trust Company Americas
By: Deutsche Bank National Trust Company],
as Trustee

By: _____
Authorized Signatory
Title:

Section 2.03 Form of Trustee's Certificate of Authentication by an Authenticating Agent. If at any time there shall be an Authenticating Agent appointed with respect to any series of Securities, then the Trustee's certificate of authentication by such Authenticating Agent to be borne by Securities of each such series shall be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities issued referred to in the within-mentioned Indenture.

Date of authentication:

[Deutsche Bank Trust Company Americas

By: Deutsche Bank National Trust Company],
as Trustee

By: [NAME OF AUTHENTICATING AGENT] as Authenticating Agent

By: _____
Authorized Signatory
Title:

ARTICLE III

THE DEBT SECURITIES

Section 3.01 Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued from time to time in one or more series. There shall be set forth in a Company Order, Officer's Certificate or in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(a) the title of the Securities of the series (which shall distinguish the Securities of such series from the Securities of all other series, except to the extent that additional Securities of an existing series are being issued);

(b) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 3.04, 3.06, 3.07, 4.06, or 14.05) and the percentage or percentages of principal amount at which the Securities of the series will be issued;

(c) the dates on which or periods during which the Securities of the series may be issued, and the dates on, or the range of dates within, which the principal of and premium, if any, on the Securities of such series are or may be payable or the method by which such date or dates shall be determined or extended;

(d) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue, or the method by which such date or dates shall be determined, the Interest Payment Dates on which any such interest shall be payable, and the Record Dates for the determination of Holders to whom interest is payable on such Interest Payment Dates or the method by which such date or dates shall be determined, the right, if any, to extend or defer interest payments and the duration of such extension or deferral;

(e) if other than U.S. Dollars, the Foreign Currency in which Securities of the series shall be denominated or in which payment of the principal of, premium, if any, or interest on the Securities of the series shall be payable and any other terms applicable thereto;

(f) if the amount of payment of principal of, premium, if any, or interest on, the Securities of the series may be determined with reference to an index, formula or other method including, but not limited to, an index based on a Currency or Currencies other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined;

(g) if the principal of, premium, if any, or interest on, Securities of the series are to be payable, at the election of the Company or a Holder thereof, in a Currency other than that in which the Securities are denominated or stated to be payable without such election, the period or periods within which, and the terms and conditions upon which, such election may be made and the time and the manner of determining the Exchange Rate (in addition to or in lieu of the provision set forth in Section 3.11) between the Currency in which the Securities are denominated or payable without such election and the Currency in which the Securities are to be paid if such election is made;

(h) the place or places, if any, in addition to or instead of the Corporate Trust Office of the Trustee where the principal of, premium, if any, and interest on Securities of the series shall be payable, and where Securities of any series may be presented for registration of transfer, exchange or conversion, and the place or places where notices and demands to or upon the Company in respect of the Securities of such series may be made (each such place, the "Place of Payment");

(i) the price or prices at which, the period or periods within which or the date or dates on which, and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have that option;

(j) the obligation or right, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund, amortization or analogous provisions or at the option of a Holder thereof and the price or prices at which, the period or periods within which or the date or

dates on which, the Currency or Currencies in which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(k) if other than denominations of US$2,000 and multiples of US$1,000 in excess thereof, the denominations in which Securities of the series shall be issuable;

(l) if other than the principal amount thereof, the portion of the principal amount of the Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 7.02;

(m) the guarantors, if any, of the Securities of such series, and the form and terms of the guarantees (including provisions relating to seniority or subordination of such guarantees and the release of the guarantors), if any, of any payment or other obligations on such Securities and any additions or changes to this Indenture to permit or facilitate guarantees of such Securities;

(n) whether the Securities of the series are to be issued as Original Issue Discount Securities and the amount of discount or premium, if any, with which such Securities may be issued;

(o) provisions, if any, for the defeasance of Securities of the series in whole or in part and any addition or change in the provisions related to satisfaction and discharge;

(p) whether the Securities of the series are to be issued in whole or in part in the form of one or more Global Securities and, in such case, (i) the Depositary for such Global Security or Securities, (ii) the form of legend in addition to or in lieu of that in Section 3.03(f) which shall be borne by such Global Security and (iii) the terms and conditions, if any, upon which interests in such Global Security or Securities may be exchanged in whole or in part for the individual Securities represented thereby registered in the name or names of Persons other than such Depositary or a nominee or nominees thereof;

(q) the date as of which any Global Security of the series shall be dated if other than the original issuance of the first Security of the series to be issued;

(r) the form of the Securities of the series;

(s) if the Securities of such series are to be convertible into or exchangeable for any securities or property of any Person (including the Company), the terms and conditions upon which such Securities will be so convertible or exchangeable, and any additions or changes to this Indenture, if any, to permit or facilitate such conversion or exchange;

(t) whether the Securities of the series are subject to subordination and the terms of such subordination;

(u) whether the Securities of the series shall be secured and the nature of such security and provisions related thereto;

(v) the securities exchange(s) or automated quotation system(s) on which the Securities of the series will be listed or admitted to trading, as applicable, if any

(w) any restriction or condition on the transferability of the Securities of the series;

(x) any addition or change in the provisions related to compensation and reimbursement of the Trustee which applies to the Securities of the series;

(y) any addition or change in the provisions related to supplemental indentures set forth in Sections 14.01, 14.02 and 14.04 which applies to the Securities of the series;

(z) provisions, if any, granting special rights to Holders upon the occurrence of specified events;

(aa) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 7.02 and any addition or change in the provisions set forth in Article VII which applies to Securities of the series;

(bb) any addition to or change in the covenants set forth in Article VI which applies to the Securities of the series; and

(cc) any other terms of the Securities of the series (which terms shall not be inconsistent with the provisions of the TIA or this Indenture, except as permitted by Section 14.01, but which may modify or delete any provision of this Indenture insofar as it applies to such series), including any terms which may be required by or advisable under the laws of the United States or regulations thereunder or advisable (as determined by the Company) in connection with the marketing of Securities of the series.

All Securities of any one series shall be substantially identical, except as to denomination and except as may otherwise be provided herein or set forth in a Company Order, Officers' Certificate or in one or more indentures supplemental hereto; provided that, if additional Securities of an existing series are issued, such additional Securities shall not have the same CUSIP, ISIN or other identifying number unless such additional Securities are fungible with the existing Securities of such series for U.S. federal income tax purposes.

Section 3.02 Denominations. In the absence of any specification pursuant to Section 3.01 with respect to Securities of any series, the Securities of such series shall be issuable only as Securities in denominations of US$2,000 and multiples of US$1,000 in excess thereof, and shall be payable only in U.S. Dollars.

Section 3.03 Execution, Authentication, Delivery and Dating.

(a) The Securities shall be executed in the name and on behalf of the Company by an Officer. Such signatures may be the manual or facsimile signatures of the present or any future such Officer. If the Person whose signature is on a Security no longer holds that office at the time the Security is authenticated and delivered, the Security shall nevertheless be valid.

(b) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities and, if required pursuant to Section 3.01, a supplemental indenture, Company Order or Officer's Certificate setting forth the terms of the Securities of a series. The Trustee shall thereupon authenticate and deliver such Securities without any further action by the Company. The Company Order shall specify the principal amount of Securities to be authenticated and the date on which the original issue of Securities is to be authenticated.

(c) In authenticating the first Securities of any series and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall receive, and (subject to Section 11.02) shall be fully protected in relying upon, an Officer's Certificate, prepared in accordance with Section 16.01 stating that the conditions precedent, if any, provided for in the Indenture have been complied with, and an Opinion of Counsel, prepared in accordance with Section 16.01 and substantially in the form set forth below:

(i) that the form or forms of such Securities have been established in accordance with Article II and Section 3.01 and in conformity with the other provisions of this Indenture;

(ii) that the terms of such Securities have been established in accordance with Section 3.01 and in conformity with the other provisions of this Indenture;

(iii) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles; and

(iv) that all conditions precedent, if any, provided for in the Indenture in respect of the authentication and delivery by the Company of such Securities have been complied with.

(d) Each Security shall be dated the date of its authentication.

(e) The Trustee shall have the right to decline to authenticate and deliver the Securities under this Section 3.03 if the issue of the Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise.

(f) Notwithstanding the provisions of Section 3.01 and of this 3.03 if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate or Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such Officer's Certificate or Opinion of Counsel is delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued; provided that nothing in this clause (c) is intended to derogate Trustee's rights to receive an Officer's Certificate and Opinion of Counsel under Section 16.01.

(g) If the Company shall establish pursuant to Section 3.01 that the Securities of a series are to be issued in whole or in part in the form of one or more Global Securities, then the Company shall execute and the Trustee shall authenticate and deliver one or more Global Securities that (i) shall represent an aggregate amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such Global Securities, (ii) shall be registered, if in registered form, in the name of the Depositary for such Global Security or Securities or the nominee of such Depositary, (iii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instruction and (iv) shall bear a legend substantially to the following effect:

"THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY, WHICH MAY BE TREATED BY THE COMPANY, THE TRUSTEE AND ANY AGENT THEREOF AS OWNER AND HOLDER OF THIS SECURITY FOR ALL PURPOSES.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The aggregate principal amount of each Global Security may from time to time be increased or decreased by adjustments made on the records of the Security Custodian, as provided in this Indenture or on a Schedule to such Global Security.

(h) Each Depositary designated pursuant to Section 3.01 for a Global Security in registered form must, at the time of its designation and at all times while it serves as such Depositary, be a clearing agency registered under the Exchange Act and any other applicable statute or regulation.

(i) Members of, or participants in, the Depositary ("Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary or by the Security Custodian under such Global Security, and the Depositary may be treated by the Company, the Trustee, the Paying Agent and the Registrar and any of their agents as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Paying Agent or the Registrar or any of their agents from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Members, the operation of customary practices of the Depositary governing the exercise of the rights of an owner of a beneficial interest in any Global Security. The Holder of a Global Security may grant proxies and otherwise authorize any Person, including Members and Persons that may hold interests through Members, to take any action that a Holder is entitled to take under this Indenture or the Securities.

(j) No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in one of the forms provided for herein duly executed by the Trustee or by an Authenticating Agent by manual signature of an authorized signatory of the Trustee, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

Section 3.04 Temporary Securities.

(a) Pending the preparation of definitive Securities of any series, the Company may execute and, upon receipt of a Company Order, the Trustee shall authenticate and deliver, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form and with such appropriate

insertions, omissions, substitutions and other variations as the officers executing such temporary Securities may determine, as conclusively evidenced by their execution of such temporary Securities. Any such temporary Security may be in global form, representing all or a portion of the Outstanding Securities of such series. Every such temporary Security shall be executed by the Company and shall be authenticated and delivered by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Security or Securities in lieu of which it is issued.

(b) If temporary Securities of any series are issued, the Company shall cause definitive Securities of such series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of such temporary Securities at the office or agency maintained by the Company in a Place of Payment for such purposes provided in Section 6.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations and of like tenor. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

(c) Upon any exchange of a portion of a temporary Global Security for a definitive Global Security or for the individual Securities represented thereby pursuant to this Section 3.04 or Section 3.06, the temporary Global Security shall be endorsed by the Trustee to reflect the reduction of the principal amount evidenced thereby, whereupon the principal amount of such temporary Global Security shall be reduced for all purposes by the amount so exchanged and endorsed.

Section 3.05 Registrar.

(a) The Company shall keep, at an office or agency to be maintained by it in a Place of Payment where Securities may be presented for registration or presented and surrendered for registration of transfer or of exchange, and where Securities of any series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable (the "Registrar"), a security register for the registration and the registration of transfer or of exchange of the Securities (the registers maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Register"), as in this Indenture provided, which Register shall at all reasonable times be open for inspection by the Trustee. Such Register shall be in written form or in any other form capable of being converted into written form within a reasonable time. The Company may have one or more co-Registrars; the term "Registrar" includes any co-registrar.

(b) The Company shall enter into an appropriate agency agreement with any Registrar or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of each such agent. If the Company fails to maintain a Registrar for any series, the Trustee shall act as such. The Company or any Affiliate thereof may act as Registrar, co-Registrar or transfer agent.

(c) The Company hereby initially appoints the Trustee at its Corporate Trust Office as Registrar in connection with the Securities and this Indenture, until such time as another Person is appointed as such in replacement of the Trustee as such. So long as the Trustee serves as Registrar, it will be entitled as Registrar to the same rights of compensation, reimbursement and indemnification under Section 11.01 and Section 11.02 as if it were Trustee. No Person shall at any time be appointed as or act as Registrar unless such Person is at such time empowered under applicable law to act as such Registrar.

Section 3.06 Transfer and Exchange.

(a) *Transfer.*

(i) Upon surrender for registration of transfer of any Security of any series at the Registrar, the Company shall execute, and the Trustee or any Authenticating Agent shall authenticate and deliver, in the name of the designated transferee, one or more new Securities of the same series for like aggregate principal amount of any authorized denomination or denominations. The transfer of any Security shall not be valid as against the Company or the Trustee unless registered at the Registrar at the request of the Holder, or at the request of his, her or its attorney duly authorized in writing.

(ii) Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for the individual Securities represented thereby, a Global Security representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary.

(b) *Exchange.*

(i) At the option of the Holder, Securities of any series (other than a Global Security, except as set forth below) may be exchanged for other Securities of the same series for like aggregate principal amount of any authorized denomination or denominations, upon surrender of the Securities to be exchanged at the Registrar.

(ii) Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities that the Holder making the exchange is entitled to receive.

(c) *Exchange of Global Securities for Individual Securities*. Except as provided below, owners of beneficial interests in Global Securities shall not be entitled to receive individual Securities.

(i) Individual Securities shall be issued to all owners of beneficial interests in a Global Security in exchange for such interests if: (A) at any time the Depositary for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such series or if at any time the

Depositary for the Securities of such series shall no longer be eligible under Section 3.03(g) and, in each case, a successor Depositary is not appointed by the Company within 90 days of such notice, or (B) the Company executes and delivers to the Trustee and the Registrar an Officer's Certificate stating that such Global Security shall be so exchangeable.

In connection with the exchange of an entire Global Security for individual Securities pursuant to this subsection (c), such Global Security shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Securities of such series, shall authenticate and deliver to each beneficial owner identified by the Depositary in exchange for its beneficial interest in such Global Security, an equal aggregate principal amount of individual Securities of authorized denominations.

(ii) The owner of a beneficial interest in a Global Security shall be entitled to receive an individual Security in exchange for such interest if an Event of Default has occurred and is continuing. Upon receipt by the Security Custodian and Registrar of instructions from the Holder of a Global Security directing the Security Custodian and Registrar to (x) issue one or more individual Securities in the amounts specified to the owner of a beneficial interest in such Global Security and (y) debit or cause to be debited an equivalent amount of beneficial interest in such Global Security, subject to the rules and regulations of the Depositary:

(A) the Security Custodian and Registrar shall notify the Company and the Trustee of such instructions, identifying the owner and amount of such beneficial interest in such Global Security;

(B) the Company shall promptly execute and the Trustee, upon receipt of a Company Order for the authentication and delivery of individual Securities of such series, shall authenticate and deliver to such beneficial owner individual Securities in an equivalent amount to such beneficial interest in such Global Security; and

(C) the Security Custodian and Registrar shall decrease such Global Security by such amount in accordance with the foregoing. In the event that the individual Securities are not issued to each such beneficial owner promptly after the Registrar has received a request from the Holder of a Global Security to issue such individual Securities, the Company expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to Section 7.07, the right of any beneficial Holder of Securities to pursue such remedy with respect to the portion of the Global Security that represents such beneficial Holder's Securities as if such individual Securities had been issued.

(iii) If specified by the Company pursuant to Section 3.01 with respect to a series of Securities, the Depositary for such series of Securities may surrender a

Global Security for such series of Securities in exchange in whole or in part for individual Securities of such series on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute, and the Trustee shall authenticate and deliver at the expense of the Company, without service charge,

(A) to each Person specified by such Depositary a new individual Security or Securities of the same series, of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security; and

(B) to such Depositary a new Global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of individual Securities delivered to Holders thereof.

(iv) In any exchange provided for in clauses (i) through (iii), the Company shall execute and the Trustee shall authenticate and deliver individual Securities in registered form in authorized denominations.

(v) Upon the exchange in full of a Global Security for individual Securities, such Global Security shall be cancelled by the Trustee. Individual Securities issued in exchange for a Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

(d) All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Company evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered for such registration of transfer or exchange.

(e) Every Security presented or surrendered for registration of transfer or exchange, or for payment shall be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, the Trustee and the Registrar, duly executed by the Holder thereof or by his, her or its attorney duly authorized in writing.

(f) No service charge shall be made for any registration of transfer or exchange of Securities. The Company may require payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than those expressly provided in this Indenture to be made at the Company's own expense or without expense or charge to the Holders.

(g) The Company shall not be required to (i) register, transfer or exchange Securities of any series during a period beginning at the opening of business 15 calendar days before the day of the transmission of a notice of redemption of Securities of such series selected for redemption under Section 4.03 and ending at the close of business on the day of such

transmission, or (ii) register, transfer or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(h) Prior to the due presentation for registration of transfer or exchange of any Security, the Company, the Trustee, the Paying Agent, the Registrar, any co-Registrar or any of their agents may deem and treat the Person in whose name a Security is registered as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for all purposes whatsoever, and none of the Company, the Trustee, the Paying Agent, the Registrar, any co-Registrar or any of their agents shall be affected by any notice to the contrary.

(i) In case a successor Company ("Successor Company") has executed an indenture supplemental hereto with the Trustee pursuant to Article XIV, any of the Securities authenticated or delivered pursuant to such transaction may, from time to time, at the request of the Successor Company, be exchanged for other Securities executed in the name of the Successor Company with such changes in phraseology and form as may be appropriate, but otherwise identical to the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon Company Order of the Successor Company, shall authenticate and deliver Securities as specified in such Company Order for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a Successor Company pursuant to this Section 3.06 in exchange or substitution for or upon registration of transfer of any Securities, such Successor Company, at the option of the Holders but without expense to them, shall provide for the exchange of all Securities at the time Outstanding for Securities authenticated and delivered in such new name.

(j) Each Holder of a Security agrees to indemnify the Company and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Security in violation of any provision of this Indenture and/or applicable United States federal or state securities laws.

(k) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) Neither the Trustee nor any agent of the Trustee shall have any responsibility for any actions taken or not taken by the Depositary.

Section 3.07 Mutilated, Destroyed, Lost and Stolen Securities.

(a) If (i) any mutilated Security is surrendered to the Trustee at its Corporate Trust Office or (ii) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee security or indemnity satisfactory to them to save each of them and any Paying Agent harmless, and neither the Company nor the Trustee receives notice that such Security has been acquired by

a protected purchaser, then the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of the same series and of like tenor, form, terms and principal amount, bearing a number not contemporaneously Outstanding, and neither gain nor loss in interest shall result from such exchange or substitution.

(b) In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay the amount due on such Security in accordance with its terms.

(c) Upon the issuance of any new Security under this Section 3.07, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in respect thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

(d) Every new Security of any series issued pursuant to this Section shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

(e) The provisions of this Section 3.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 3.08 Payment of Interest; Interest Rights Preserved.

(a) Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Record Date for such interest notwithstanding the cancellation of such Security upon any transfer or exchange subsequent to the Record Date. Payment of interest on Securities shall be made at the Corporate Trust Office (except as otherwise specified pursuant to Section 3.01) or, at the option of the Company, by check mailed to the address of the Person entitled thereto as such address shall appear in the Register or, in accordance with arrangements satisfactory to the Trustee, by wire transfer to an account designated by the Holder.

(b) Any interest on any Security that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of his, her or its having been such a Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered at the close of business on a special record date for the payment of such Defaulted Interest (a "Special Record Date"), which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of

Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 calendar days and not less than 10 calendar days prior to the date of the proposed payment and not less than 10 calendar days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to the Holders of such Securities at their addresses as they appear in the Register, not less than 10 calendar days prior to such Special Record Date. If the security is in global form, notice will be given according to the rules of the depository. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (ii).

(ii) The Company may make payment of any Defaulted Interest on Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed or of any automated quotation system on which any such Securities may be quoted, and upon such notice as may be required by such exchange or quotation system, as applicable, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(iii) The Trustee shall have no responsibility whatsoever to determine the Defaulted Interest or confirm the accuracy of such payment or any calculations made by the Company.

(c) Subject to the foregoing provisions in this Section 3.08, each Security delivered under this Indenture in exchange or substitution for, or upon registration of transfer of, any other Security shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 3.09 Cancellation. Unless otherwise specified pursuant to Section 3.01 for Securities of any series, all Securities surrendered for payment, redemption, registration of transfer or exchange or credit against any sinking fund or otherwise shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee for cancellation and shall be promptly cancelled by it and, if surrendered to the Trustee, shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder that the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No

Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. The Trustee shall dispose of all cancelled Securities held by it in accordance with its then customary procedures, and deliver evidence of such disposal to the Company upon its written request therefor. The acquisition of any Securities by the Company shall not operate as a redemption or satisfaction of the Indebtedness represented thereby unless and until such Securities are surrendered to the Trustee for cancellation.

Section 3.10 Computation of Interest. Except as otherwise specified pursuant to Section 3.01 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.11 Currency of Payments in Respect of Securities.

(a) The Company may provide pursuant to Section 3.01 for Securities of any series that (i) the obligation, if any, of the Company to pay the principal of, premium, if any, and interest on, the Securities of any series in a Foreign Currency or U.S. Dollars (the "Designated Currency") as may be specified pursuant to Section 3.01 is of the essence and agrees that, to the fullest extent possible under applicable law, judgments in respect of such Securities shall be given in the Designated Currency; (ii) the obligation of the Company to make payments in the Designated Currency of the principal of, premium, if any, and interest on such Securities shall, notwithstanding any payment in any other Currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Designated Currency that the Holder receiving such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other Currency (after any premium and cost of exchange) on the Business Day in the country of issue of the Designated Currency or in the international banking community (in the case of a composite currency) immediately following the day on which such Holder receives such payment; (iii) if the amount in the Designated Currency that may be so purchased for any reason falls short of the amount originally due, the Company shall pay such Additional Amounts as may be necessary to compensate for such shortfall; and (iv) any obligation of the Company not discharged by such payment shall be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect. Notwithstanding the foregoing, unless otherwise specified pursuant to Section 3.01 for Securities of any series, payment of the principal of, premium, if any, and interest on, Securities of such series shall be made in U.S. Dollars.

(b) If the principal of, premium, if any, or interest on any Security is payable in a Foreign Currency and such Currency is not available to the Company for making payment thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company shall be entitled to satisfy its obligations to Holders of the Securities by making such payment in U.S. Dollars in an amount equivalent of the amount payable in such other Currency at the Exchange Rate as determined pursuant to clause (d) below. Notwithstanding any provisions to the contrary herein, any payment made under such circumstances in U.S. Dollars where the required payment is in a Currency other than U.S. Dollars shall not constitute an Event of Default under this Indenture.

(c) For purposes of any provision of the Indenture where the Holders of Outstanding Securities may perform an action that requires that a specified percentage of the Outstanding Securities of all series perform such action and for purposes of any decision or determination by the Trustee of amounts due and unpaid for the principal of, premium, if any, and interest on, the Securities of all series in respect of which moneys are to be disbursed ratably, the principal of, premium, if any, and interest on, the Outstanding Securities denominated in a Foreign Currency shall be the amount in U.S. Dollars based upon the Exchange Rate as determined pursuant to clause (d) below (or as specified pursuant to Section 3.01, if applicable) for Securities of such series, as of the date for determining whether the Holders entitled to perform such action have performed it or as of the date of such decision or determination by the Trustee, as the case may be.

(d) Any decision or determination to be made regarding the Exchange Rate shall be made by the Company or an agent appointed by the Company (the Company, in such capacity, or such agent, the "Currency Determination Agent"); provided that such agent shall accept such appointment in writing and the terms of such appointment shall, in the opinion of the Company at the time of such appointment, require such agent to make such determination by a method consistent with the method provided pursuant to Section 3.01 for the making of such decision or determination. Unless otherwise specified pursuant to Section 3.01, "Exchange Rate" shall mean, for any Currency, the noon buying rate in New York City for cable transfers for such Currency as the applicable Exchange Rate, as such rate is reported or otherwise made available by the Federal Reserve Bank of New York on the date of such payment, or, if such rate is not then available, on the basis of the most recently available rate. All decisions and determinations of such agent regarding the Exchange Rate shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee and all Holders of the Securities.

Section 3.12 CUSIP Numbers. The Company in issuing any Securities may use CUSIP, ISIN or other similar numbers, if then generally in use, and thereafter with respect to such series, the Trustee may use such numbers in any notice of redemption or exchange, as a convenience to Holders, with respect to such series; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any change in the CUSIP, ISIN or other similar numbers.

ARTICLE IV

REDEMPTION OF SECURITIES

Section 4.01 Applicability of Right of Redemption. Redemption of Securities (other than pursuant to a sinking fund, amortization or analogous provision) permitted by the terms of any series of Securities shall be made (except as otherwise specified pursuant to Section 3.01 for Securities of any series) in accordance with this Article; provided, however, that if any such terms of a series of Securities shall conflict with any provision of this Article, the terms of such series shall govern.

Section 4.02 Selection of Securities to be Redeemed.

(a) If the Company shall at any time elect to redeem all or any portion of the Securities of a series then Outstanding, it shall at least 15 calendar days (or such shorter period acceptable to the Trustee) prior to the date the notice of redemption is to be mailed, notify the Trustee of such Redemption Date and of the principal amount of Securities to be redeemed, and thereupon the Trustee shall select either pro rata, by lot or in such other manner as the Trustee shall deem appropriate (subject to the procedures of the Depositary) and which may provide for the selection for redemption of a portion of the principal amount of any Security of such series; provided that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. In any case where more than one Security of such series is registered in the same name, the Trustee may treat the aggregate principal amount so registered as if it were represented by one Security of such series. The Trustee shall, as soon as practicable, notify the Company in writing of the Securities and portions of Securities so selected.

(b) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security that has been or is to be

redeemed. If the Company shall so direct, Securities registered in the name of the Company, any Affiliate or any Subsidiary thereof shall not be included in the Securities selected for redemption.

Section 4.03 Notice of Redemption.

(a) Notice of redemption shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company, not less than 30 nor more than 60 calendar days prior to the Redemption Date, to the Holders of Securities of any series to be redeemed in whole or in part pursuant to this Article, in the manner provided in Section 16.04; provided that the Trustee be provided with the draft notice at least 15 days prior to sending such notice of redemption and an Officer's Certificate instructing the Trustee to send the notice to Holders. Any notice given in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give such notice, or any defect in such notice to the Holder of any Security of a series designated for redemption, in whole or in part, shall not affect the sufficiency of any notice of redemption with respect to the Holder of any other Security of such series. Simultaneously with providing any notice of redemption, the Company will publish a notice containing relevant information in a newspaper of general circulation in the City of New York or publish the information on the Company's website or through such other public medium as the Company may use at such time.

(b) All notices of redemption shall identify the Securities to be redeemed (including CUSIP, ISIN or other similar numbers, if available) and shall state:

(i) such election by the Company to redeem Securities of such series pursuant to provisions contained in this Indenture or the terms of the Securities of such series in a Company Order, Officer's Certificate or a supplemental indenture establishing such series, if such be the case;

(ii) the Redemption Date;

(iii) the Redemption Price;

(iv) if less than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Securities of such series to be redeemed;

(v) that on the Redemption Date the Redemption Price shall become due and payable upon each such Security to be redeemed, and that, if applicable, interest thereon shall cease to accrue on and after said date;

(vi) the Place or Places of Payment where such Securities are to be surrendered for payment of the Redemption Price;

(vii) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the securities; and

(viii) if applicable, that the redemption is for a sinking fund, if such is the case.

Section 4.04 Deposit of Redemption Price. On or prior to 11:00 a.m., New York City time, one Business Day prior to the Redemption Date for any Securities, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 6.03) an amount of money in the Currency in which such Securities are denominated (except as provided pursuant to Section 3.01) sufficient to pay the Redemption Price of such Securities or any portions thereof that are to be redeemed on that date.

Section 4.05 Securities Payable on Redemption Date. If notice of redemption has been given as above provided, any Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price and from and after such date (unless the Company shall Default in the payment of the Redemption Price) such Securities shall cease to bear interest, and, except as provided in Section 12.07, such Securities shall cease from and after the Redemption Date to be entitled to any benefit or security under the Indenture, and the Holders thereof shall have no right in respect of such Securities except the right to receive the Redemption Price thereof and unpaid interest to the Redemption Date. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Trustee or Paying Agent with the moneys deposited in accordance with Section 4.04 above at the Redemption Price (unless the Company shall Default in the payment of the Redemption Price); provided, however, that (unless otherwise provided pursuant to Section 3.01) installments of interest that have a Stated Maturity on or prior to the Redemption Date for such Securities shall be payable according to the terms of such Securities and the provisions of Section 3.08.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof shall, until paid or duly provided for, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 4.06 Securities Redeemed in Part. Any Security that is to be redeemed only in part shall be surrendered at the Corporate Trust Office or such other office or agency of the Company as is specified pursuant to Section 3.01 with, if the Company, the Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Registrar and the Trustee duly executed by the Holder thereof or his, her or its attorney duly authorized in writing, and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series, of like tenor and form, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered; provided that if a Global Security is so surrendered, the Company shall execute, and the Trustee shall authenticate and deliver to the Depositary for such Global Security, without service charge, a new Global Security in a denomination equal to and in exchange for the unredeemed portion of the principal of the Global Security so surrendered. In the case of a Security providing appropriate space for such notation, at the option of the Holder thereof, the Trustee, in lieu of delivering a new Security or Securities as aforesaid, may make a notation on such Security of the payment of the redeemed portion thereof.

Section 4.07 Tax Redemption.

(a) Each series of Securities may be redeemed at any time, at the option of the Company, in whole but not in part, upon notice as described below, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the Redemption Date, if (i) as a result of any change in, or amendment to, the laws or any rules or regulations of a Relevant Jurisdiction, or any change in an interpretation, administration or application of such laws, rules or regulations by any legislative body, court, governmental agency, taxing authority or regulatory or administrative authority of such Relevant Jurisdiction (including the enactment of any legislation and the announcement or publication of any judicial decision or regulatory or administrative interpretation or determination), which change or amendment becomes effective on or after the Issue Date (or, in the case of a jurisdiction that becomes a Relevant Jurisdiction after such date, after such later date) (each, a "Tax Change"), the Company or any successor Person to the Company is, or on the next Interest Payment Date would be, obligated to pay Additional Amounts upon the next payment of principal, premium, if any, in respect of such Securities that are more than a de minimis amount and (ii) such obligation cannot be avoided by the Company or any such successor Person to the Company taking commercially reasonable measures available to it, provided that changing the jurisdiction of the Company or such successor Person to Company is not a reasonable measure for purposes of this Section 4.07(a).

(b) Prior to the giving of any notice of redemption of the Securities pursuant to Section 4.07(a), the Company or any such successor Person to the Company shall deliver to the Trustee (i) a notice of such redemption election, (ii) an opinion of an Independent Legal Counsel to the effect that the Company or any such successor Person to the Company is, or would become, obligated to pay more than a de minimis amount of such Additional Amounts as the result of a Tax Change and (iii) an Officer's Certificate from the Company or any such successor Person to the Company, stating that such Tax Change has occurred, describing the facts leading thereto and stating that the requirement to pay Additional Amounts cannot be

avoided by the Company or any such successor Person to the Company taking commercially reasonable measures available to it.

(c) Any redemption of Securities pursuant to this Section 4.07 shall be made (except as otherwise specified pursuant to Section 3.01 for Securities of any series) in accordance with this Article; provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company or any such successor Person to the Company would be required to pay Additional Amounts if a payment in respect of such Securities was then due.

(d) If the Redemption Date occurs after a regular Record Date and on or prior to the corresponding Interest Payment Date, the Company will pay the full amount of accrued and unpaid interest, if any, due on such Interest Payment Date to the Holder of the record of the Securities on the regular Record Date corresponding to such Interest Payment Date, and the Redemption Price payable to the Holder who presents a Security for redemption will be equal to 100% of the principal amount of such Security, including, for the avoidance of doubt, any Additional Amounts with respect to such Redemption Price.

(e) Upon receiving such notice of redemption, each Holder will have the right to elect to not have its Securities redeemed, in which case the Company will not be obligated to pay any Additional Amounts on any payment with respect to such Securities solely as a result of such Tax Change that resulted in the obligation to pay such Additional Amounts after the Redemption Date (or, if the Company fails to pay the redemption price on the Redemption Date, such later date on which the Company pays the Redemption Price), and all future payments with respect to such Securities will be subject to the deduction or withholding of such Relevant Jurisdiction and taxes required by law to be deducted or withheld as a result of such Tax Change. A Holder electing not to have its Securities redeemed must deliver to the Paying Agent a written notice of election so as to be received by the Paying Agent prior to the close of business on the second business day immediately preceding the Redemption Date. A Holder may withdraw any notice of election by delivering to the Paying Agent a written notice of withdrawal prior to the close of business on the business day immediately preceding the Redemption Date (or, if the Company fails to pay the Redemption Price on the Redemption Date, such later date on which the Company pays the Redemption Price). If no election is made or deemed to have been made, the Holder will have its Securities redeemed without any further action.

(f) No Securities may be redeemed if the principal amount of the Securities has been accelerated, and such acceleration has not been rescinded, on or prior to such date.

ARTICLE V

SINKING FUNDS

Section 5.01 Applicability of Sinking Fund.

(a) Redemption of Securities permitted or required pursuant to a sinking fund for the retirement of Securities of a series by the terms of such series of Securities shall be made in accordance with such terms of such series of Securities and this Article, except as otherwise

specified pursuant to Section 3.01 for Securities of such series; provided, however, that if any such terms of a series of Securities shall conflict with any provision of this Article, the terms of such series shall govern.

(b) The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "Mandatory Sinking Fund Payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "Optional Sinking Fund Payment." If provided for by the terms of Securities of any series, the cash amount of any Mandatory Sinking Fund Payment may be subject to reduction as provided in Section 5.02.

Section 5.02 Mandatory Sinking Fund Obligation. The Company may, at its option, satisfy any Mandatory Sinking Fund Payment obligation, in whole or in part, with respect to a particular series of Securities by (a) delivering to the Trustee Securities of such series in transferable form theretofore purchased or otherwise acquired by the Company or redeemed at the election of the Company pursuant to Section 4.03 or (b) receiving credit for Securities of such series (not previously so credited) acquired by the Company and theretofore delivered to the Trustee. The Trustee shall credit such Mandatory Sinking

Fund Payment obligation with an amount equal to the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such Mandatory Sinking Fund Payment shall be reduced accordingly. If the Company shall elect to so satisfy any Mandatory Sinking Fund Payment obligation, it shall deliver to the Trustee not less than 45 calendar days prior to the relevant sinking fund payment date a written notice signed on behalf of the Company by an Officer, which shall designate the Securities (and portions thereof, if any) so delivered or credited and which shall be accompanied by such Securities (to the extent not theretofore delivered) in transferable form. In case of the failure of the Company, at or before the time so required, to give such notice and deliver such Securities, the Mandatory Sinking Fund Payment obligation shall be paid entirely in moneys.

Section 5.03 Optional Redemption at Sinking Fund Redemption Price. In addition to the sinking fund requirements of Section 5.02, to the extent, if any, provided for by the terms of a particular series of Securities, the Company may, at its option, make an Optional Sinking Fund Payment with respect to such Securities. Unless otherwise provided by such terms, (a) to the extent that the right of the Company to make such Optional Sinking Fund Payment is not exercised in any year, it shall not be cumulative or carried forward to any subsequent year, and (b) such optional payment shall operate to reduce the amount of any Mandatory Sinking Fund Payment obligation as to Securities of the same series. If the Company intends to exercise its right to make such optional payment in any year, it shall deliver to the Trustee not less than 45 calendar days prior to the relevant sinking fund payment date a certificate signed by an Officer, stating that the Company shall exercise such optional right, and specifying the amount which the Company shall pay on or before the next succeeding sinking fund payment date. Such certificate shall also state that no Event of Default has occurred and is continuing.

Section 5.04 Application of Sinking Fund Payment.

(a) If the sinking fund payment or payments made in funds pursuant to either Section 5.02 or 5.03 with respect to a particular series of Securities plus any unused balance of

any preceding sinking fund payments made in funds with respect to such series shall exceed US$50,000 (or a lesser sum if the Company shall so request, or such equivalent sum for Securities denominated other than in U.S. Dollars), it shall be applied by the Trustee on the sinking fund payment date next following the date of such payment; provided that, if the date of such payment shall be a sinking fund payment date, such payment shall be applied on such sinking fund payment date to the redemption of Securities of such series at the Redemption Price specified pursuant to Section 4.03(b). The Trustee shall select, in the manner provided in Section 4.02, for redemption on such sinking fund payment date, a sufficient principal amount of Securities of such series to absorb said funds, as nearly as may be, and shall, at the expense and in the name of the Company, thereupon cause notice of redemption, prepared by the Company, of the Securities to be given in substantially the manner provided in Section 4.03(a) for the redemption of Securities in part at the option of the Company, except that the notice of redemption shall also state that the Securities are being redeemed for the sinking fund. Any sinking fund moneys not so applied by the Trustee to the redemption of Securities of such series shall be added to the next sinking fund payment received in funds by the Trustee and, together with such payment, shall be applied in accordance with the provisions of this Section 5.04. Any and all sinking fund moneys held by the Trustee on the last sinking fund payment date with respect to Securities of such series, and not held for the payment or redemption of particular Securities of such series, shall be applied by the Trustee to the payment of the principal of the Securities of such series at Maturity.

(b) On or prior to each sinking fund payment date, the Company shall pay to the Trustee a sum equal to all interest accrued to, but not including, the Redemption Date on Securities to be redeemed on such sinking fund payment date pursuant to this Section 5.04.

(c) The Trustee shall not redeem any Securities of a series with sinking fund moneys or mail any notice of redemption of Securities of such series by operation of the sinking fund during the continuance of a Default in payment of interest on any Securities of such series or of any Event of Default (other than an Event of Default occurring as a consequence of this paragraph) of which the Trustee has actual knowledge, except that if the notice of redemption of any Securities of such series shall theretofore have been mailed in accordance with the provisions hereof, the Trustee shall redeem such Securities if funds sufficient for that purpose shall be deposited with the Trustee in accordance with the terms of this Article. Except as above provided, any moneys in the sinking fund at the time any such Default or Event of Default shall occur and any moneys thereafter paid into the sinking fund shall, during the continuance of such Default or Event of Default, be held as security for the payment of all the Securities of such series; provided, however, that in case such Default or Event of Default shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next sinking fund payment date on which such moneys are required to be applied pursuant to the provisions of this Section 5.04.

ARTICLE VI

PARTICULAR COVENANTS OF THE COMPANY

The Company hereby covenants and agrees as follows:

Section 6.01 Payments of Principal, Premium and Interest. The Company, for the benefit of each series of Securities, shall duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on, each series of Securities, at the dates and place and in the manner provided in the Securities and in this Indenture.

Section 6.02 Maintenance of Office or Agency; Paying Agent.

(a) The Company shall maintain in each Place of Payment for any series of Securities, if any, an office or agency where Securities may be presented or surrendered for payment, where Securities of such series may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee. The Company hereby initially appoints the Trustee as Paying Agent to receive all presentations, surrenders, notices and

demands. So long as the Trustee serves as Paying Agent, it will be entitled as Paying Agent to the same rights of compensation, reimbursement and indemnification under Section 11.01 and Section 11.02 as if it were Trustee.

(b) The Company may also from time to time designate different or additional offices or agencies where the Securities of any series may be presented or surrendered for any or all such purposes (in or outside of such Place of Payment), and may from time to time rescind any such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligations described in the preceding paragraph. The Company shall give prompt written notice to the Trustee of any such additional designation or rescission of designation and of any change in the location of any such different or additional office or agency. The Company shall enter into an appropriate agency agreement with any Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of each such agent. The Company or any Affiliate thereof may act as Paying Agent.

Section 6.03 To Hold Payment in Trust.

(a) If the Company or an Affiliate thereof shall at any time act as Paying Agent with respect to any series of Securities, then, on or before the date on which the principal of, premium, if any, or interest on any of the Securities of that series by their terms or as a result of the calling thereof for redemption shall become payable, the Company or such Affiliate shall segregate and hold in trust for the benefit of the Holders of such Securities or the Trustee a sum sufficient to pay such principal, premium, if any, or interest which shall have so become payable until such sums shall be paid to such Holders or otherwise disposed of as herein provided, and shall notify the Trustee of its action or failure to act in that regard.

Upon any proceeding under the Bankruptcy Code or any applicable state bankruptcy laws with respect to the Company or any Affiliate thereof, if the Company or such

Affiliate is then acting as Paying Agent, the Trustee shall promptly replace the Company or such Affiliate as Paying Agent.

(b) If the Company shall appoint, and at the time have, a Paying Agent for the payment of the principal of, premium, if any, or interest on any series of Securities, then prior to 11:00 a.m., New York City time, one Business Day prior to the date on which the principal of, premium, if any, or interest on any of the Securities of that series shall become payable as above provided, whether by their terms or as a result of the calling thereof for redemption, the Company shall deposit with such Paying Agent a sum sufficient to pay such principal, premium, if any, or interest, such sum to be held in trust for the benefit of the Holders of such Securities or the Trustee, and (unless such Paying Agent is the Trustee), the Company or any other obligor of such Securities shall promptly notify the Trustee of its payment or failure to make such payment.

(c) If the Paying Agent shall be a Person other than the Trustee, the Company shall cause such Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 6.03, that such Paying Agent shall:

(i) comply with the provisions of the Trust Indenture Act applicable to it as Paying Agent;

(ii) hold all moneys held by it for the payment of the principal of, premium, if any, or interest on the Securities of that series in trust for the benefit of the Holders of such Securities until such sums shall be paid to such Holders or otherwise disposed of as herein provided;

(iii) give to the Trustee notice of any Default by the Company or any other obligor upon the Securities of that series in the making of any payment of the principal of, premium, if any, or interest on the Securities of that series; and

(iv) at any time during the continuance of any such Default, upon the written request of the Trustee, pay to the Trustee all sums so held in trust by such Paying Agent.

(d) Anything in this Section 6.03 to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining a release, satisfaction or discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company or by any Paying Agent other than the Trustee as required by this Section 6.03, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent and, upon such payment by a Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such moneys.

(e) Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security of any series and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company upon Company Order along with any interest that has accumulated thereon as a result of such money being invested at

the direction of the Company (or, if then held by the Company, shall be discharged from such trust), and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment of such amounts without interest thereon, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 6.04 Merger, Consolidation and Sale of Assets. Except as otherwise provided as contemplated by Section 3.01 with respect to any series of Securities:

(a) The Company shall not consolidate with or merge with or into any other Person, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the consolidated properties and assets of the Company and its Subsidiaries and Consolidated Affiliated Entities, taken as a whole, any Person, unless

(i) the resulting surviving transferee or successor person, if not the Company, is a corporation organized and existing under the laws of the British Virgin Islands, the Cayman Islands, Bermuda, Hong Kong or the United States or any State thereof or the District of Columbia and such Person, if not the Company, expressly assumes by an indenture supplemental to this Indenture all the obligations of the Company under this Indenture and the Securities, including the obligation to pay Additional Amounts as set forth in Section 6.05;

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Company has delivered to the Trustee an Officer's Certificate and an opinion of Independent Legal Counsel, each stating that such consolidation, merger, sale, conveyance, transfer, lease or other disposal and such supplemental indenture comply with this Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

(b) Upon any such consolidation, merger, sale, conveyance, transfer, lease or other disposal in accordance with this Section 6.04, the resulting surviving transferee or successor person shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor entity had been named as the Company herein, and thereafter, except in the case of a lease of all or substantially all of the consolidated properties and assets of the predecessor Company, the predecessor Company shall be relieved of all obligations and covenants under this Indenture and the Securities, and from time to time such entity may exercise each and every right and power of the Company under this Indenture, in the name of the Company, or in its own name; and any act or proceeding by any provision of this Indenture required or permitted to be done by the Board of Directors or any officer of the Company may be done with like force and effect by the like Board of Directors or officer of any entity that shall at the time be the successor of the Company hereunder. In the event of any such sale or conveyance, but not any such lease, the Company (or any successor entity which shall theretofore have become such in the manner described in this

Section 6.04) shall be discharged from all obligations and covenants under this Indenture and the Securities and may thereupon be dissolved and liquidated.

Section 6.05 Additional Amounts.

(a) All payments of principal, premium, if any, and interest and deliveries made by the Company in respect of any Security shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, "Taxes") imposed or levied by or within the British Virgin Islands, the Cayman Islands, the PRC or any jurisdiction where the Company is, or deemed to be, organized or otherwise resident or doing business for tax purposes or from or through which payment is made or deemed to be made on the Company's behalf (in each case, including any political subdivision or any authority therein or thereof having power to tax) (the "Relevant Jurisdiction"), unless such withholding or deduction of such Taxes is required by law or by regulation or governmental policy having the force of law. If the Company is required to make such withholding or deduction, the Company shall pay such additional amounts ("Additional Amounts") as will result in receipt by each beneficial owner of Securities of such amounts as would have been received by such beneficial owner had no such withholding or deduction of such Taxes (including Taxes on Additional Amounts) been required, except that no such Additional Amounts shall be payable:

(i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the Holder or beneficial owner of a Security and the Relevant Jurisdiction other than merely holding such Security or receiving principal, premium, if any, or interest in respect thereof or enforcement of rights thereunder (including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein);

(ii) in respect of any Taxes that would not have been imposed, deducted or withheld but for the presentation of a Security for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any Security means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for;

(iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the Holder or beneficial owner of a Security to comply with a timely request by the Company addressed to the Holder or beneficial owner to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the

Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner;

(iv) in respect of any estate, inheritance, gift, sale, transfer, excise, personal property or similar Tax;

(v) in respect of any Tax that is payable otherwise than by withholding from payments under or with respect to the Securities;

(vi) in respect of any such Taxes withheld or deducted from any payment under or with respect to any Security where such withholding or deduction is imposed or levied on a payment to an individual pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive;

(vii) in respect of any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Code ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA

or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA;

(viii) in respect of any combination of Taxes referred to in the preceding clauses (i) through (vii) above; or

(ix) to any Holder of a Security that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

(b) In addition to the foregoing, the Company will also pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including related penalties, interest and additions to tax) which are levied by any Relevant Jurisdiction on the execution, delivery, registration or enforcement of any of the Securities, this Indenture or any other document or instrument referred to herein, or the receipt of any payments (other than for taxes or similar charges imposed on, or determined by, net income (however denominated)) under or with respect to the Securities.

(c) In the event that the Company is or becomes obligated to pay Additional Amounts with respect to any payment under or with respect to the Securities, at least 30 days

prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to the payment date, in which case the Company will notify the Trustee and Paying Agent, if other than the Trustee, promptly thereafter), the Company shall furnish to the Trustee and the Paying Agent, if other than the Trustee, an Officer's Certificate certifying to the fact that Additional Amounts will be payable, specifying the amount required to be withheld or deducted on such payments to such beneficial owners and the Additional Amounts payable with respect thereto and certifying that the Company shall pay such amounts required to be withheld to the appropriate governmental authority and that the Company will pay to the Trustee or such Paying Agent the Additional Amounts required to be paid; provided that no such Officer's Certificate will be required prior to any date of payment of principal of, premium, if any, or interest on such Securities if there has been no change with respect to the matters set forth in a prior Officer's Certificate. The Trustee and each Paying Agent may (i) rely on the fact that any Officer's Certificate contemplated by this Section 6.05(c) has not been furnished as evidence of the fact that no withholding or deduction for or on account of any Taxes is required and (ii) rely on any such Officer's Certificate that is furnished as conclusive proof that payments of Additional Amounts are necessary and the amount of such payments. The Company covenants to indemnify the Trustee and any Paying Agent for and to hold them harmless against any loss, liability or expense reasonably incurred without fraudulent activity, gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such Officer's Certificate furnished pursuant to this Section 6.05(c) or on the fact that any Officer's Certificate contemplated by this Section 6.05(c) has not been furnished.

(d) Whenever in this Indenture there is mentioned, in any context, the payment of principal, premium, if any, or interest, or any delivery, in respect of any Security, such mention shall be deemed to include the payment of Additional Amounts provided for in this Indenture, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture.

(e) The Company covenants to make all withholding and deductions required by law and to remit the full amount deducted or withheld to the Relevant Jurisdiction in accordance with applicable law. Upon request, the Company will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation satisfactory to the Trustee, evidencing the payment of any Taxes so deducted or withheld. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the Trustee to the Holders and beneficial owners of the Securities.

(f) Sections 6.05(a), (b), (c), (d) and (e) shall apply in the same manner with respect to the jurisdiction in which any successor Person to the Company is organized or resident or doing business for tax purposes or any authority therein or thereof having the power to tax (a "Successor Jurisdiction"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

(g) The obligation of the Company to make payments of Additional Amounts under this Section 6.05 shall survive any termination, defeasance or discharge of this Indenture.

Section 6.06 Compliance Certificate. The Company shall furnish to the Trustee (a) annually, within 120 days after the end of each fiscal year of the Company, and (b) within 14 days of a written request from the Trustee, a brief certificate from the principal executive officer,

principal financial officer, or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture (which compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture), specifying if any Default has occurred and, in the event that any Default has occurred, specifying each such Default and the nature and status thereof of which such person may have knowledge.

Section 6.07 Conditional Waiver by Holders of Securities. Anything in this Indenture to the contrary notwithstanding, the Company may fail or omit in any particular instance to comply with a covenant or condition set forth herein with respect to any series of Securities if the Company shall have obtained and filed with the Trustee, prior to the time of such failure or omission, evidence (as provided in Article VIII) of the consent of the Holders of a majority in aggregate principal amount of the Securities of such series affected by such waiver and at the time Outstanding, either waiving such compliance in such instance or generally waiving compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, or impair any right consequent thereon and, until such waiver shall have become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

Section 6.08 Statement by Officers as to Default. The Company shall deliver to the Trustee as soon as possible and in any event within 30 calendar days after the Company becomes aware of the occurrence of any Event of Default or an event which, with the giving of notice or the lapse of time or

both, would constitute an Event of Default, an Officer's Certificate setting forth the details of such Event of Default or Default and the action which the Company is taking or proposes to take with respect thereto.

ARTICLE VII

REMEDIES OF TRUSTEE AND SECURITYHOLDERS

Section 7.01 Events of Default. Except where otherwise indicated by the context or where the term is otherwise defined for a specific purpose, the term "Event of Default" as used in this Indenture with respect to Securities of any series shall mean one of the following described events unless it is either inapplicable to a particular series or it is specifically deleted or modified in the manner contemplated in Section 3.01:

(a) the Company fails to pay principal or premium, if any, in respect of a Security of such series due and payable at maturity, upon redemption, upon required repurchase, upon declaration of acceleration or otherwise by the due date for such payment;

(b) the Company fails to pay interest on a Security of such series within 30 days after the due date for such payment;

(c) the Company defaults in the performance of or breaches its obligations under Section 6.04;

(d) the Company, subject to the provisions of Section 6.07, defaults in the performance of or breaches any covenant or agreement in this Indenture or under the Securities of such series (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Securities of such series then Outstanding specifying such failure, requiring the Company to remedy the same and stating that such notice is a "Notice of Default" hereunder;

(e) default by the Company or any of its Subsidiaries in the payment of principal, interest or premium when due under any other instruments of indebtedness having an aggregate outstanding principal amount of US$50 million (or the Dollar Equivalent thereof) or more in the aggregate of the Company and/or any of its Subsidiaries, whether such indebtedness exists as of the date of this Indenture or shall hereafter be created, which default results (i) in such indebtedness becoming or being declared due and payable or (ii) from a failure to pay the principal of any such indebtedness when due and payable at its stated maturity, upon redemption, upon required purchase, upon declaration of acceleration or otherwise and, in each case, such default continues in effect for more than 30 days after the expiration of any grace period or extension of time for payment applicable thereto; *provided* that any such Event of Default shall be deemed cured and not continuing upon payment of such indebtedness, rescission of such declaration of acceleration or waiver or with consent of the lender;

(f) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of US$50 million (or the Dollar Equivalent thereof) (excluding any amounts covered by insurance), which final judgments remain unpaid, undischarged or unstayed for a period of more than 60 days;

(g) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Company or any of the Principal Controlled Entities of the Company in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging the Company or any of the Principal Controlled Entities of the Company bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Company or any of the Principal Controlled Entities of the Company under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any of the Principal Controlled Entities of the Company or of any substantial part of its or their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days;

(h) the commencement by the Company or any of the Principal Controlled Entities of the Company of a voluntary case or proceeding under any applicable state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Company or any Principal Controlled Entity to the entry of a decree or order for relief in respect of the Company or any of the Principal Controlled Entities of the Company in an involuntary case or proceeding under any applicable bankruptcy,

insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Principal Controlled Entity, or the filing by the Company or any Principal Controlled Entity of a petition or answer or consent seeking reorganization or relief with respect to the Company or any of the Principal Controlled Entities of the Company under any applicable bankruptcy, insolvency or other similar law, or the consent by the Company or any Principal Controlled Entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any of the Principal Controlled Entities of the Company or of any substantial part of its or their respective property pursuant to any such law, or the making by the Company or any of the Principal Controlled Entities of the Company of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by the Company or any of the Principal Controlled Entities of the Company in writing of the inability of the Company to pay its debts generally as they become due, or the taking of corporate action by the Company or any of the Principal Controlled Entities of the Company that resolves to commence any such action;

(i) the Securities of such series or the Indenture is or becomes or is claimed by the Company to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indenture; or

(j) the occurrence of any other Event of Default with respect to Securities of such series as provided in Section 3.01;

provided, however, that a Default under Section 7.01(d) above will not constitute an Event of Default until a Responsible Officer of the Trustee has actual knowledge thereof or until a written notice of any such event is received by the Trustee at the Corporate Trust Office, and such notice refers to the facts underlying such event, the Securities generally, the Company and this Indenture.

Notwithstanding the foregoing provisions of this Section 7.01, if the principal or any premium or interest on any Security is payable in Foreign Currency and such Foreign Currency is not available to the Company for making payment thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to Holders of the Securities by making such payment in U.S. Dollars in an amount equal to the equivalent in U.S. Dollars of the amount payable in such Foreign Currency, as determined by the Company's agent in accordance with Section 3.11(d) hereof by reference to the noon buying rate in The City of New York for cable transfers for such Foreign Currency ("Exchange Rate"), as such Exchange Rate is reported or otherwise made available by the Federal Reserve Bank of New York on the date of such payment, or, if such rate is not then available, on the basis of the most recently available Exchange Rate, and any payment made under such circumstances in U.S. Dollars where the required payment is in a Foreign Currency will not constitute an Event of Default under this Indenture.

Section 7.02 Acceleration; Rescission and Annulment.

(a) Except as otherwise provided as contemplated by Section 3.01 with respect to any series of Securities, if any one or more of the above-described Events of Default (other than an Event of Default specified in Section 7.01(g) or 7.01(h)) shall happen with respect to Securities of any series at the time Outstanding, then, and in each and every such case, during the continuance of any such Event of Default, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding may declare the principal (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of and all accrued but unpaid interest on all the Securities of such series then Outstanding to be due and payable immediately by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 7.01(g) or 7.01(h) occurs and is continuing, then in every such case, the principal amount of all of the Securities of that series then Outstanding shall automatically, and without any declaration or any other action on the part of the Trustee or any Holder, become due and payable immediately. Upon payment of such amounts in the Currency in which such Securities are denominated (subject to Section 3.11 and except as otherwise provided pursuant to Section 3.01 and the final paragraph of 7.01), all obligations of the Company in respect of the payment of principal of and interest on the Securities of such series shall terminate.

(b) The provisions of Section 7.02(a) are subject to the condition that, at any time after the principal of all the Securities of such series, to which any one or more of the above-described Events of Default is applicable, shall have been so declared to be due and payable, and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Event of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been waived, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if:

(i) the Company has paid or deposited with the Trustee or Paying Agent a sum in the Currency in which such Securities are denominated (subject to Section 7.01 and except as otherwise provided pursuant to Section 3.01) sufficient to pay

(A) all amounts owing the Trustee and any predecessor trustee hereunder under Section 11.01(a) (provided, however, that all sums payable under this clause (A) shall be paid in U.S. Dollars);

(B) all arrears of interest, if any, upon all the Securities of such series (with interest, to the extent that interest thereon shall be legally enforceable, on any overdue installment of interest at the rate borne by such Securities at the rate or rates prescribed therefor in such Securities); and

(C) the principal of and premium, if any, on any Securities of such series that have become due otherwise than by such declaration of acceleration and interest thereon; and

every other Default and Event of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 7.06.

(c) No rescission as provided in this Section 7.02 shall affect any subsequent default or impair any right consequent thereon.

(d) For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Securities shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Original Issue Discount Securities shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Securities.

Section 7.03 Other Remedies. If the Company shall fail for a period of 30 calendar days to pay any installment of interest on the Securities of any series or shall fail to pay the principal of and premium, if any, on any of the Securities of such series when and as the same shall become due and payable, whether at Maturity, or by call for redemption (other than pursuant to the sinking fund), by declaration as authorized by this Indenture, or otherwise, or shall fail for a period of 30 calendar days to make any required sinking fund payment as to a series of Securities, then, upon demand of the Trustee, the Company shall pay to the Paying Agent, for the benefit of the Holders of Securities of such series then Outstanding, the whole amount which then shall have become due and payable on all the Securities of such series, with interest on the overdue principal and premium, if any, and (so far as the same may be legally

enforceable) on the overdue installments of interest at the rate borne by the Securities of such series, and all amounts owing the Trustee and any predecessor trustee hereunder under Section 11.01(a).

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor upon the Securities of such series, and collect the moneys adjudged or decreed to be payable out of the property of the Company or any other obligor upon the Securities of such series, wherever situated, in the manner provided by law. Every recovery of judgment in any such action or other proceeding, subject to the payment to the Trustee of all amounts owing the Trustee and any predecessor trustee hereunder under Section 11.01(a), shall be for the ratable benefit of the Holders of such series of Securities which shall be the subject of such action or proceeding. All rights of action upon or under any of the Securities or this Indenture may be enforced by the Trustee without the possession of any of the Securities and without the production of any thereof at any trial or any proceeding relative thereto.

Section 7.04 Trustee as Attorney-in-Fact. The Trustee is hereby appointed, and each and every Holder of the Securities, by receiving and holding the same, shall be conclusively

deemed to have appointed the Trustee, the true and lawful attorney-in-fact of such Holder, with authority to make or file (whether or not the Company shall be in Default in respect of the payment of the principal of, premium, if any, or interest on, any of the Securities), in its own name and as trustee of an express trust or otherwise as it shall deem advisable, in any receivership, insolvency, liquidation, bankruptcy, reorganization or other judicial proceeding relative to the Company or any other obligor upon the Securities or to their respective creditors or property, any and all claims, proofs of claim, proofs of debt, petitions, consents, other papers and documents and amendments of any thereof, as may be necessary or advisable in order to have the claims of the Trustee and any predecessor trustee hereunder and of the Holders of the Securities allowed in any such proceeding and to collect and receive any moneys or other property payable or deliverable on any such claim, and to execute and deliver any and all other papers and documents and to do and perform any and all other acts and things, as it may deem necessary or advisable in order to enforce in any such proceeding any of the claims of the Trustee and any predecessor trustee hereunder and of any of such Holders in respect of any of the Securities; and any receiver, assignee, trustee, custodian or debtor in any such proceeding is hereby authorized, and each and every Holder of the Securities, by receiving and holding the same, shall be conclusively deemed to have authorized any such receiver, assignee, trustee, custodian or debtor, to make any such payment or delivery only to or on the order of the Trustee, and to pay to the Trustee any amount due it and any predecessor trustee hereunder under Section 11.01(a); provided, however, that nothing herein contained shall be deemed to authorize or empower the Trustee to consent to or accept or adopt, on behalf of any Holder of Securities, any plan of reorganization or readjustment affecting the Securities or the rights of any Holder thereof, or to authorize or empower the Trustee to vote in respect of the claim of any Holder of any Securities in any such proceeding. In no event shall the foregoing attorney-in-fact authorization be construed as imposing any duty or obligation on the Trustee.

Section 7.05 Priorities. Any moneys or properties collected by the Trustee, or, after an Event of Default, any moneys or other property distributable in respect of the Company's obligations under this Indenture, in either case with respect to a series of Securities under this Article VII shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such moneys or properties and, in the case of the distribution of such moneys or properties on account of the Securities of any series, upon presentation of the Securities of such series, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of all amounts due to the Trustee and any predecessor trustee under this Indenture and the reasonably incurred expenses and disbursements of its agents, delegates, attorneys and counsel.

Second: In case the principal of the Outstanding Securities of such series shall not have become due and be unpaid, to the payment of interest on the Securities of such series, in the chronological order of the Stated Maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by such Securities, such payments to be made ratably to the Persons entitled thereto.

Third: In case the principal of the Outstanding Securities of such series shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Securities of such series for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Securities of such series, and in case such moneys shall be insufficient to pay in full the whole amounts so due and unpaid upon the Securities of such series, then to the payment of such principal and premium, if any, and interest without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Security of such series over any other Security of such series, ratably to the aggregate of such principal and premium, if any, and accrued and unpaid interest.

Fourth: Any surplus then remaining shall be paid to the Company, its successors or assigns, or to whomsoever may be determined by a court of competent jurisdiction to be so entitled.

Section 7.06 Control by Securityholders; Waiver of Past Defaults. The Holders of a majority in principal amount of the Securities of any series at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, or of exercising any trust or power hereby conferred upon the Trustee with respect to the Securities of such series; provided, however, that, subject to the provisions of Section 11.02, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action so directed may not lawfully be taken or would involve the Trustee in personal liability. The Holders of not less than a majority in aggregate principal amount of such series of Securities at the time Outstanding may on behalf of all Holders of the Securities of such series waive any existing or past Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default (i) in the payment of principal of, premium, if any, or interest on (or Additional Amount payable in respect of), the Securities of such series then Outstanding, in which event the consent of all Holders of the Securities of such series then Outstanding affected thereby is required, or (ii) in respect of a covenant or provision which under Section 14.02 cannot be modified or amended without the consent of the Holder of each Security of such series then Outstanding affected thereby. Upon any such waiver, the Company, the Trustee and the Holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; provided

that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 7.06, said Default or Event of Default shall for all purposes of the Securities of such series and this Indenture be deemed to have been cured and to be not continuing.

Section 7.07 Limitation on Suits. No Holder of any Security of any series shall have any right to institute any action, suit or proceeding at law or in equity for the execution of any trust hereunder or for the appointment of a receiver or for any other remedy hereunder, in each case with respect to an Event of Default with respect to such series of Securities, unless (i) such Holder previously shall have given to the Trustee written notice of one or more of the Events of Default herein specified with respect to such series of Securities, (ii) the Holders of not less than

25% in aggregate principal amount of the Securities of such series then Outstanding shall have requested the Trustee in writing to take action in respect of the matter complained of, (iii) there shall have been offered to the Trustee pre-funding, security and/or indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (iv) the Trustee, for 60 calendar days after receipt of such notification, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding and have not received from the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding a direction inconsistent with such request; and such notification, request and offer of indemnity are hereby declared in every such case to be conditions precedent to any such action, suit or proceeding by any Holder of any Security of such series; it being understood and intended that no one or more of the Holders of Securities of such series shall have any right in any manner whatsoever by his, her, its or their action to enforce any right hereunder, except in the manner herein provided, and that every action, suit or proceeding at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Securities of such series; provided, however, that nothing in this Indenture or in the Securities of such series shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on, the Securities of such series to the respective Holders of such Securities at the respective due dates in such Securities stated, or affect or impair the right, which is also absolute and unconditional, of such Holders to institute suit to enforce the payment thereof. It is understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders.

Section 7.08 Undertaking for Costs. All parties to this Indenture and each Holder of any Security, by such Holder's acceptance thereof, shall be deemed to have agreed that any court may in its discretion require, in any action, suit or proceeding for the enforcement of any right or remedy under this Indenture, or in any action, suit or proceeding against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such action, suit or proceeding of an undertaking to pay the costs of such action, suit or proceeding, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such action, suit or proceeding, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, however, that the provisions of this Section 7.08 shall not apply to any action, suit or proceeding instituted by the Trustee, to any action, suit or proceeding instituted by any one or more Holders of Securities holding in the aggregate more than 10% in principal amount of the Securities of any series Outstanding, or to any action, suit or proceeding instituted by any Holder of Securities of any series for the enforcement of the payment of the principal of, premium, if any, or the interest on, any of the Securities of such series, on or after the respective due dates expressed in such Securities.

Section 7.09 Remedies Cumulative; Delay or Omission Not Waiver. No remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities of any series is intended to be exclusive of any other remedy or remedies, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or of any Holder of the Securities of any series to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such

Default or Event of Default or an acquiescence therein; and every power and remedy given by this Article VII to the Trustee and to the Holders of Securities of any series, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Holders of Securities of such series, as the case may be. In case the Trustee or any Holder of Securities of any series shall have proceeded to enforce any right under this Indenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been adjudicated adversely to the Trustee or to such Holder of Securities, then and in every such case, subject to any determinations in such proceedings, the Company, the Trustee and the Holders of the Securities of such series shall severally and respectively be restored to their former positions and rights hereunder, and thereafter all rights, remedies and powers of the Trustee and the Holders of the Securities of such series shall continue as though no such proceedings had been taken, except as to any matters so waived or adjudicated.

ARTICLE VIII

CONCERNING THE SECURITYHOLDERS

Section 8.01 Evidence of Action of Securityholders. Whenever in this Indenture it is provided that the Holders of a specified percentage or a majority in aggregate principal amount of the Securities or of any series of Securities may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Holders of such specified percentage or majority have joined therein may be evidenced by (a) any instrument or any number of instruments of similar tenor executed by Securityholders in person, by an agent or by a proxy appointed in writing, including through an electronic system for tabulating consents operated by the Depositary for such series or otherwise (such action becoming effective, except as herein otherwise expressly provided, when such instruments or evidence of electronic consents are delivered to the Trustee and, where it is hereby expressly required, to the Company), or (b) by the record of the Holders of Securities voting in favor thereof at any meeting of Securityholders duly called and held in accordance with the provisions of Article IX, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Securityholders.

Section 8.02 Proof of Execution or Holding of Securities. Proof of the execution of any instrument by a Securityholder or his, her or its agent or proxy and proof of the holding by any Person of any of the Securities shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved (i) by the certificate of any notary public or other officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments or proof of deeds to be recorded within such jurisdiction, that

the Person who signed such instrument did acknowledge before such notary public or other officer the execution thereof, or (ii) by the affidavit of a witness of such execution sworn to before any such notary or other officer. Where such execution is by a Person acting in other than his or her individual capacity, such certificate or affidavit shall also constitute sufficient proof of his or her authority.

(b) The ownership of Securities of any series shall be proved by the Register of such Securities or by a certificate of the Registrar for such series.

(c) The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

(d) The Trustee may require such additional proof of any matter referred to in this Section 8.02 as it shall deem appropriate or necessary, so long as the request is a reasonable one.

(e) If the Company shall solicit from the Holders of Securities of any series any action, the Company may, at its option, fix in advance a record date for the determination of Holders of Securities entitled to take such action, but the Company shall have no obligation to do so. Any such record date shall be fixed at the Company's discretion; provided that such record date shall not be more than 30 calendar days prior to the first solicitation of any consent or waiver or more than 30 calendar days prior to the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 312 of the TIA. If such a record date is fixed, such action may be sought or given before or after the record date, but only the Holders of Securities of record at the close of business on such record date shall be deemed to be Holders of Securities for the purpose of determining whether Holders of the requisite proportion of Outstanding Securities of such series have authorized or agreed or consented to such action, and for that purpose the Outstanding Securities of such series shall be computed as of such record date.

Section 8.03 Persons Deemed Owners.

(a) The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Security is registered in the Register as the owner of such Security for the purpose of receiving payment of principal of and premium, if any, and (subject to Section 3.08) interest, if any, on, such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary. All payments made to any Holder, or upon his, her or its order, shall be valid, and, to the extent of the sum or sums paid, effectual to satisfy and discharge the liability for moneys payable upon such Security.

(b) None of the Company, the Trustee, any Paying Agent or the Registrar shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 8.04 Effect of Consents. After an amendment, supplement, waiver or other action becomes effective as to any series of Securities, a consent to it by a Holder of such series of Securities is a continuing consent conclusive and binding upon such Holder and every subsequent Holder of the same Securities or portion thereof, and of any Security issued upon the transfer thereof or in exchange therefor or in place thereof, even if notation of the consent is not made on any such Security. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

ARTICLE IX

SECURITYHOLDERS' MEETINGS

Section 9.01 Purposes of Meetings. A meeting of Securityholders of any or all series may be called at any time and from time to time pursuant to the provisions of this Article IX for any of the following purposes:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders pursuant to any of the provisions of Article VIII;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article XI;

(c) to consent to the execution of an Indenture or of indentures supplemental hereto pursuant to the provisions of Section 14.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Securities of any one or more or all series, as the case may be, under any other provision of this Indenture or under applicable law.

Section 9.02 Call of Meetings by Trustee. The Trustee may at any time call a meeting of all Securityholders of all series that may be affected by the action proposed to be taken, to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Securityholders of a series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to Holders of Securities of such series at their addresses as they shall appear on the Register. Such notice shall be mailed not less than 20 nor more than 90 calendar days prior to the date fixed for the meeting.

Section 9.03 Call of Meetings by Company or Securityholders. In case at any time the Company or the Holders of at least 10% in aggregate principal amount of the Securities of a series (or of all series, as the case may be) then Outstanding that may be affected by the action proposed to be taken shall have requested the Trustee to call a meeting of Securityholders of such series (or of all series), by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then

the Company or such Securityholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by mailing notice thereof as provided in Section 9.02.

Section 9.04 Qualifications for Voting. To be entitled to vote at any meeting of Securityholders, a Person shall (a) be a Holder of one or more Securities affected by the action proposed to be taken at the meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more such Securities. The only Persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the Persons entitled to vote at such

meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05 Regulation of Meetings.

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders as provided in Section 9.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chair. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

(c) At any meeting of Securityholders of a series, each Securityholder of such series of such Securityholder's proxy shall be entitled to one vote for each US$1,000 principal amount of Securities of such series Outstanding held or represented by him or her; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities of such series held by him or her or instruments in writing as aforesaid duly designating him or her as the Person to vote on behalf of other Securityholders. At any meeting of the Securityholders duly called pursuant to the provisions of Section 9.02 or 9.03, the presence of Persons holding or representing Securities in an aggregate principal amount sufficient to take action upon the business for the transaction of which such meeting was called shall be necessary to constitute a quorum, and any such meeting may be adjourned from time to time by a majority of those present, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 9.06 Voting. The vote upon any resolution submitted to any meeting of Securityholders of a series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts of the Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 9.02. The record shall show the principal amounts of the Securities voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the

permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07 No Delay of Rights by Meeting. Nothing contained in this Article IX shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Securityholders of any series or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Securityholders of such series under any of the provisions of this Indenture or of the Securities of such series.

ARTICLE X

REPORTS BY THE COMPANY AND THE TRUSTEE AND SECURITYHOLDERS' LISTS

Section 10.01 Reports by Trustee.

(a) So long as any Securities are Outstanding, the Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided therein. If required by Section 313(a) of the TIA, the Trustee shall, within 60 calendar days after each anniversary of the date of this Indenture, following the date of this Indenture deliver to Holders a brief report, dated as of such each anniversary of the date of this Indenture, which complies with the provisions of such Section 313(a).

(b) The Trustee shall, at the time of the transmission to the Holders of Securities of any report pursuant to the provisions of this Section 10.01, file a copy of such report with each securities exchange upon which the Securities are listed or each automated quotation system on which the Securities are quoted, if any, and also with the SEC in respect of a Security listed and registered on a national securities exchange or automated quotation system, if any. The Company agrees to notify the Trustee when, as and if the Securities become listed or delisted on any securities exchange or admitted to trading on any automated quotation system and of any delisting thereof.

(c) The Company shall reimburse the Trustee for all expenses incurred in the preparation and transmission of any report pursuant to the provisions of this Section 10.01 and of Section 10.02.

Section 10.02 Reports by the Company. The Company shall file with the Trustee and the SEC, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided in the Trust Indenture Act; provided that, any such information, documents or reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 30 calendar days after the same is filed with the SEC; provided further that the filing of the reports specified in Section 13 or 15(d) of the Exchange

Act by an entity that is the direct or indirect parent of the Company shall satisfy the requirements of this Section 10.02 so long as such entity is an obligor or guarantor on the Securities; provided further that the reports of such entity shall not be required to include condensed consolidating financial information for the Company in a footnote to the financial statements of such entity.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). It is expressly understood that materials transmitted electronically by the Company to the Trustee or filed pursuant to the SEC's EDGAR system (or any successor electronic filing system) shall be deemed filed with the Trustee and transmitted to Holders for purposes of this Section 10.02 it being understood: however, that the Trustee shall have no duty to determine whether such materials have been filed.

Section 10.03 Securityholders' Lists. The Company covenants and agrees that it shall furnish or cause to be furnished to the Trustee:

(a) semi-annually, within 15 calendar days after each Record Date, but in any event not less frequently than semi-annually, a list in such form as the Trustee may reasonably require of the names and addresses of the Holders of Securities to which such Record Date applies, as of such Record Date, and

(b) at such other times as the Trustee may request in writing, within 30 calendar days after receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 calendar days prior to the time such list is furnished;

provided, however, that so long as the Trustee shall be the Registrar, such lists shall not be required to be furnished.

ARTICLE XI

CONCERNING THE TRUSTEE

Section 11.01 Rights of Trustees; Compensation and Indemnity. The Trustee accepts the trusts created by this Indenture upon the terms and conditions hereof, including the following, to all of which the parties hereto and the Holders from time to time of the Securities agree:

(a) The Trustee shall be entitled to such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (including in any agent capacity in which it acts). The compensation of the Trustee shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon its request for all out-of-pocket expenses, disbursements and advances properly incurred or made by the Trustee (including, without limitation, the reasonably incurred expenses and disbursements of its agents, delegates, attorneys and counsel), except any such expense, disbursement or advance caused by its own gross negligence, fraudulent activity or willful misconduct.

The Company also agrees to indemnify each of the Trustee and any predecessor Trustee hereunder for, and to hold it harmless against, any and all loss, liability, damage, claim, or expense incurred without its own gross negligence, fraudulent activity or willful misconduct, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder and the performance of its duties (including in any agent capacity in which it acts), as well as the costs and expenses of defending itself against any claim (whether asserted by the Company, a Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except those caused by its own gross negligence, fraudulent activity or willful misconduct. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity; provided, however, that the failure to so notify the Company shall not affect the obligations of the Company hereunder to indemnify. In the absence of a Default or an Event of Default, the Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

As security for the performance of the obligations of the Company under this Section 11.01(a), the Trustee shall have a lien upon all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee to pay principal of and interest on any Securities. Notwithstanding any provisions of this Indenture to the contrary, the obligations of the Company to compensate and indemnify the Trustee under this Section 11.01(a) shall survive the resignation or removal of the Trustee, any satisfaction and discharge under Article XII , the payment of any Securities and the termination of this Indenture for any reason. In addition to and without prejudice to its other rights hereunder, when the Trustee incurs expenses or renders services after an Event of Default specified in clause (g) or (h) of Section 7.01 occurs, the expenses and compensation for the services are intended to constitute expenses of administration under the Bankruptcy Code or any applicable state bankruptcy, insolvency or similar laws.

(b) The Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by its agents, delegates and attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(c) The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals herein or in the Securities (except its certificates of authentication thereon) contained, all of which are made solely by the Company; and the Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity or execution or sufficiency of this Indenture or of the Securities (except its certificates of

authentication thereon), and the Trustee makes no representation with respect thereto, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of any Securities, or the proceeds of any Securities.

(d) The Trustee may consult with counsel of its selection, and, subject to Section 11.02, the advice of such counsel or any Opinion of Counsel shall be full and complete

authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in reliance thereon.

(e) The Trustee, subject to Section 11.02, may rely upon the certificate of the Secretary or one of the Assistant Secretaries of the Company as to the adoption of any Board Resolution or resolution of the stockholders of the Company, and any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by, and whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may rely upon, an Officer's Certificate of the Company (unless other evidence in respect thereof be herein specifically prescribed).

(f) Subject to Section 11.04, the Trustee or any agent of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 310(b) and 311 of the TIA, may otherwise deal with the Company with the same rights it would have had if it were not the Trustee or such agent.

(g) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on or investment of any money received by it hereunder except as otherwise agreed in writing with the Company.

(h) Any action taken by the Trustee pursuant to any provision hereof at the request or with the consent of any Person who at the time is the Holder of any Security shall be conclusive and binding in respect of such Security upon all future Holders thereof or of any Security or Securities which may be issued for or in lieu thereof in whole or in part, whether or not such Security shall have noted thereon the fact that such request or consent had been made or given.

(i) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(j) The Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders of the Securities, pursuant to any provision of this Indenture, unless one or more of the Holders of the Securities shall have offered to the Trustee pre-funding, security and/or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred by it therein or thereby.

(k) The Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and believed by it to be authorized or within its discretion or within the rights or powers conferred upon it by this Indenture.

(l) The Trustee shall not be deemed to have knowledge or be charged with notice of any Default or Event of Default with respect to any Securities unless a Responsible Officer of the Trustee has actual knowledge by way of written notice thereof or unless the

Holders of not less than 25% of the Outstanding Securities notify the Trustee thereof by a written notice to the Trustee that is received by the Trustee at its Corporate Trust Office and such notice references such Securities and this Indenture.

(m) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness or other paper or document; provided, however, that the Trustee, may, but shall not be required to, make further inquiry or investigation into such facts or matters as it may see fit at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation.

(n) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other person employed to act hereunder.

(o) In no event shall the Trustee be responsible or liable for special, indirect, punitive, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(p) The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(q) The permissive right of the Trustee to take or refrain from taking action hereunder shall not be construed as a duty.

(r) The Trustee may refrain from taking any action in any jurisdiction if taking such action in that jurisdiction would, in the reasonable opinion of the Trustee based on written legal advice received from qualified legal counsel in the relevant jurisdiction, be contrary to any law of that

jurisdiction or, to the extent applicable, the State of New York. Furthermore, the Trustee may refrain from taking such action if, in the reasonable opinion of the Trustee based on such legal advice, it would otherwise render the Trustee liable to any person in that jurisdiction or the State of New York and there has not been offered to the Trustee pre-funding, security and/or indemnity satisfactory to it against the liabilities to be incurred therein or thereby, or the Trustee would not have the legal capacity to take such action in that jurisdiction by virtue of applicable law in that jurisdiction or the State of New York or by virtue of a written order of any court or other competent authority in that jurisdiction that the Trustee does not have such legal capacity.

(s) The Trustee shall not be required to give any bond or surety in respect of the performance or its powers and duties hereunder.

Section 11.02 Duties of Trustee.

(a) If one or more of the Events of Default specified in Section 7.01 with respect to the Securities of any series shall have happened, then, during the continuance thereof, the Trustee shall, with respect to such Securities, exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Unless and until an Event of Default specified in Section 7.01 with respect to the Securities of any series shall have happened which at the time is continuing,

(i) the Trustee undertakes to perform such duties and only such duties with respect to the Securities of that series as are specifically set out in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, whose duties and obligations shall be determined solely by the express provisions of this Indenture; and

(ii) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates and opinions furnished to it pursuant to the express provisions of this Indenture; provided that, in the case of any such certificates or opinions which, by the provisions of this Indenture, are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts, statements, opinions or conclusions stated therein).

(c) None of the provisions of this Indenture shall be construed as relieving the Trustee from liability for its own negligent action, negligent failure to act, or its own willful misconduct, except that, anything in this Indenture contained to the contrary notwithstanding,

(i) the Trustee shall not be liable to any Holder of Securities or to any other Person for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall not be liable to any Holder of Securities or to any other Person with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of Securityholders given as provided in Section 7.06, relating to the time, method and place of conducting any proceeding for any remedy available to it or exercising any trust or power conferred upon it by this Indenture;

(iii) none of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(iv) this subsection (c) shall not be construed to limit the effect of subsection (b) of this Section 11.02.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 11.02.

Section 11.03 Notice of Defaults. Within 90 calendar days after the occurrence thereof and if known to the Trustee, the Trustee shall give to the Holders of the Securities of a series notice of each Default or Event of Default with respect to the Securities of such series actually known to a Responsible Officer of the Trustee (provided that, with respect to any Default specified in Section 7.01(d), such notice shall not be given until at least 30 days after the occurrence of such Default), by transmitting such notice to Holders at their addresses as the same shall then appear on the Register, unless such Default shall have been cured or waived before the giving of such notice (the term "Default" being hereby defined to be the events specified in Section 7.01, which are, or after notice or lapse of time or both would become, Events of Default as defined in said Section). Except in the case of a Default or Event of Default in payment of the principal of, premium, if any, or interest on, any of the Securities of such series when and as the same shall become payable, or to make any sinking fund payment as to Securities of the same series, the Trustee shall be protected in withholding such notice, if and so long as a Responsible Officer or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Securities of such series.

Section 11.04 Eligibility; Disqualification.

(a) The Trustee shall at all times satisfy the requirements of Section 310(a) of the TIA. The Trustee shall have a combined capital and surplus of at least US$50 million as set forth in its most recent published annual report of condition, and shall have a Corporate Trust Office. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 11.04, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

(b) The Trustee shall comply with Section 310(b) of the TIA; provided, however, that there shall be excluded from the operation of Section 310(b)(i) of the TIA any indenture or indentures under which other securities or certificates of interest or participation in other securities of the

Company are Outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the TIA are met. If the Trustee has or shall acquire a conflicting interest within the meaning of Section 310(b) of the TIA, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. If Section 310(b) of the TIA is amended any time after the date of this Indenture to change the circumstances under which a Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series or to change any of the definitions in connection therewith, this Section 11.04 shall be automatically amended to incorporate such changes.

Section 11.05 Resignation and Notice; Removal. The Trustee, or any successor to it hereafter appointed, may at any time resign and be discharged of the trusts hereby created with

respect to any one or more or all series of Securities by giving to the Company notice in writing. Such resignation shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor Trustee. Any Trustee hereunder may be removed with respect to any series of Securities at any time by the filing with such Trustee and the delivery to the Company of an instrument or instruments in writing signed by the Holders of a majority in principal amount of the Securities of such series then Outstanding, specifying such removal and the date when it shall become effective.

If at any time:

(1) the Trustee shall fail to comply with the provisions of Section 310(b) of the TIA after written request therefor by the Company or by any Holder who has been a *bona fide* Holder of a Security for at least six months (or, if it is a shorter period, the period since the initial issuance of securities of such series), or

(2) the Trustee shall cease to be eligible under Section 11.04 and shall fail to resign after written request therefor by the Company or by any Holder who has been a *bona fide* Holder of a Security for at least six months (or, if it is a shorter period, the period since the initial issuance of securities of such series), or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by written notice to the Trustee may remove the Trustee and appoint a successor Trustee with respect to all Securities, or (ii) subject to Section 315(e) of the TIA, any Securityholder who has been a *bona fide* Holder of a Security for at least six months (or, if it is a shorter period, the period since the initial issuance of securities of such series) may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction, at the expense of the Company, for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

Upon its resignation or removal, any Trustee shall be entitled to the payment of compensation for the services rendered hereunder by such Trustee and to the payment of all reasonable expenses incurred hereunder and all moneys then due to it hereunder. The Trustee's rights to indemnification and its lien provided in Section 11.01(a) shall survive its resignation or removal, the satisfaction and discharge of this Indenture and the termination of this Indenture for any reason.

Section 11.06 Successor Trustee by Appointment.

(a) In case at any time the Trustee shall resign, or shall be removed (unless the Trustee shall be removed as provided in Section 11.04(b), in which event the vacancy shall be filled as provided in Section 11.04(b)), or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation with respect to the Securities

of one or more series, a successor Trustee with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any series) may be appointed by the Holders of a majority in aggregate principal amount of the Securities of that or those series then Outstanding, by an instrument or instruments in writing signed in duplicate by such Holders and filed, one original thereof with the Company and the other with the successor Trustee; provided that, until a successor Trustee shall have been so appointed by the Holders of Securities of that or those series as herein authorized, the Company, or, in case all or substantially all the assets of the Company shall be in the possession of one or more custodians or receivers lawfully appointed, or of trustees in bankruptcy or reorganization proceedings (including a trustee or trustees appointed under the provisions of the Bankruptcy Code), or of assignees for the benefit of creditors, such receivers, custodians, trustees or assignees, as the case may be, by an instrument in writing, shall appoint a successor Trustee with respect to the Securities of such series. Subject to the provisions of Sections 11.04 and 11.05, upon the appointment as above provided of a successor Trustee with respect to the Securities of any series, the Trustee with respect to the Securities of such series shall cease to be Trustee hereunder. After any such appointment other than by the Holders of Securities of that or those series, the Person making such appointment shall forthwith cause notice thereof to be mailed to the Holders of Securities of such series at their addresses as the same shall then appear on the Register but any successor Trustee with respect to the Securities of such series so appointed shall, immediately and without further act, be superseded by a successor Trustee appointed by the Holders of Securities of such series in the manner above prescribed, if such appointment be made prior to the expiration of one year from the date of the mailing of such notice by the Company, or by such receivers, trustees or assignees.

(b) If any Trustee with respect to the Securities of one or more series shall resign or be removed and a successor Trustee shall not have been appointed by the Company or by the Holders of the Securities of such series or, if any successor Trustee so appointed shall not have accepted its appointment within 30 calendar days after such appointment shall have been made, the resigning Trustee at the expense of the Company may apply to any court of competent jurisdiction for the appointment of a successor Trustee. If in any other case a successor Trustee shall not be appointed pursuant to the foregoing provisions of this Section 11.06 within three months after such appointment might have been made hereunder, the Holder of any Security of the

applicable series or any retiring Trustee at the expense of the Company may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, in any such case, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(c) Any successor Trustee appointed hereunder with respect to the Securities of one or more series shall execute, acknowledge and deliver to its predecessor Trustee and to the Company, or to the receivers, trustees, assignees or court appointing it, as the case may be, an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations with respect to such series of such predecessor Trustee with like effect as if originally named as Trustee hereunder, and such predecessor Trustee, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to pay over, and such successor Trustee shall be entitled to receive, all moneys and

properties held by such predecessor Trustee as Trustee hereunder, subject nevertheless to its lien provided for in Section 11.01(a). Nevertheless, on the written request of the Company or of the successor Trustee or of the Holders of at least 10% in aggregate principal amount of the Securities of such series then Outstanding, such predecessor Trustee, upon payment of its said charges and disbursements, shall execute and deliver an instrument transferring to such successor Trustee upon the trusts herein expressed all the rights, powers and trusts of such predecessor Trustee and shall assign, transfer and deliver to the successor Trustee all moneys and properties held by such predecessor Trustee, subject nevertheless to its lien provided for in Section 11.01(a); and, upon request of any such successor Trustee and the Company shall make, execute, acknowledge and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Trustee all such authority, rights, powers, trusts, immunities, duties and obligations.

Section 11.07 Successor Trustee by Merger. Any Person into which the Trustee or any successor to it in the trusts created by this Indenture shall be merged or converted, or any Person with which it or any successor to it shall be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee or any such successor to it shall be a party, or any Person to which the Trustee or any successor to it shall sell or otherwise transfer all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such Person shall be otherwise qualified and eligible under this Article. In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture with respect to one or more series of Securities, any of such Securities shall have been authenticated but not delivered by the Trustee then in office, any successor to such Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to such Trustee may authenticate such Securities either in the name of any predecessor Trustee hereunder or in the name of the successor Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 11.08 Right to Rely on Officer's Certificate. Subject to Section 11.02, and subject to the provisions of Section 16.01 with respect to the certificates required thereby, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by an Officer's Certificate with respect thereto delivered to the Trustee, and such Officer's Certificate, in the absence of bad faith or willful misconduct on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 11.09 Appointment of Authenticating Agent. The Trustee may appoint an agent (the "Authenticating Agent") reasonably acceptable to the Company to authenticate the

Securities, and the Trustee shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent shall serve. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent. Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder.

Each Authenticating Agent shall at all times be a corporation organized and doing business and in good standing under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than US$50 million and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Article XI, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Article XI, it shall resign immediately in the manner and with the effect specified in this Article XI.

Any Person into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Person succeeding to all or substantially all of the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such Person shall be otherwise eligible under this Article XI, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 11.09, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent shall serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section 11.09.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section 11.09.

Section 11.10 Communications by Securityholders with Other Securityholders. Holders of Securities may communicate pursuant to Section 312(b) of the TIA with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the

Registrar and anyone else shall have the protection of Section 312(c) of the TIA with respect to such communications.

Section 11.11 Preferential Collection of Claims Against Company. The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee that has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein .

ARTICLE XII

SATISFACTION AND DISCHARGE; DEFEASANCE

Section 12.01 Applicability of Article. If, pursuant to Section 3.01, provision is made for the defeasance of Securities of a series and if the Securities of such series are denominated and payable only in U.S. Dollars (except as provided pursuant to Section 3.01), then the provisions of this Article shall be applicable except as otherwise specified pursuant to Section 3.01 for Securities of such series. Defeasance provisions, if any, for Securities denominated in a Foreign Currency may be specified pursuant to Section 3.01.

Section 12.02 Satisfaction and Discharge of Indenture.

(a) This Indenture, with respect to the Securities of any series (if all series issued under this Indenture are not to be affected), shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of such Securities herein expressly provided for and rights to receive payments of principal of, premium, if any, and interest on, such Securities) when:

(i) either:

(A) all Securities of such series that have been authenticated, except (x) lost, stolen or destroyed Securities that have been replaced or paid and (y) Securities for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(B) all Securities of such series that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. Dollars, U.S. Government Obligation, or a combination of cash in U.S. Dollars and U.S. Government Obligation, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Securities not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the Stated Maturity or Redemption Date, as the case may be; provided, however, in the event a petition for relief under the Bankruptcy Code or any applicable state bankruptcy, insolvency or other

similar law is filed with respect to the Company within 91 days after the deposit and the Trustee is required to return the moneys then on deposit with the Trustee to the Company, the obligations of the Company under this Indenture with respect to such Securities shall not be deemed terminated or discharged;

(ii) no Default or Event of Default under this Indenture has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company is a party or by which it is bound;

(iii) the Company has paid or caused to be paid all sums payable by it under this Indenture with respect to all Securities of such series; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Securities of such series at the Stated Maturity or Redemption Date, as the case may be.

(b) The Company must deliver an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

(c) Notwithstanding the satisfaction and discharge of this Indenture, if money shall have been deposited with the Trustee pursuant to subclause (A)(y) of clause (i) of Section 12.02(a), the obligations of the Trustee under Section 12.07 and Section 6.03(e) shall survive such satisfaction and discharge.

Section 12.03 Defeasance upon Deposit of Moneys or U.S. Government Obligations.

(a) The Company may, at its option and at any time, elect to have either Section 12.03(b) or Section 12.03(c) applied to all Outstanding Securities of any series upon compliance with the conditions set forth below in this Section 12.03.

(b) Upon the Company's exercise under Section 12.03(a) of the option applicable to this Section 12.03(b), the Company shall, subject to the satisfaction of the conditions set forth in Section 12.03(d), be deemed to have been Discharged from its obligations with respect to all Outstanding Securities of such series on the date such conditions are satisfied ("Legal Defeasance"). For this purpose, "Legal Defeasance" means that the Company shall

be deemed to have paid and Discharged the entire Indebtedness represented by the Securities of such series then Outstanding and to have satisfied all of its other obligations under the Securities.

(c) The rights, powers, trusts, duties and immunities of the Trustee, and of such series and this Indenture, except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(i) the rights of Holders of the Securities of such series then Outstanding to receive payments in respect of the principal of, or interest or premium on the Securities when such payments are due from the trust referred to in Section 12.03(d);

(ii) the Company's obligations concerning issuing temporary Securities, registration of Securities, mutilated, destroyed, lost or stolen Securities and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the Company's obligations in connection therewith; and

(iv) this Section 12.03(b) and Section 12.03(c) with respect to the Securities of such series.

Following the Company's exercise of its Legal Defeasance option, payment of the Securities of such series may not be accelerated because of an Event of Default. Subject to compliance with this Article XII, the Company may exercise its option under this Section 12.03(b) notwithstanding the prior exercise of its option under Section 12.03(c).

"Discharged" means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by, and obligations under, the Securities of a series and to have satisfied all the obligations under this Indenture relating to the Securities of such series (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except (A) the rights of Holders of Securities of such series to receive, from the trust fund described in clause (i) of 12.03(d), payment of the principal of, premium, if any, or interest on such Securities when such payments are due, (B) the Company's obligations with respect to Securities of such series under Sections 3.04, 3.06, 3.07, 6.02, 6.03, 12.06 and 12.07 and (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder.

(d) Upon the Company's exercise under Section 12.03(a) of the option applicable to this Section 12.03(c), the Company shall, subject to the satisfaction of the conditions set forth in Section 12.03(d), be released from its obligations under the covenants contained in Section 6.04 and as provided pursuant to Section 3.01(bb), on and after the date the conditions set forth in Section 12.03(d) are satisfied ("Covenant Defeasance"). For this purpose, "Covenant Defeasance" means that, with respect to this Indenture and the Securities of such Series then Outstanding, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document, and such omission to comply shall not constitute a Default or an Event of Default under Section 7.01, but, except as specified above, the remainder of this Indenture and the Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 12.03(a) of the option applicable to this Section 12.03(c), subject to the satisfaction of the conditions set forth in Section 12.03(d), Sections 7.01(c), Section 7.01(d) (only with respect to covenants that are released as a result of such Covenant Defeasance), 7.01(e) and 7.01(f), in each case, shall not constitute Events of Default.

(e) The following shall be the conditions to the exercise of either the Legal Defeasance option under Section 12.03(b) or the Covenant Defeasance option under Section 12.03(c):

(i) the Company must irrevocably deposit with the Trustee as trust funds, in trust, for the benefit of the Holders of all Securities subject to Legal Defeasance or Covenant Defeasance, cash in U.S. Dollars, U.S. Government Obligation, or a combination of cash in U.S. Dollars and U.S. Government Obligation, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal of, or interest and premium on such Securities that are then Outstanding on the Stated Maturity or Redemption Date, as the case may be, and the Company must specify whether such Securities are being defeased to maturity or to a particular Redemption Date;

(ii) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion of Independent Legal Counsel reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (B) since the Issue Date there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of Independent Legal Counsel will confirm that, the beneficial owners of the Securities of such series then Outstanding will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion of Independent Legal Counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the Securities of such series then Outstanding will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(v) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders of Securities over the Company's other creditors with the intent of defeating, hindering, delaying or defrauding its creditors or others; and

(vi) the Company must deliver to the Trustee an Officer's Certificate and an opinion of Independent Legal Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 12.04 Repayment to Company. The Trustee and any Paying Agent shall promptly pay to the Company (or to its designee) upon Company Order any excess moneys or U.S. Government Obligations held by them at any time, including any such moneys or U.S. Government Obligations held by the Trustee under any escrow trust agreement entered into pursuant to Section 12.06. The provisions of the last paragraph of Section 6.03 shall apply to any moneys or U.S. Government Obligations held by the Trustee or any Paying Agent under this Article that remains unclaimed for two years after the Maturity of any series of Securities for which moneys or U.S. Government Obligations have been deposited pursuant to Section 12.03.

Section 12.05 Indemnity for U.S. Government Obligations. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the deposited U.S. Government Obligations or the principal or interest received on such U.S. Government Obligations.

Section 12.06 Deposits to Be Held in Escrow. Any deposits with the Trustee referred to in Section 12.03 above shall be irrevocable (except to the extent provided in Sections 12.04 and 12.07) and shall be made under the terms of an escrow trust agreement. As contemplated under this Article 12, if any Outstanding Securities of a series are to be redeemed prior to their Stated Maturity, whether pursuant to any optional redemption provisions or in accordance with any mandatory or optional sinking fund requirement, the applicable escrow trust agreement shall provide therefor and the Company shall make such arrangements as are satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company. The agreement shall provide that, upon satisfaction of any Mandatory Sinking Fund Payment requirements, whether by deposit of moneys, application of proceeds of deposited U.S. Government Obligations or, if permitted, by delivery of Securities, the Trustee shall pay or deliver over to the Company as excess moneys pursuant to Section 12.04 all funds or obligations then held under the agreement and allocable to the sinking fund payment requirements so satisfied.

If Securities of a series with respect to which such deposits are made may be subject to later redemption at the option of the Company or pursuant to Optional Sinking Fund Payments, the applicable escrow trust agreement may, at the option of the Company, provide therefor. In the case of an optional redemption in whole or in part, such agreement shall require the Company to deposit with the Trustee on or before the date notice of redemption is given funds sufficient to pay the Redemption Price of the Securities to be redeemed together with all unpaid interest thereon to the Redemption Date. Upon such deposit of funds, the Trustee shall pay or deliver over to the Company as excess funds pursuant to Section 12.04 all funds or obligations then held under such agreement and allocable to the Securities to be redeemed. In the case of exercise of Optional Sinking Fund Payment rights by the Company, such agreement shall, at the option of the Company, provide that upon deposit by the Company with the Trustee of funds pursuant to such exercise the Trustee shall pay or deliver over to the Company as excess funds pursuant to Section 12.04 all funds or obligations then held under such agreement for such series and allocable to the Securities to be redeemed.

Section 12.07 Application of Trust Money.

(a) Neither the Trustee nor any other paying agent shall be required to pay interest on any moneys deposited pursuant to the provisions of this Indenture, except such as it shall agree with the Company in writing to pay thereon. Any moneys so deposited for the payment of the principal of, or premium, if any, or interest on the Securities of any series and remaining unclaimed for two years after the date of the maturity of the Securities of such series or the date fixed for the redemption of all the Securities of such series at the time Outstanding, as the case may be, shall be applied as provided in Section 6.03(e).

(b) Subject to the provisions of clause (a) above, any moneys or U.S. Government Obligations which at any time shall be deposited by the Company or on its behalf with the Trustee or any other paying agent for the purpose of paying the principal of, premium, if any, and interest on any of the Securities shall be and are hereby assigned, transferred and set over to the Trustee or such other paying agent in trust for the respective Holders of the Securities for the purpose for which such moneys or U.S. Government Obligations shall have been deposited; provided that such moneys or U.S. Government Obligations need not be segregated from other funds except to the extent required by law.

Section 12.08 Deposits of Non-U.S. Currencies. Notwithstanding the foregoing provisions of this Article, if the Securities of any series are payable in a Currency other than U.S. Dollars, the Currency or the nature of the government obligations to be deposited with the Trustee under the foregoing provisions of this Article shall be as set forth in the Officer's Certificate or established in the supplemental indenture under which the Securities of such series are issued.

ARTICLE XIII

IMMUNITY OF CERTAIN PERSONS

Section 13.01 No Personal Liability. No recourse shall be had for the payment of the principal of, or the premium, if any, or interest on, any Security or for any claim based thereon or otherwise in respect thereof or of the Indebtedness represented thereby, or upon any obligation, covenant or agreement of this Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor thereto, either directly or through the Company or any successor thereto, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Indenture and the Securities are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor thereto, either directly or through the Company or any successor corporation, because of the incurring of the Indebtedness hereby authorized or under or by reason of any of the obligations, covenants, promises or agreements contained in this Indenture or in any of the Securities, or to be implied herefrom or therefrom, and that all liability, if any, of that character against every such incorporator, stockholder, officer and director is, by the acceptance of the Securities and as a condition of, and as part of the consideration for, the execution of this Indenture and the issue of the Securities expressly waived and released.

ARTICLE XIV

SUPPLEMENTAL INDENTURES

Section 14.01 Without Consent of Securityholders. Except as otherwise provided as contemplated by Section 3.01 with respect to any series of Securities, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any one or more of or all the following purposes:

(a) to cure any ambiguity, manifest error, omission or inconsistency contained herein or in any supplemental indenture;

(b) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by such successor of the covenants and obligations of the Company contained in the Securities of one or more series and in this Indenture or any supplemental indenture;

(c) to comply with the rules of any applicable Depositary;

(d) to add guarantees with respect to any series of Securities;

(e) to secure any series of Securities;

(f) to add to the covenants and agreements of the Company, to be observed thereafter and during the period, if any, in such supplemental indenture or indentures expressed, and to add Events of Default, in each case for the protection or benefit of the Holders of all or any series of the Securities (and if such covenants, agreements and Events of Default are to be for the benefit of fewer than all series of Securities, stating that such covenants, agreements and Events of Default are expressly being included for the benefit of such series as shall be identified therein), or to surrender any right or power herein conferred upon the Company;

(g) to make any change in any series of Securities that does not adversely affect the legal rights under this Indenture of any Holder of such Securities in any material respect;

(h) to evidence and provide for the acceptance of an appointment under this Indenture of a successor Trustee; provided that the successor Trustee is otherwise qualified and eligible to act as such under the terms hereof;

(i) to conform the text of this Indenture or any series of the Securities to any provision of the section entitled “Description of Debt Securities” in the Prospectus to the extent that such provision in the Prospectus was intended to be a verbatim recitation of a provision of this Indenture or such series of the Securities as evidenced by an Officer’s Certificate;

(j) to make any amendment to the provisions of this Indenture relating to the transfer and legending of Securities as permitted by this Indenture, including, but not limited to, facilitating the issuance and administration of any series of the Securities or, if incurred in compliance with this Indenture, additional Securities; provided, however, that (i) compliance

with this Indenture as so amended would not result in any series of the Securities being transferred in violation of the U.S. Securities Act of 1933, as amended, or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Securities;

(k) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only when there is no Outstanding Security of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision and as to which such supplemental indenture would apply;

(l) to make any amendment to this Indenture necessary to comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act;

(m) to prohibit the authentication and delivery of additional series of Securities; or

(n) to establish the form and terms of Securities of any series as permitted in Section 3.01, or to provide for the issuance of additional Securities in accordance with the limitations set forth in this Indenture, or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Securities of any series, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed.

Subject to the provisions of Section 14.03, the Trustee is authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property or assets thereunder.

Any supplemental indenture authorized by the provisions of this Section 14.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the Securities at the time Outstanding, notwithstanding any of the provisions of Section 14.02.

Section 14.02 With Consent of Securityholders; Limitations.

(a) With the consent of the Holders (evidenced as provided in Article VIII) of a majority in aggregate principal amount of the Outstanding Securities of each series affected by such supplemental indenture voting separately, the Company and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any

provisions of this Indenture or of modifying in any manner the rights of the Holders of the Securities of such series to be affected; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security of each such series affected thereby,

(i) change the Stated Maturity of the principal of and premium, if any, or any installment of interest on any Security;

(ii) reduce the principal amount of, payments of interest on or stated time for payment of interest on any Security;

(iii) change any obligation of the Company to pay Additional Amounts with respect to any Security;

(iv) change the Currency in which the principal of and premium, if any, or interest on such Security is denominated or payable;

(v) reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02;

(vi) impair the right to institute suit for the enforcement of any payment due on or with respect to any Security;

(vii) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any supplemental indenture;

(viii) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain Defaults hereunder and their consequences provided for in this Indenture;

(ix) modify any of the provisions of this Section 14.02, Section 7.06 or Section 6.07, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to the "Trustee" and concomitant changes in this Section 14.02 and Section 6.07, or the deletion of this proviso, in accordance with the requirements of Sections 11.06 and 14.01(g);

(x) amend, change or modify any provision of this Indenture or the related definition affecting the ranking of any series of Securities in a manner which adversely affects the Holders of such Securities; or

(xi) reduce the amount of the premium payable upon the redemption or repurchase of any Security or change the time at which any Security may be redeemed or repurchased as described in Section 4.07 or as provided pursuant to Section 3.01, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise.

(b) A supplemental indenture that changes or eliminates any provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

(c) It shall not be necessary for the consent of the Securityholders under this Section 14.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(d) The Company may set a record date pursuant to Section 8.02(e) for purposes of determining the identity of the Holders of each series of Securities entitled to give a written consent or waive compliance by the Company as authorized or permitted by this Section 14.02. Such record date shall not be more than 30 days prior to the first solicitation of such consent or waiver or the date of the most recent list of Holders (if any) furnished to the Trustee prior to such solicitation pursuant to Section 312 of the Trust Indenture Act.

(e) Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 14.02, the Company shall mail a notice, setting forth in general terms the substance of such supplemental indenture, to the Holders of Securities at their addresses as the same shall then appear in the Register. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 14.03 Trustee Protected. Upon the request of the Company, accompanied by the Officer's Certificate and Opinion of Counsel required by Section 16.01 stating that the execution of such supplemental indenture to be entered into pursuant to Section 14.01 or Section 14.02 is authorized or permitted by this Indenture and such supplemental indenture is the legal, valid and binding obligation of the Company enforceable against in accordance with its terms, and evidence reasonably satisfactory to the Trustee of consent of the Holders if the supplemental indenture is to be executed pursuant to Section 14.02, the Trustee shall join with the Company in the execution of said supplemental indenture unless said supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into said supplemental indenture. The Trustee shall be fully protected in relying upon such Officer's Certificate and an Opinion of Counsel.

Section 14.04 Effect of Execution of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XIV, this Indenture shall be deemed to be modified and amended in accordance therewith and, except as herein otherwise expressly provided, the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders of all of the Securities or of the Securities of any series affected, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 14.05 Notation on or Exchange of Securities. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation in the form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors of the Company, to any modification of this Indenture contained in any such

supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for the Securities then Outstanding in equal aggregate principal amounts, and such exchange shall be made without cost to the Holders of the Securities.

Section 14.06 Conformity with TIA. Every supplemental indenture executed pursuant to the provisions of this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

ARTICLE XV

SUBORDINATION OF SECURITIES

Section 15.01 Agreement to Subordinate. In the event a series of Securities is designated as subordinated pursuant to Section 3.01, and except as otherwise provided in a Company Order, Officer's Certificate or in one or more indentures supplemental hereto, the Company, for itself, its successors and assigns, covenants and agrees, and each Holder of Securities of such series by his, her or its acceptance thereof, likewise covenants and agrees, that the payment of the principal of, premium, if any, or interest on each and all of the Securities of such series is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness. In the event a series of Securities is not designated as subordinated pursuant to Section 3.01(r), this Article XV shall have no effect upon such series of Securities.

Section 15.02 Distribution on Dissolution, Liquidation and Reorganization; Subrogation of Securities. Subject to Section 15.01, upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise (subject to the power of a court of competent jurisdiction to make other equitable provision reflecting the rights conferred in this Indenture upon the Senior Indebtedness and the holders thereof with respect to the Securities and the holders thereof by a lawful plan of reorganization under the Bankruptcy Code or any applicable state bankruptcy laws):

(a) the holders of all Senior Indebtedness shall be entitled to receive payment in full of the principal, premium, if any, or interest thereon before the Holders of the Securities are entitled to receive any payment upon the principal of, premium, if any, or interest on Indebtedness evidenced by the Securities; and

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article XV in respect of the principal of, premium, if any, or interest, on the Securities shall be paid by the liquidation trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of, premium, if any, or

interest on the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character in respect of the principal of, premium, if any, or interest on Indebtedness evidenced by the Securities, whether in cash, property or securities prohibited by the foregoing, shall be received by the Trustee or the Holders of the Securities before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over, upon written notice to a Responsible Officer of the Trustee, to the holder of such Senior Indebtedness or his, her or its representative or representatives or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid, as calculated by the Company, for application to payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

(d) Subject to the payment in full of all Senior Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness (to the extent that distributions otherwise payable to such holder have been applied to the payment of Senior Indebtedness) to receive payments or distributions of cash, property or securities of the Company applicable to Senior Indebtedness until the principal of, premium, if any, or interest on the Securities shall be paid in full and no such payments or distributions to the Holders of the Securities of cash, property or securities otherwise distributable to the holders of Senior Indebtedness shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities be deemed to be a payment by the Company to or on account of the Securities. It is understood that the provisions of this Article XV are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article XV or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities, the obligation of the Company, which is unconditional and absolute, to pay to the Holders of the Securities the principal of, premium, if any, or interest on the Securities as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or in the Securities prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XV of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Company referred to in this Article XV, the Trustee, subject to the provisions of Section 15.05, shall be entitled to conclusively rely upon a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee for the purpose of ascertaining the Persons entitled to participate in such

distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereof and all other facts pertinent thereto or to this Article XV.

Section 15.03 No Payment on Securities in Event of Default on Senior Indebtedness. Subject to Section 15.01, no payment by the Company on account of principal (or premium, if any), sinking funds or interest, if any, on the Securities shall be made at any time if: (i) a default on Senior Indebtedness exists that permits the holders of such Senior Indebtedness to accelerate its maturity and (ii) the default is the subject of judicial proceedings or the Company has received notice of such default. The Company may resume payments on the Securities when full payment of amounts then due for principal (premium, if any), sinking funds and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee when such payment is prohibited by the preceding paragraph of this Section 15.03, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of such Senior Indebtedness or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, but only to the extent that the holders of such Senior Indebtedness (or their representative or representatives or a trustee) notify the Trustee in writing within 90 calendar days of such payment of the amounts then due and owing on such Senior Indebtedness and only the amounts specified in such notice to the Trustee shall be paid to the holders of such Senior Indebtedness.

Section 15.04 Payments on Securities Permitted. Subject to Section 15.01, nothing contained in this Indenture or in any of the Securities shall (a) affect the obligation of the Company to make, or prevent the Company from making, at any time except as provided in Sections 15.02 and 15.03, payments of principal of (or premium, if any) or interest, if any, on the Securities or (b) prevent the application by the Trustee of any moneys or assets deposited with it hereunder to the payment of or on account of the principal of, premium, if any, or interest on the Securities, unless a Responsible Officer of the Trustee shall have received at its Corporate Trust Office written notice of any fact prohibiting the making of such payment from the Company or from the holder of any Senior Indebtedness or from the trustee for any such holder, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such trustee, more than two Business Days prior to the date fixed for such payment.

Section 15.05 Authorization of Securityholders to Trustee to Effect Subordination. Subject to Section 15.01, each Holder of Securities by his acceptance thereof authorizes and directs the Trustee on his, her or its behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article XV and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 15.06 Notices to Trustee. The Company shall give prompt written notice to a Responsible Officer of the Trustee of any fact known to the Company that would prohibit the making of any payment of moneys or assets to or by the Trustee in respect of the Securities of any series pursuant to the provisions of this Article XV. Subject to Section 15.01, notwithstanding the provisions of this Article XV or any other provisions of this Indenture, neither the Trustee nor any Paying Agent (other than the Company) shall be charged with knowledge of the existence of any Senior Indebtedness or of any fact which would prohibit the making of any payment of moneys or assets to or by the Trustee or such Paying Agent, unless and until a Responsible Officer of the Trustee or such Paying Agent shall have received (in the

case of a Responsible Officer of the Trustee, at the Corporate Trust Office of the Trustee) written notice thereof from the Company or from the holder of any Senior Indebtedness or from the trustee for any such holder, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such trustee, and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects conclusively to presume that no such facts exist; provided, however, that if at least two Business Days prior to the date upon which by the terms hereof any such moneys or assets may become payable for any purpose (including, without limitation, the payment of either the principal of, premium, if any, or interest on any Security) a Responsible Officer of the Trustee shall not have received with respect to such moneys or assets the notice provided for in this Section 15.06, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys or assets and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it within two Business Days prior to such date. The Trustee shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such a notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article XV, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article XV and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 15.07 Trustee as Holder of Senior Indebtedness. Subject to Section 15.01, the Trustee in its individual capacity shall be entitled to all the rights set forth in this Article XV in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder. Nothing in this Article XV shall apply to claims of, or payments to, the Trustee under or pursuant to Sections 7.05 or 11.01.

Section 15.08 Modifications of Terms of Senior Indebtedness. Subject to Section 15.01, any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the Holders of the Securities or the Trustee. No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is Outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, shall in any way alter or affect any of the provisions of this Article XV or of the Securities relating to the subordination thereof.

Section 15.09 Reliance on Judicial Order or Certificate of Liquidating Agent. Subject to Section 15.01, upon any payment or distribution of assets of the Company referred to in this Article XV, the Trustee and the Holders of the Securities shall be entitled to conclusively rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XV.

Section 15.10 Satisfaction and Discharge; Defeasance and Covenant Defeasance. Subject to Section 15.01, moneys and U.S. Government Obligations deposited in trust with the Trustee pursuant to and in accordance with Article XII and not, at the time of such deposit, prohibited to be deposited under Sections 15.02 or 15.03 shall not be subject to this Article XV.

Section 15.11 Trustee Not Fiduciary for Holders of Senior Indebtedness. With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or observe only such of its covenants and obligations as are specifically set forth in this Article XV, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness. The Trustee shall not be liable to any such holder if it shall pay over or distribute to or on behalf of Holders of Securities or the Company, or any other Person, moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article XV or otherwise.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

Section 16.01 Certificates and Opinions as to Conditions Precedent.

(a) Upon any request or application by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such document is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

(b) Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture (other than the certificates provided pursuant to Section 6.05 of this Indenture) shall include (i) a statement that the Person giving such certificate or opinion has read such covenant

or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable such Person to express an informed view or opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

(c) Any certificate, statement or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate, statement or opinion is based are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate, statement or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate, statement or opinion or representations with respect to such matters are erroneous.

(d) Any certificate, statement or opinion of an officer of the Company or of counsel to the Company may be based, insofar as it relates to accounting matters, upon a certificate or opinion of, or representations by, an accountant or firm of accountants, unless such officer or counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the accounting matters upon which his or her certificate, statement or opinion may be based are erroneous. Any certificate or opinion of any firm of independent registered public accountants filed with the Trustee shall contain a statement that such firm is independent.

(e) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(f) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 16.02 Trust Indenture Act Controls. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with a provision included in this Indenture which is required to be included in this Indenture by any of the provisions of Sections 310 to 318, inclusive, of, the TIA, such imposed duties or incorporated provision shall control.

Section 16.03 Notices to the Company and Trustee. Any notice or demand authorized or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Company or

the Trustee shall be sufficiently made, given, furnished or filed for all purposes if it shall be mailed, by regular mail or overnight courier, delivered or faxed to:

(a) the Company, at Vipshop Holdings Limited, No. 20 Huahai Street, Liwan district, Guangzhou, Guangdong 510370, The People's Republic of China, Attention: Chief Financial Officer, Telephone No.: +86 20 2233 0000 or at such other address or facsimile number as may have been furnished in writing to the Trustee by the Company.

(b) the Trustee, at the Corporate Trust Office of the Trustee, Attention: Deutsche Bank Trust Company Americas, 60 Wall Street, 16th Floor, Mail Stop: NYC60-1630, New York, New York 10005, Attention: Corporates Team — Vipshop Facsimile (732) 578-4635 with a copy to: Deutsche Bank National Trust Company for Deutsche Bank Trust Company Americas, 100 Plaza One, 6th Floor, Mail Stop: JCY03-0699 Jersey City, NJ 07311-3901, Attention: Corporates Team — Vipshop Facsimile (732) 578-4635.

Any such notice, demand or other document shall be in the English language. Anything herein to the contrary notwithstanding, no such notice or demand shall be effective as to the Trustee unless it is actually received by the Trustee at its Corporate Trust Office.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Company elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Company agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

Section 16.04 Notices to Securityholders; Waiver. Any notice required or permitted to be given to Securityholders shall be sufficiently given (unless otherwise herein expressly provided), if to Holders, if given in writing by first class mail, postage prepaid, to such Holders at their addresses as the same shall appear on the Register.

(a) In the event of suspension of regular mail service or by reason of any other cause it shall be impracticable to give notice by mail, then such notification as shall be given with the approval of the Trustee shall constitute sufficient notice for every purpose hereunder.

(b) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any

action taken in reliance on such waiver. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given. In any case where notice to Holders is given by publication, any defect in any notice so published as to any particular Holder shall not affect the sufficiency of such notice with respect to other Holders, and any notice that is published in the manner herein provided shall be conclusively presumed to have been duly given.

Section 16.05 Legal Holiday. Unless otherwise specified pursuant to Section 3.01, in any case where any Interest Payment Date, Redemption Date or Maturity of any Security of any series shall not be a Business Day at any Place of Payment for the Securities of that series, then payment of principal and premium, if any, or interest need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on such Interest Payment Date, Redemption Date or Maturity and no interest shall accrue on such payment for the period from and after such Interest Payment Date, Redemption Date or Maturity, as the case may be, to such Business Day if such payment is made or duly provided for on such Business Day.

Section 16.06 Judgment Currency. To the fullest extent permitted by law, the obligations of the Company to any Holder under this Indenture or the Securities of any series, as the case may be, shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. Dollars, be discharged only to the extent that on the Business Day following receipt by such Holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such Holder or the Trustee, as the case may be, may in accordance with normal banking procedures purchase the U.S. Dollars with the Judgment Currency. If the amount of U.S. Dollars so purchased is less than the amount originally to be paid to such Holder or the Trustee, as the case may be, in U.S. Dollars, the Company agrees, as a separate obligation and notwithstanding such judgment, to pay the difference, and if the amount of U.S. Dollars so purchased exceeds the amount originally to be paid to such Holder, such Holder or the Trustee, as the case may be, agrees to pay to or for the account of the Company such excess; provided that such Holder shall not have any obligation to pay any such excess as long as a Default by the Company in its obligations under this Indenture or such series of Securities has occurred and is continuing, in which case such excess may be applied by such Holder to such obligations. In the event the Trustee is required or requested to make such purchases of U.S. Dollars with the Judgment Currency, the Trustee will in good faith select a recognized banking institution in The City of New York through which the Trustee will purchase the U.S. Dollars with the Judgment Currency; provided that the Trustee will not be liable for any losses or shortfalls in amounts so paid as a result of the foreign exchange rate applied by such banking institution to such purchases of the U.S. Dollars with the Judgment Currency in accordance with normal banking procedures.

Section 16.07 Effects of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 16.08 Successors and Assigns. All covenants and agreements in this Indenture by the parties hereto shall bind their respective successors and assigns and inure to the benefit of their permitted successors and assigns, whether so expressed or not.

Section 16.09 Severability. If any provision hereof shall be held to be invalid, illegal or unenforceable under applicable law, then the remaining provisions hereof shall be construed as though such invalid, illegal or unenforceable provision were not contained herein.

Section 16.10 Benefits of Indenture. Nothing in this Indenture expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or to give to, any Person other than the parties hereto and their successors and the Holders of the Securities any benefit or any right, remedy or claim under or by reason of this Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all covenants, conditions, stipulations, promises and agreements in this Indenture contained shall be for the sole and exclusive benefit of the parties hereto and their successors and of the Holders of the Securities.

Section 16.11 Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 16.12 Governing Law; Waiver of Trial by Jury. This Indenture and the Securities shall be deemed to be contracts made under the law of the State of New York, and for all purposes shall be governed by and construed in accordance with the law of said State.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS INDENTURE.

Section 16.13 Submission to Jurisdiction. The Company irrevocably and unconditionally submits to the non-exclusive jurisdiction of any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York over any suit, action or proceeding arising out of or relating to this Indenture or the Securities. Service of any process, summons, notice or document by registered mail addressed to the Company's agent, Law Debenture Corporate Services Inc., at the address 400 Madison Avenue, 4th Floor, New York, New York 10017, shall be effective service of process against the Company for any suit, action or proceeding brought in any such court. The Company irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. A final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon the Company and may be enforced in any other courts to whose jurisdiction the Company is or may be subject, by suit upon judgment. The Company further agrees that nothing herein shall affect any Holder's right to effect service of process in any other manner permitted by law

or bring a suit action or proceeding (including a proceeding for enforcement of a judgment) in any other court or jurisdiction in accordance with applicable law.

Section 16.14 Waiver of Immunity. To the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to each of the Company, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any Cayman Islands, PRC, New York state or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Company or any other matter under or arising out of or in connection with this Indenture, the Company hereby irrevocably and unconditionally waives or will waive such right to the extent permitted by applicable law, and agree not to plead or claim, any such immunity and consent to such relief and enforcement.

Section 16.15 Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 16.16 USA Patriot Act. The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Indenture agree that it will provide to the Trustee such information as they may request, from time to time, in order for the Trustee to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

VIPSHOP HOLDINGS LIMITED, as Issuer

By: /s/ Donghao Yang
Name: Donghao Yang
Title: Chief Financial Officer

Deutsche Bank Trust Company Americas

By: Deutsche Bank National Trust Company, as Trustee

By: /s/ Robert S. Peschler
Name: Robert S. Peschler
Title: Vice President

By: /s/ Linda Reale
Name: Linda Reale
Title: Vice President

EXHIBIT A

FORM OF SECURITY

FACE OF NOTE

[***For Inclusion in a Global Security only —*** UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.]

VIPSHOP HOLDINGS LIMITED

% Note Due

PRINCIPAL AMOUNT:
CUSIP:
No.:

Vipshop Holdings Limited, an exempted company incorporated in the Cayman Islands (the "Company," which term includes any successor thereto under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to , or registered assigns, the principal sum of ( ) (or such other principal amount as shall be set forth in the Schedule of Increases or Decreases in Note attached hereto) on , or on such earlier date as the principal hereof may become due in accordance with the provisions of this Note.

Interest Rate: % per annum.

Interest Payment Dates: and of each year,

commencing on .

Interest Record Dates: and .

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, Vipshop Holdings Limited. has caused this Note to be duly executed.

VIPSHOP HOLDINGS LIMITED

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of authentication:

[Deutsche Bank Trust Company Americas]

By: Deutsche Bank National Trust Company, as Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

REVERSE OF NOTE

VIPSHOP HOLDINGS LIMITED

% Note Due

This Note is one of a duly authorized issue of debt securities of the Company of the series designated as the " % Note due " (the "Notes"), all issued or to be issued under and pursuant to an Indenture, dated as of [ ] (the "Base Indenture"), duly executed and delivered by and between the Company and Deutsche Bank Trust Company Americas, as trustee (the "Trustee," which term includes any successor trustee)[, as supplemented by the Supplemental Indenture, dated as of (the "Supplemental Indenture"), duly executed and delivered by and between the Company and the Trustee]. The Base Indenture [as supplemented and amended by the Supplemental Indenture] is referred to herein as the "Indenture". Capitalized terms used herein and not otherwise defined shall have the meanings given them in the Indenture.

1. Interest. The Company promises to pay interest on the principal amount of this Note at a rate of % per annum. The Company will pay interest semi-annually on and of each year. If a payment date is not a Business Day as defined in the Indenture at a Place of Payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Notes (except Defaulted Interest), if any, to the Persons in whose name such Notes are registered at the close of business on the Record Date referred to on the face of this Note for such interest installment. In the event that the Notes or a portion thereof are called for redemption, and the Redemption Date is subsequent to a Record Date with respect to any Interest Payment Date and prior to such Interest Payment Date, interest on such Notes will instead be paid upon presentation and surrender of such Notes as provided in the Indenture. Payment of interest on the Notes shall be made, in the currency of the United States of America that at the time is legal tender for payment of public and private debts, at the Corporate Trust Office or, at the option of the Company, by check mailed to the address of the Person entitled thereto as such address shall appear in the Register or, in accordance with arrangements satisfactory to the Trustee, by wire transfer to an account designated by the Holder.

3. Paying Agent, Authenticating Agent and Registrar. Initially, Deutsche Bank Trust Company Americas, the Trustee, will act as Paying Agent, Authenticating Agent and Registrar. The Company may change or appoint any Paying Agent or Registrar without notice to any Noteholder. The Company may act in any such capacity.

4. Indenture. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 ("TIA") as in effect on the date the Indenture is qualified. The Notes are subject to all such terms, and Noteholders are referred to the Indenture and TIA for a statement of such terms. The Notes are unsecured general obligations of the Company and constitute the series designated on the face of this Note as the " % Note due ," initially limited to US$ in aggregate principal amount. The

Company will furnish to any Noteholder upon written request and without charge a copy of the Base Indenture [and the Supplemental Indenture]. Requests may be made to: Vipshop Holdings Limited, No. 20 Huahai Street, Liwan district, Guangzhou, Guangdong 510370, The People's Republic of China, Attention: Chief Financial Officer.

5. Redemption and Repurchase. [The Notes are subject to optional redemption, and may be the subject of a mandatory redemption or offer to purchase, as further described in the Indenture.] [The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.]

6. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in the denominations of US$ or any integral multiple of US$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Notes may be presented for exchange or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed if so required by the Company or the Registrar) at the office of the Registrar or at the office of any transfer agent designated by the Company for such purpose. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part.

7. Persons Deemed Owners. The registered Noteholder may be treated as its owner for all purposes.

8. Amendments, Supplements and Waivers. The Indenture and the Notes may be amended or supplemented as provided in the Indenture. Any consent or waiver by the Noteholders as provided in the Indenture shall be conclusive and binding upon such Holders and upon all future Noteholders and holders of any security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon the Notes.

9. Defaults and Remedies. [The Events of Default relating to the Notes are defined in Section 7.01 of the Base Indenture. Upon the occurrence of an Event of Default, the rights and obligations of the Company, the Trustee and the Noteholders shall be as set forth in the applicable provisions of the Indenture.]

10. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in the Indenture or the Notes, or because of any indebtedness evidenced thereby, shall be had against any incorporator as such, or against any past, present or future stockholder, officer, director or employee, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

11. Authentication. This Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee.

12. Governing Law. The Base Indenture[, the Supplemental Indenture] and this Note shall be deemed to be contracts made under the law of the State of New York, and for all purposes shall be governed by and construed in accordance with the law of said State.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

[PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

[PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing
Attorney to transfer such Note on the books of the Issuer, with full power of substitution in the premises.

Signature:

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEE

[Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.]

SCHEDULE OF INCREASES OR DECREASES IN NOTE *

The initial principal amount of this Note is US$. The following increases or decreases in a part of this Note have been made:

Date	Amount of decrease in principal amount of this Note	Amount of increase in principal amount of this Note	Principal amount of this Note following such decrease (or increase)	Signature of authorized signatory of Trustee

* Insert in Global Notes.

Exhibit 2.5

EXECUTION VERSION

VIPSHOP HOLDINGS LIMITED

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee

1.50% CONVERTIBLE SENIOR NOTES DUE 2019

FIRST SUPPLEMENTAL INDENTURE

Dated as of
March 17, 2014

to

INDENTURE

Dated as of
March 17, 2014

Table of Contents

FIRST SUPPLEMENTAL INDENTURE (this "**First Supplemental Indenture**"), dated as of March 17, 2014, between Vipshop Holdings Limited, an exempted company incorporated in the Cayman Islands (the "**Company**") and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee (the "**Trustee**").

W I T N E S S E T H:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of March 17, 2014 (the "**Base Indenture**" and, as further supplemented by this First Supplemental Indenture, the "**Indenture**"), providing for the issuance of unsecured debentures, notes, bonds or other evidences of indebtedness (the "**Securities**") in an unlimited aggregate principal amount to be issued from time to time in one or more series as provided in the Base Indenture;

WHEREAS, Section 14.01(o) of the Base Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Base Indenture to establish the form and terms of Securities of any series as permitted by Section 3.01 of the Base Indenture;

WHEREAS, pursuant to Section 3.01 of the Base Indenture, the Company wishes to provide for the issuance of a new series of Securities to be known as its 1.50% Convertible Senior Notes due 2019 (the "**Notes**" and, each of them, a "**Note**"), the form, terms and conditions thereof to be set forth as provided in this First Supplemental Indenture;

WHEREAS, all acts and things necessary to make this First Supplemental Indenture a valid, binding and enforceable instrument in accordance with its terms, and to make the Notes, when duly executed by the Company and authenticated and delivered by the Trustee as provided in this First Supplemental Indenture, the valid, binding and enforceable obligations of the Company, have been done and performed, and the execution and delivery of this First Supplemental Indenture and the issue hereunder of the Notes have been duly authorized in all respects.

NOW, THEREFORE, for and in consideration of the premises and the purchase of the Notes by the Holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of all Holders of the Notes from time to time, as follows:

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Relation to Base Indenture. This First Supplemental Indenture constitutes an integral part of the Base Indenture.

Section 1.02 Definitions. For all purposes of this First Supplemental Indenture:

(a) Capitalized terms used herein without definition shall have the meanings specified in the Base Indenture;

(b) Headings are for convenience of reference only and do not affect interpretation;

(c) Unless otherwise defined in the Base Indenture or this First Supplemental Indenture or the context otherwise requires, all terms used therein and herein, as applicable, shall have the meanings assigned to them in the Trust Indenture Act; and

(d) Unless the context otherwise requires, the terms defined in this Section 1.02(d) shall for all purposes of this First Supplemental Indenture have the meanings hereinafter set forth, the following definitions to be equally applicable to both the singular and the plural forms of any of the terms herein defined:

"**2017 Repurchase Date**" has the meaning given to it in Section 3.04(a).

"**2017 Repurchase Notice**" has the meaning given to it in Section 3.04(c).

"**2017 Repurchase Price**" has the meaning given to it in Section 3.04(a).

"**Additional ADSs**" has the meaning given to it in Section 4.07(c).

"**Additional Amounts**" has the meaning given to it in Section 5.05.

"**ADS Price**" has the meaning given to it in Section 4.07(c).

"**ADSs**" means American Depositary Shares of the Company issued pursuant to and governed by the Deposit Agreement, each ADS representing 2 Ordinary Shares (or the right to receive 2 Ordinary Shares) as of the date of this First Supplemental Indenture, which number of Ordinary Shares may be adjusted from time to time.

"**Agent**" means any Registrar, Transfer Agent, Authenticating Agent, Paying Agent or Conversion Agent.

"**Applicable Procedures**" means, with respect to a Depositary, as to any matter at any time, the policies and procedures of such Depositary, if any, that are applicable to such matter at such time.

"**Base Indenture**" has the meaning given to it in the recitals.

"**Cash**" or "**cash**" means such coin or currency of the United States as at any time of payment is legal tender for the payment of public and private debts.

"**Certificated Note**" means permanent certificated Notes in registered form that are not Global Notes issued in denominations of $1,000 principal amount and integral multiples thereof.

"**change in tax law**" has the meaning given to it in Section 6.01(a).

"**Company**" has the meaning given to it in the preamble.

"**Conversion Date**" has the meaning given to it in Section 4.02(c).

"**Conversion Obligation**" has the meaning given to it in Section 4.01(a).

"**Conversion Price**" has the meaning given to it in Section 4.01(a).

"**Conversion Rate**" has the meaning given to it in Section 4.01(a).

"**Depositary**" means DTC.

"**Deposit Agreement**" means the Deposit Agreement dated as of March 22, 2012, among the Company, Deutsche Bank Trust Company Americas (and any successor depositary thereunder), as depositary, and the holders and beneficial owners of the ADSs evidenced by American Depositary Receipts issued thereunder.

"**distributed property**" has the meaning given to it in Section 4.06(d)(3).

"**DTC**" means The Depository Trust Company.

"**Event of Default**" has the meaning specified in Section 8.01.

"**ex-dividend date**" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Company, the Ordinary Shares Depositary or, if applicable, from the seller of the ADSs on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

"**Expiring Rights**" has the meaning given to it in Section 4.06(b).

"**FATCA**" has the meaning given to it in Section 5.05.

"**First Supplemental Indenture**" has the meaning given to it in the preamble.

A "**Fundamental Change**" shall be deemed to have occurred if any of the following occurs:

(1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than the Company, its Subsidiaries or its or their employee benefit plans has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Ordinary Shares (including Ordinary Shares held in the form of ADSs) representing more than 50% of the voting power of all outstanding classes of Ordinary Shares entitled to vote generally in the election of the Company's directors; or

(2) (i) the Company merges or consolidates with or into any other Person, another Person merges with or into the Company and in connection therewith all or substantially all of the Ordinary Shares or ADSs are exchanged for or converted into cash, securities or other property, or the Company conveys, sells, transfers or leases all or substantially all of the consolidated assets of the Company and its Subsidiaries and Consolidated Affiliated Entities, taken as a whole, in one transaction or a series of

transactions, to another Person other than one of the Company's Subsidiaries or (ii) the Company engages in any recapitalization, reclassification, binding share exchange or other transaction in which all or substantially all of the Ordinary Shares or ADSs are exchanged for or converted into cash, securities or other property; *provided* that:

A. a transaction described in clause (i) above pursuant to which the holders of the Company's Ordinary Shares (including Ordinary Shares held in the form of ADSs) immediately prior to the transaction are entitled to exercise, directly or indirectly, 50% or more of the total voting power of all shares of Capital Stock entitled to vote generally in the election of directors of the continuing or surviving corporation immediately after such transaction in substantially the same proportions as their respective ownership of the Company's voting securities immediately prior to the transaction shall not be a Fundamental Change; and

B. any merger or consolidation pursuant to clause (i) above or any transaction pursuant to clause (ii) above, in either case, which is effected solely to change the Company's jurisdiction of incorporation and results in a reclassification, conversion or exchange of the Company's outstanding Ordinary Shares (including Ordinary Shares held in the form of ADSs) solely into common stock of the surviving entity or a direct or indirect parent of the surviving entity (provided that such parent owns, directly or indirectly, 100% of the equity of the surviving entity) shall not be a Fundamental Change;

(3) the Company is liquidated or dissolved or holders of the Ordinary Shares approve any plan or proposal for the Company's liquidation or dissolution;

(4) if none of the ADSs, Ordinary Shares represented by the ADSs, depositary receipts or shares of, or certificates representing, any common stock or equity interest into which the Notes are convertible pursuant to the terms of the Indenture, is listed for trading on any of the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Global Select Market (or any of their respective successors);

provided, however, that a Fundamental Change pursuant to clause (1) or clause (2) shall not be deemed to occur, in each case, if at least 90% of the consideration paid for the ADSs (excluding cash payments for fractional ADSs and cash payments made pursuant to dissenters' appraisal rights and cash dividends) in connection with such event consists of ordinary shares, depositary receipts or other certificates representing common equity interests traded on any of the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Global Select Market (or any of their respective successors) (or that will be so traded immediately following the completion of the merger or consolidation or such other transaction) and, as a result of such transaction, the Notes become convertible into the Reference Property as described under Section 4.09.

"**Fundamental Change Repurchase Date**" has the meaning given to it in Section 3.01(a).

"**Fundamental Change Repurchase Notice**" has the meaning given to it in Section 3.01(c).

"**Fundamental Change Repurchase Price**" has the meaning given to it in Section 3.01(a).

"**Fundamental Change Repurchase Right Notice**" has the meaning given to it in Section 3.01(b).

"**Global Note**" has the meaning given to it in Section 2.02(a).

"**Holder**" or "**Holder of a Note**" means the person in whose name a Note is registered on the Registrar's books.

"**Indenture**" has the meaning given to it in the recitals.

"**interest**" means, when used with reference to the Notes, any interest payable under the terms of the Notes, including Reporting Additional Interest, if any.

"**Interest Payment Date**" has the meaning given to it in Section 2.04(a).

"**Issue Date**" of any Note means the date on which the Note was originally issued pursuant to this First Supplemental Indenture.

"**Last Reported Sale Price**" on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the last bid and ask prices or, if more than one in either case, the average of the average bid and average asked prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the ADSs are listed for trading. If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "Last Reported Sale Price" will be the average of the last quoted bid and ask prices for the ADSs in the over-the-counter market on the relevant date as reported by the OTC Markets Group Inc. or similar organization. If the ADSs are not so quoted, the "Last Reported Sale Price" will be the average of the mid-point of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

"**Make-Whole Fundamental Change**" means any transaction or event that constitutes a Fundamental Change under clause (1), (2) or (4) of the definition of "Fundamental Change" (in the case of any Fundamental Change described in clause (2) of the definition of the "Fundamental Change," determined without regard to the proviso in such definition, but subject to the proviso immediately following clause (4) of the definition of the "Fundamental Change").

"**Make-Whole Reference Date**" has the meaning given to it in Section 4.07(c).

"**Maturity Date**" means March 15, 2019.

"**Note**" has the meaning given to it in the recitals.

"**open of business**" means 9:00 a.m., New York City time.

"**Ordinary Shares**" means the ordinary shares, par value $0.0001 per ordinary share, of the Company, as such shares exist on the date of this First Supplemental Indenture.

"**Ordinary Shares Depositary**" means the person acting as depositary pursuant to the Deposit Agreement.

"**Prospectus Supplement**" means the prospectus supplement with respect to the offering of the Notes, dated March 11, 2014, to the prospectus dated March 10, 2014, which forms a part of the Company's registration statement on Form F-3 (No. 333-194472).

"**record date**" means, with respect to any issuance, dividend or distribution to holders of Ordinary Shares (directly or in the form of ADSs), the date fixed for determination of holders of Ordinary Shares (directly or in the form of ADSs) entitled to receive such issuance, dividend or distribution (whether such date is fixed by the Board of Directors or a duly authorized committee thereof, statute, contract or otherwise).

"**Redemption Reference Date**" means, for any conversion in connection with the Company's election to redeem the Notes in respect of a change in tax law, the date 30 days prior to the Tax Change Redemption Date.

"**Redemption Reference Price**" means, for any conversion in connection with the Company's election to redeem to the Notes in respect of a change in tax law, the average of the Last Reported Sale Prices of the ADSs over the ten consecutive Trading Day period ending on, and including, the applicable Redemption Reference Date.

"**Reference Property**" has the meaning given to it in Section 4.09(a).

"**Regular Record Date**" means, with respect to each Interest Payment Date, the March 1 or September 1, as the case may be, immediately preceding such Interest Payment Date.

"**Relevant Taxing Jurisdiction**" has the meaning given to it in Section 5.05.

"**Reporting Additional Interest**" has the meaning given to it in Section 8.02(b).

"**Securities**" has the meaning given to it in the preamble.

"**Significant Subsidiary**" has the meaning specified in Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"**Specified Transaction**" has the meaning given to it in Section 4.09(a).

"**Spin-Off**" has the meaning given to it in Section 4.06(d)(3).

"**Successor Person**" has the meaning given to it in Section 7.01(a).

"**Tax Change Redemption Date**" has the meaning given to it in Section 6.01(b).

"**Tax Change Redemption Price**" has the meaning given to it in Section 6.01(a).

"**Trading Day**" means a day during which trading in the ADSs generally occurs on The New York Stock Exchange or, if the ADSs are not then listed on The New York Stock Exchange, on the other principal U.S. national or regional securities exchange or market on which the ADSs are listed or admitted for trading or, if the ADSs are not listed or admitted for trading on any U.S. national or regional securities exchange or market, a Business Day.

"**Trustee**" has the meaning given to it in the preamble.

"**Valuation Period**" has the meaning given to it in Section 4.06(d)(3).

ARTICLE 2

THE NOTES

Section 2.01 Designation and Principal Amount. There is hereby authorized a series of convertible senior notes designated as 1.50% Convertible Senior Notes due 2019. The aggregate principal amount of Notes that may be authenticated and delivered under Section 3.01 of the Base Indenture is initially limited to $632,500,000, subject to Section 2.06.

Section 2.02 Form and Payment.

(a) The Notes shall be initially issued as global notes, in fully registered book-entry form without coupons in denominations of $1,000 and integral multiples of $1,000 in excess thereof (each a "**Global Note**").

(b) The Company has entered into a letter of representations with DTC in the form provided by DTC and the Trustee and each Paying Agent, Conversion Agent or other agent is hereby authorized to act in accordance with such letter and Applicable Procedures.

The Global Notes representing the Notes shall be deposited with, or on behalf of, the DTC and shall be registered, at the request of the DTC, in the name of Cede & Co. No Global Note may be transferred except as a whole by a nominee of the DTC to another nominee of the DTC or to a successor of the DTC or a nominee of such successor.

Principal of and/or interest on the Global Notes shall be made in immediately available funds to the DTC, or its nominee.

If Notes are issued in certificated form in the future, the Company will pay the principal of, and interest on, those Certificated Notes at the office or agency designated by the Company in the Borough of Manhattan in New York City for such purpose, which shall initially be the Corporate Trust Office of the Trustee.

The Company shall pay interest on any Certificated Notes to Holders (A) of an aggregate principal amount of $5,000,000 or less, by check mailed to the Holders of such Notes at their

addresses as such addresses appear in the Register and (B) of an aggregate principal amount of more than $5,000,0000, either by check mailed to each Holder or, upon application by such a Holder to the Paying Agent not later than the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies, in writing, the Paying Agent to the contrary.

The Trustee shall initially act as Paying Agent for the Notes (the "**Paying Agent**"). The Company may also arrange for additional payment offices, and may cancel or change these offices, including any use of the Trustee's Corporate Trust Office. The Company may appoint additional Paying Agents and change any Paying Agent without prior notice to the Holders and the Company may act as Paying Agent.

If the Company maintains an additional Paying Agent in a European Union member state, the Company shall ensure that the Company maintains such Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive (so long as there is such a member state).

If any Interest Payment Date, the Maturity Date or any earlier Fundamental Change Repurchase Date or Tax Change Redemption Date or the 2017 Repurchase Date of a Note falls on a day that is not a Business Day, the required payment shall be made on the next succeeding Business Day and no interest on such payment shall accrue in respect of the delay.

The registered Holder of a Note shall be treated as the owner of it for all purposes.

Section 2.03 Payment at Maturity.

(a) On the Maturity Date, each Holder will be entitled to receive on such date $1,000 in cash for each $1,000 in principal amount of Notes unless such Note has been earlier converted pursuant to Article 4, purchased by the Company in connection with a Fundamental Change or at the Holder's option pursuant to Article 3 or redeemed by the Company at its option pursuant to Article 6.

(b) With respect to Global Notes, principal will be paid on the Maturity Date by wire transfer of immediately available funds to the account of the DTC or its nominee.

(c) With respect to Certificated Notes, principal will be payable at the office or agency of the Company maintained for such purpose on the Maturity Date, which shall initially be the Corporate Trust Office of the Trustee.

Section 2.04 Payment of Interest.

(a) The Notes will bear cash interest at a rate of 1.50% per year from March 17, 2014, or from the most recent date to which interest has been paid or duly provided for, which shall be payable semiannually in arrears on March 15 and September 15 of each year (each, an "**Interest Payment Date**"), commencing on September 15, 2014, to the Person in

whose name such Note is registered as of the close of business on the Regular Record Date immediately preceding the relevant Interest Payment Date.

(b) The amount of interest payable will be computed on the basis of a 360-day year consisting of twelve 30-day months.

(c) All references to "interest" shall include Reporting Additional Interest payable pursuant to Section 8.02(b), if any.

Section 2.05 Registrar, Transfer Agent, Paying Agent and Conversion Agent. The Company hereby initially designates the Trustee as Registrar, Paying Agent, Transfer Agent and Conversion Agent, and designates the Corporate Trust Office of the Trustee as an office or agency where notices and demands to or upon the Company in respect of the Notes the Indenture shall be served.

Section 2.06 Additional Notes

Notwithstanding anything to the contrary provided in Article 2, the Company may, from time to time, without notice to, or the consent of, the Holders, issue additional Notes hereunder with the same terms as the Notes initially issued hereunder (except for any differences in the issue price, issue date and interest accrued, if any) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax purposes and securities law, such additional Notes shall have a separate CUSIP number from the Notes initially issued hereunder. The Notes initially issued hereunder and such additional Notes shall rank equally and ratably and shall be treated as a single series for all purposes under this Indenture. No additional Notes may be issued if any Event of Default has occurred and is continuing with respect to the Notes.

Section 2.07 Transfer and Exchange.

(a) Notwithstanding anything to the contrary in the Base Indenture, neither the Registrar nor the Company is required to transfer or exchange any Notes or portions thereof that have been surrendered for purchase in accordance with Article 3 hereof or conversion in accordance with Article 4 hereof or called for redemption in accordance with Article 6 hereof and a written form of transfer substantially in the form of the "Assignment Form" set forth in Exhibit A hereto will be deemed to be a satisfactory instrument of transfer to the Company and the Registrar.

(b) At such time as all interests in a Global Note have been repurchased, redeemed, converted, cancelled or exchanged for Notes in certificated form, such Global Note shall, upon receipt thereof, be canceled by the Trustee in accordance with the Applicable Procedures. At any time prior to such cancellation, if any interest in a Global Note is repurchased, redeemed, converted, cancelled or exchanged for Notes in certificated form, the principal amount of such Global Note shall, in accordance with the Applicable Procedures, be appropriately reduced, and an endorsement shall be made on such Global Note, by the Trustee or the custodian for the Global Note, at the direction of the Trustee, to reflect such reduction.

(c) *Global Notes*. Every transfer and exchange of a beneficial interest in a Global Note will be effected through the Depositary in accordance with the Applicable Procedures and the provisions of the Indenture, and each Global Note may be transferred only as a whole and only (x) by the

Depositary to a nominee of the Depositary, (y) by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or (z) by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(d) *Certificated Notes*. Except as otherwise provided in Section 2.07(a) hereof, Certificated Notes may be transferred or exchanged in accordance with Section 3.06 of the Base Indenture.

ARTICLE 3

PURCHASE OF NOTES

Section 3.01 Repurchase of Notes at Option of the Holder upon a Fundamental Change.

(a) If a Fundamental Change occurs at any time, each Holder shall have the right, at the option of the Holder, to require the Company to purchase for cash all of such Holder's Notes or any portion of the principal thereof that is equal to $1,000 principal amount (or an integral multiple thereof) on the date (the "**Fundamental Change Repurchase Date**") specified by the Company that is not less than 20 calendar days nor more than 35 calendar days after the date of the Fundamental Change Repurchase Right Notice, at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any, to, but not including, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**"); *provided* that if such Fundamental Change Repurchase Date falls after a Regular Record Date and on or prior to the corresponding Interest Payment Date, then the Company shall pay the full amount of accrued and unpaid interest payable on such Interest Payment Date to the Holder of record as of the close of business on the corresponding Regular Record Date and the Fundamental Change Repurchase Price shall be equal to 100% of the principal amount of the Notes to be repurchased.

(b) On or before the 20th calendar day after (i) in the case of a Fundamental Change pursuant to clause (1) of the definition thereof, the date the Company becomes aware that a Fundamental Change has occurred or become effective or (ii) in the case of any other Fundamental Change, the date on which the Fundamental Change occurs or becomes effective, the Company shall mail a written notice of the occurrence of the Fundamental Change and of the resulting purchase right, if any (the "**Fundamental Change Repurchase Right Notice**"). The Fundamental Change Repurchase Right Notice shall state, among other things:

(1) the events causing the Fundamental Change;

(2) the date of the Fundamental Change;

(3) the last date on which a Holder may exercise the repurchase right;

(4) the Fundamental Change Repurchase Price;

(5) the Fundamental Change Repurchase Date;

(6) the name and address of the Paying Agent and the Conversion Agent;

(7) the applicable Conversion Rate and any adjustments to the applicable Conversion Rate, including any Additional ADSs;

(8) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of the Indenture; and

(9) the procedures that Holders must follow to require the Company to repurchase their Notes.

Simultaneously with providing such Fundamental Change Repurchase Right Notice, the Company shall (i) publish a notice containing the information in Section 3.01(b) in a newspaper of general circulation in the City of New York or issue a press release and (ii) publish the information on the Company's website or through such other public medium as the Company may use at that time.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Fundamental Change Repurchase Right Notice shall be prepared by the Company. In such a case, the Company shall deliver such notice to the Trustee at least two Business Days prior to the date that such notice is required to be given to the Holders (unless a shorter notice period shall be agreed to by the Trustee), together with an Officer's Certificate requesting that the Trustee give such notice.

Such notice shall be delivered to the Trustee, to the Paying Agent (if other than the Trustee) and to each Holder at its address shown in the Register (and to the beneficial owner as required by applicable law) or, in the case of Global Notes, in accordance with the Applicable Procedures.

No failure of the Company to give the foregoing notices and no defect therein shall limit the purchase rights of the Holders or affect the validity of the proceedings for the purchase of the Notes pursuant to this Section 3.01.

(c) A Holder may exercise its rights specified in Section 3.01(a) upon delivery of the Notes to be repurchased, duly endorsed for transfer, together with a duly completed written repurchase notice (a "**Fundamental Change Repurchase Notice**") in the form entitled "Form of Fundamental Change Repurchase Notice" set forth in Exhibit A hereto (which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Notes, may be delivered electronically or by other means in accordance with the Applicable Procedures) to the Paying Agent at any time on or before the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date. The Fundamental Change Repurchase Notice shall state:

(1) if the Notes are Certificated Notes, the certificate number of the Note which the Holder will deliver to be repurchased;

(2) the portion of the principal amount of the Note which the Holder will deliver to be repurchased, which must be in $1,000 principal amount or an integral multiple of $1,000 in excess thereof; and

(3) that such Note shall be repurchased by the Company pursuant to the applicable provisions of the Notes and the Indenture;

provided, however, that if the Notes are Global Notes, such delivery (and the related Fundamental Change Repurchase Notice) must comply with all Applicable Procedures.

(d) Any Holder shall have the right to withdraw a Fundamental Change Repurchase Notice in whole or in part by a written notice of withdrawal delivered to the Paying Agent in accordance with this Section 3.01 at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date specifying:

(1) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which portion must be $1,000 aggregate principal amount or an integral multiple thereof;

(2) if Certificated Notes have been issued, the certificate numbers of the Notes in respect of which such notice of withdrawal is being submitted; and

(3) the principal amount, if any, of such Note which remains subject to the Fundamental Change Repurchase Notice, which portion must be $1,000 aggregate principal amount or an integral multiple thereof;

provided, however, that if the Notes are Global Notes, such notice must comply with all Applicable Procedures.

The Paying Agent will promptly return to the respective Holders thereof any Notes with respect to which a Fundamental Change Repurchase Notice has been withdrawn in compliance with this First Supplemental Indenture.

(e) The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

Section 3.02 Effect of Fundamental Change Repurchase Notice.

(a) Upon receipt by the Paying Agent of a properly completed Fundamental Change Repurchase Notice from a Holder and delivery of the Note in respect of which the Fundamental Change Repurchase Notice was given either in certificated form or in accordance with the Applicable Procedures, the Company shall be required to repurchase such Notes properly surrendered for purchase on the Fundamental Change Repurchase Date. Such Fundamental Change Repurchase Price shall be paid to the Holder of the Note in respect of which such Fundamental Change Repurchase Notice was given (unless such Fundamental

Change Repurchase Notice is withdrawn as specified in Section 3.01(d)) promptly following the later of:

(1) the Fundamental Change Repurchase Date; and

(2) the time of book-entry transfer or the delivery of such Note to the Paying Agent by the Holder thereof in the manner required by Section 3.01.

Notes in respect of which a Fundamental Change Repurchase Notice has been given by the Holder thereof may not be converted into ADSs pursuant to Article 4 on or after the date of the delivery of such Fundamental Change Repurchase Notice unless such Fundamental Change Repurchase Notice has first been validly withdrawn in accordance with Section 3.01(d) with respect to the Notes to be converted.

Section 3.03 Deposit of Fundamental Change Repurchase Price.

(a) On or before 11:00 a.m., New York City time, on the Business Day preceding the Fundamental Change Repurchase Date, the Company shall deposit with the Trustee or with the Paying Agent (or if the Company or a Subsidiary of the Company is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 6.03 of the Base Indenture) an amount of cash in immediately available funds, sufficient to pay the aggregate Fundamental Change Repurchase Price of all the Notes that are to be purchased as of such Fundamental Change Repurchase Date.

(b) If on the Fundamental Change Repurchase Date, the Paying Agent or the Trustee, in accordance with the terms hereof, holds cash sufficient to pay the Fundamental Change Repurchase Price of the Notes that Holders have elected to require the Company to purchase in accordance with Section 3.01, then, with respect to the Notes that have been properly surrendered for repurchase to the Paying Agent and not validly withdrawn:

(1) such Notes shall cease to be outstanding and interest on such Notes shall cease to accrue, whether or not book-entry transfer of the Notes is made or whether or not the Note is delivered to the Paying Agent; and

(2) all other rights of the Holders of such Notes shall terminate, other than (x) the right to receive the Fundamental Change Repurchase Price and (y) if the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the right of the Holder of record at the close of business on such Regular Record Date to receive on such Interest Payment Date the accrued and unpaid interest to, but not including, such Interest Payment Date.

(c) No Notes may be repurchased at the option of Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated and such acceleration has not been rescinded on or prior to such date.

Section 3.04 Repurchase of Notes by the Company at Option of the Holder.

(a) On March 15, 2017 (the "**2017 Repurchase Date**"), each Holder shall have the right, at the option of the Holder, to require the Company to purchase for cash all of such Holder's Notes or any portion of the principal thereof that is equal to $1,000 principal amount (or an integral multiple thereof) at a purchase price (the "**2017 Repurchase Price**") equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any, to, but not including, the 2017 Repurchase Date; *provided* that such accrued and unpaid interest payable on such Interest Payment Date shall be paid not to the Holder submitting the Notes for repurchase on the 2017 Repurchase Date but shall be paid on the Interest Payment Date to the Holder of record as of the close of business on the corresponding Regular Record Date.

(b) Not less than 20 Business Days prior to the 2017 Repurchase Date, the Company shall mail a written notice of such Holders' right to require the Company to repurchase their Notes. Such notice shall state, among other things:

(1) the 2017 Repurchase Date;

(2) the 2017 Repurchase Price;

(3) the last date on which a Holder may exercise the repurchase right;

(4) the name and address of the Paying Agent; and

(5) the procedures that Holders must follow to require the Company to repurchase their Notes.

Simultaneously with providing such notice, the Company shall (i) publish a notice containing the information in Section 3.04(b) in a newspaper of general circulation in the City of New York or issue a press release and (ii) publish the information on the Company's website or through such other public medium as the Company may use at that time.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such notice shall be prepared by the Company. In such a case, the Company shall deliver such notice to the Trustee at least two Business Days prior to the date that such notice is required to be given to the Holders (unless a shorter notice period shall be agreed to by the Trustee), together with an Officer's Certificate requesting that the Trustee give such notice.

Such notice shall be delivered to the Trustee, to the Paying Agent (if other than the Trustee) and to each Holder at its address shown in the Register (and to the beneficial owner as required by applicable law) or, in the case of Global Notes, in accordance with the Applicable Procedures.

No failure of the Company to give the foregoing notices and no defect therein shall limit the purchase rights of the Holders or affect the validity of the proceedings for the purchase of the Notes pursuant to this Section 3.04.

(c) A Holder may exercise its rights specified in Section 3.04(a) upon delivery of the Notes to be repurchased, duly endorsed for transfer, together with a duly completed written repurchase notice (a "**2017 Repurchase Notice**") in the form entitled "Form of 2017 Repurchase Notice" set forth in Exhibit A hereto (which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Notes, may be delivered electronically or by other means in accordance with the Applicable Procedures) to the Paying Agent at any time on or before the close of business on the second Business Day immediately preceding the 2017 Repurchase Date. The 2017 Repurchase Notice shall state:

(1) if the Notes are Certificated Notes, the certificate number of the Note which the Holder will deliver to be repurchased;

(2) the portion of the principal amount of the Note which the Holder will deliver to be repurchased, which must be in $1,000 principal amount or an integral multiple of $1,000 in excess thereof; and

(3) that such Note shall be repurchased by the Company pursuant to the applicable provisions of the Notes and the Indenture;

provided, however, that if the Notes are Global Notes, such delivery (and the related 2017 Repurchase Notice) must comply with all Applicable Procedures.

(d) Any Holder shall have the right to withdraw a 2017 Repurchase Notice in whole or in part by a written notice of withdrawal delivered to the Paying Agent in accordance with this Section 3.04 at any time prior to the close of business on the Business Day immediately preceding the 2017 Repurchase Date specifying:

(1) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which portion must be $1,000 aggregate principal amount or an integral multiple thereof;

(2) if Certificated Notes have been issued, the certificate numbers of the Notes in respect of which such notice of withdrawal is being submitted; and

(3) the principal amount, if any, of such Note which remains subject to the 2017 Repurchase Notice, which portion must be $1,000 aggregate principal amount or an integral multiple thereof;

provided, however, that if the Notes are Global Notes, such notice must comply with all Applicable Procedures.

The Paying Agent will promptly return to the respective Holders thereof any Notes with respect to which a 2017 Repurchase Notice has been withdrawn in compliance with this First Supplemental Indenture.

(e) The Paying Agent shall promptly notify the Company of the receipt by it of any 2017 Repurchase Notice or written notice of withdrawal thereof.

Section 3.05 Effect of 2017 Repurchase Notice.

(a) Upon receipt by the Paying Agent of a properly completed 2017 Repurchase Notice from a Holder and delivery of the Note in respect of which the 2017 Notice was given either in certificated form or in accordance with the Applicable Procedures, the Company shall be required to repurchase such Notes properly surrendered for purchase on the 2017 Repurchase Date. Such 2017 Repurchase Price shall be paid to the Holder of the Note in respect of which such 2017 Repurchase Notice was given (unless such 2017 Repurchase Notice is withdrawn as specified in Section 3.04(d)) promptly following the later of:

(1) the 2017 Repurchase Date; and

(2) the time of book-entry transfer or the delivery of such Note to the Paying Agent by the Holder thereof in the manner required by Section 3.04.

Notes in respect of which a 2017 Repurchase Notice has been given by the Holder thereof may not be converted into ADSs pursuant to Article 4 on or after the date of the delivery of such 2017 Repurchase Notice unless such 2017 Repurchase Notice has first been validly withdrawn in accordance with Section 3.04(d) with respect to the Notes to be converted.

Section 3.06 Deposit of 2017 Repurchase Price.

(a) On or before 11:00 a.m., New York City time, on the Business Day preceding the 2017 Repurchase Date, the Company shall deposit with the Trustee or with the Paying Agent (or if the Company or a Subsidiary of the Company is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 6.03 of the Base Indenture) an amount of cash in immediately available funds, sufficient to pay the aggregate 2017 Repurchase Price of all the Notes that are to be purchased as of such 2017 Repurchase Date.

(b) If on the 2017 Repurchase Date, the Paying Agent or the Trustee, in accordance with the terms hereof, holds cash sufficient to pay the 2017 Repurchase Price of the Notes that Holders have elected to require the Company to purchase in accordance with Section 3.04, then, with respect to the Notes that have been properly surrendered for repurchase to the Paying Agent and not validly withdrawn:

(1) such Notes shall cease to be outstanding and interest on such Notes shall cease to accrue, whether or not book-entry transfer of the Notes is made or whether or not the Note is delivered to the Paying Agent; and

(2) all other rights of the Holders of such Notes shall terminate, other than (x) the right to receive the 2017 Repurchase Price and (y) the right of the Holder of record at the close of business on the Regular Record Date immediately preceding the 2017 Repurchase Date to receive the accrued and unpaid interest to, but not including, the corresponding Interest Payment Date.

(c) No Notes may be repurchased at the option of Holders on the 2017 Repurchase Date if the principal amount of the Notes has been accelerated and such acceleration has not been rescinded on or prior to such date.

Section 3.07 Repayment to the Company. To the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.03 or Section 3.06, as the case may be, exceeds the aggregate Fundamental Change Repurchase Price or the aggregate 2017 Repurchase Price, as the case may be, of the Notes or portions thereof that the Company is obligated to purchase, then promptly after the Fundamental Change Repurchase Date or the 2017 Repurchase Date, as the case may be, the Trustee or the Paying Agent, as the case may be, shall return any such excess cash to the Company.

Section 3.08 Notes Purchased in Part. Any Certificated Note that is to be purchased only in part shall be surrendered at the office of the Paying Agent and, promptly after the Fundamental Change Repurchase Date or the 2017 Repurchase Date, as the case may be, the Company shall execute and the Trustee shall, upon receipt of a Company Order, authenticate and deliver to the Holder of such Note, without service charge, a new Note or Notes, of such authorized denomination or denominations as may be requested by such Holder (which must be equal to $1,000 principal amount or any integral thereof), in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered that is not purchased.

Section 3.09 Compliance with Securities Laws upon Purchase of Notes. In connection with repurchase of the Notes under Section 3.01 or Section 3.04, the Company shall:

(a) comply with the applicable provisions of Rule 13e-4, Rule 14e-l, and any other tender offer rules under the Exchange Act, which may then be applicable;

(b) if required, file a Schedule TO or any other schedule required in connection with any offer by the Company to repurchase the Notes; and

(c) otherwise comply with all applicable U.S. federal and state securities laws.

ARTICLE 4

CONVERSION

Section 4.01 Conversion Privilege and Conversion Rate.

(a) Subject to and upon compliance with the provisions of this First Supplemental Indenture, each Holder shall have the right, at such Holder's option, to convert all or any portion (*provided* that the portion to be converted is $1,000 in principal amount or an integral multiple thereof) of such Note at any time prior to the close of business on the second Business Day immediately preceding the Maturity Date, at an initial conversion rate of 4.9693 ADSs (subject to adjustment as provided in Section 4.06 and Section 4.07, the "**Conversion Rate**") per $1,000 principal amount of Notes (subject to settlement provisions of Section 4.02, the "**Conversion Obligation**"). The Conversion Rate and the corresponding Conversion Price in effect at any given time are referred to as the "applicable Conversion Rate" and the "applicable Conversion Price," respectively. The applicable "**Conversion Price**" at any given time will be computed by dividing $1,000 by the applicable Conversion Rate at such time.

(b) Provisions of this First Supplemental Indenture that apply to conversion of all of a Note also apply to conversion of a portion of a Note.

(c) A Holder of Notes is not entitled to any rights (including, without limitation, voting rights and rights to receive any dividends or other distributions on the ADSs) as a shareholder of the Company. In addition, upon conversion of the Notes, if applicable, a Holder will receive ADSs. As a holder of ADSs, such Holder will not be a shareholder of the Company.

Section 4.02 Conversion Procedure; Settlement upon Conversion.

(a) To convert a beneficial interest in a Global Note, a Holder must:

(1) comply with the Applicable Procedures for converting a beneficial interest in a Global Note;

(2) if required, pay funds equal to interest payable on the next Interest Payment Date as described in Section 4.02(f);

(3) pay any transfer or similar taxes or duties for which the Holder is responsible as described in Section 4.04; and

(4) pay the applicable fees and expenses of the Ordinary Shares Depositary for the issuance of the ADSs as described in the Deposit Agreement.

(b) To convert a Certificated Note, a Holder must:

(1) complete and manually sign the conversion notice on the back of the Note, or a facsimile of the conversion notice;

(2) deliver the conversion notice, which is irrevocable, and the Note to the Conversion Agent;

(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, furnish written acknowledgements, certifications and agreements in connection with the issuance of ADSs by the Ordinary Shares Depositary upon deposit of Ordinary Shares;

(5) if required, pay funds equal to interest payable on the next Interest Payment Date as described in Section 4.02(f);

(6) pay any transfer or similar taxes or duties for which the Holder is responsible as described in Section 4.04; and

(7) pay the applicable fees and expenses of the Ordinary Shares Depositary for the issuance of ADSs pursuant to the Deposit Agreement.

(c) The date on which the Holder complies with all of the requirements in paragraph (a) or (b) above is the "**Conversion Date**." The Notes will be deemed to have been converted immediately prior to the close of business on the Conversion Date and the converting Holder will be treated as a Holder of record of the ADSs issued upon conversion as of the close of business on the Conversion Date.

(d) Upon conversion, the Company shall deliver to the Holder of the Notes a number of ADSs equal to (1)(A) the aggregate principal amount of Notes to be converted divided by (B) $1,000, multiplied by (2) the applicable Conversion Rate on the relevant Conversion Date and cash in lieu of fractional ADSs calculated in accordance with Section 4.03. If more than one Note shall be surrendered for conversion at one time by the same Holder, the number of full ADSs that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted hereby) so surrendered. Upon conversion of a Note, the Company shall deliver the ADSs (and cash in lieu of fractional ADSs) due in respect of such conversion to the Holder of the Notes on the third Business Day immediately following the relevant Conversion Date.

(e) The Company shall undertake to deliver to the custodian under the Deposit Agreement such Ordinary Shares required for the issuance of the ADSs by the Ordinary Shares Depositary upon conversion of the Notes, plus written delivery instruction (if requested by the Ordinary Shares Depositary or the custodian) for such ADSs and any other information or documentation reasonably required by the Ordinary Shares Depositary or the custodian in connection with each deposit of Ordinary Shares and issuance and delivery of ADSs. The delivery of ADSs by the Ordinary Shares Depositary to Holders upon conversion of their Notes or their designated transferees will be governed by the terms of the Deposit Agreement.

(f) Upon conversion of a Note, a Holder will not receive, except as described below, any separate cash payment for accrued and unpaid interest. Instead, accrued and unpaid interest to, but not including, the Conversion Date will be deemed paid in full by the ADSs received by the Holder upon conversion rather than cancelled, extinguished or forfeited. Delivery of Ordinary Shares to the Ordinary Shares Depositary for the issuance to the Holder of the full number of ADSs into which the Note is convertible, together with any cash payment of such Holder's fractional ADSs pursuant to Section 4.03, will thus be deemed to satisfy the Company's obligation to pay the principal amount of a Note and to pay accrued and unpaid interest on the Note to, but not including, the Conversion Date.

Notwithstanding the immediately preceding paragraph, if Notes are surrendered for conversion after the close of business on any Regular Record Date and prior to the open of business on the immediately following Interest Payment Date, Holders of such Notes at the close of business on such Regular Record Date will receive the interest payable on such Note on the corresponding Interest Payment Date notwithstanding the conversion. Notes surrendered for conversion by a Holder during the period from and after the close of business on any Regular Record Date to the open of business on the immediately following Interest Payment Date must be accompanied by funds equal to the amount of interest payable on the Notes so converted (regardless of whether the converting Holder was the Holder of record on the corresponding Regular Record Date), except that no such payment need to be made:

(1) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(2) if the 2017 Repurchase Date is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(3) if the Company has specified a Tax Change Redemption Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date;

(4) to the extent of any overdue interest, if any overdue interest remains unpaid at the time of conversion with respect to such Notes; or

(5) in respect of any conversions that occur after the Regular Record Date immediately preceding the Maturity Date.

For the avoidance of doubt, all Holders on the Regular Record Date immediately preceding the Maturity Date will receive and retain the full interest payment due on the Maturity Date regardless of whether their Notes are converted following such Regular Record Date.

(g) In the case of any Note which is converted in part only, upon such conversion the Company shall execute and the Trustee shall, upon receipt of a Company Order, authenticate and deliver to the Holder thereof, without service charge, a new Note or Notes of authorized denominations in an aggregate principal amount equal to, and in exchange for, the unconverted portion of the principal amount of such Note. A Note may be converted in part, but only if the principal amount of such part is an integral multiple of $1,000 and the principal amount of such Note to remain outstanding after such conversion is equal to $1,000 or any integral multiple of $1,000 in excess thereof.

Upon the conversion of an interest in a Global Note, the Trustee and the Depositary shall reduce the principal amount of such Global Note in their records. The Company shall notify the Trustee in writing of any conversions of Notes effected through any Conversion Agent other than the Trustee.

(h) If a Holder has already delivered a Fundamental Change Repurchase Notice under Section 3.01 or a 2017 Repurchase Notice under Section 3.04 with respect to a Note, such Holder may not surrender that Note for conversion until the Holder has withdrawn the applicable repurchase notice in accordance with the Indenture. If the Company has designated a Tax Change Redemption Date as described under Section 6.01, a Holder that complies with the requirements for conversion described in Section 4.02(a) or Section 4.02(b), as applicable, will be deemed to have delivered a notice of its election not to have its Notes redeemed.

(i) If the Company's ADS facility maintained with the Ordinary Shares Depositary is terminated for any reason but the Ordinary Shares are then listed for trading on a U.S. national securities exchange, the Notes shall become convertible into Ordinary Shares. In all such case, all reference to ADSs in this First Supplemental Indenture shall be deemed to refer to Ordinary Shares, all references to the Last Reported Sale Price of the ADSs will be deemed to

refer to the Last Reported Sale Price of the Ordinary Shares, and other appropriate adjustments will be made hereunder to reflect such change.

Section 4.03 Fractional ADSs. The Company will not issue fractional ADSs upon conversion of Notes. In lieu of any fractional ADSs, the Company will pay on the third Business Day immediately following the Conversion Date an amount in cash equal to the Last Reported Sale Price of the ADS on the relevant Conversion Date (of, if such Conversion Date is not on a Trading Day, the next following Trading Day) multiplied by such fractional ADS and rounding the product to the nearest whole cent.

Section 4.04 Taxes on Conversion. If a Holder converts a Note, no service charge will be imposed by the Company and the Company shall pay any documentary, stamp or similar issue or transfer taxes due on the issuance of ADSs upon such conversion. The Company shall also pay any such tax with respect to cash received in lieu of fractional ADSs. In addition, the Company, the Trustee or the Conversion Agent may require a Holder to pay a sum sufficient to cover any such tax that is due because the Holder requests any ADSs to be issued in a name other than the Holder's name.

Section 4.05 Company to Provide Shares.

(a) The Company shall, prior to issuance of any Notes hereunder, and from time to time as may be necessary, reserve, out of its authorized but unissued share capital, a sufficient number of Ordinary Shares to be represented by ADSs to permit the conversion of all outstanding Notes into ADSs.

(b) All Ordinary Shares delivered to the Ordinary Shares Depositary for issuance of the ADSs by the Ordinary Shares Depositary upon conversion of the Notes shall be newly issued Ordinary Shares, and such Ordinary Shares shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive or similar rights and free of any lien or adverse claim as the result of any action by the Company.

(c) The Company covenants to take all such actions as may be required for the delivery in accordance herewith of ADSs, deliverable upon the conversion of any Note, including the issuance of Ordinary Shares represented by such ADSs, the deposit thereof in accordance with the Deposit Agreement, and the acceptance of such ADSs into the book-entry system maintained by the Ordinary Shares Depositary. Without limiting the generality of the foregoing, the Company further covenants that:

(1) if any Ordinary Shares to be provided for the purpose of conversion of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the SEC (or any successor thereto), endeavor to secure such registration or approval, as the case may be; and

(2) if at any time the ADSs shall be listed on any national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the ADSs

shall be so listed on such exchange or automated quotation system, all ADSs issuable upon conversion of the Notes; *provided* that if the rules of such exchange or automated quotation system permit the Company to defer the listing of such ADSs until the first conversion of the Notes into ADSs in accordance with the provisions of this Indenture, the Company covenants to list such ADSs issuable upon conversion of the Notes in accordance with the requirements of such exchange or automated quotation system at such time.

Section 4.06 Adjustment of Conversion Rate.

(a) If the number of Ordinary Shares represented by one ADS is changed after the date of this First Supplemental Indenture, the Conversion Rate shall be appropriately adjusted by the Company such that the number of Ordinary Shares represented by ADSs upon which conversion of the Notes is based remains the same. For the avoidance of doubt, as of the date of this First Supplemental Indenture, each ADS represents two Ordinary Shares.

(b) Notwithstanding the adjustment provisions described below, if the Company distributes to all or substantially all holders of Ordinary Shares any cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company (but excluding Expiring Rights) and, in lieu of a corresponding distribution to holders of ADSs, ADSs will instead represent, in addition to Ordinary Shares, such cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other asset or property of the Company, then a Conversion Rate adjustment described below will not be made unless and until a corresponding distribution (if any) is made to holders of ADSs, in which case such Conversion Rate adjustment will be based on the distribution made to the holders of ADSs and not on the distribution made to the holders of Ordinary Shares. However, in the event that the Company issues or distributes to all or substantially all holders of Ordinary Shares any Expiring Rights, notwithstanding the immediately preceding sentence, the Company shall adjust the Conversion Rate pursuant to the provisions set forth under Section 4.06(d)(2) (in the case of Expiring Rights entitling holders of Ordinary Shares for a period of not more than 60 days after the announcement date of such issuance to subscribe for or purchase Ordinary Shares or ADSs) or Section 4.06(d)(3) (in the case of all other Expiring Rights). "**Expiring Rights**" means any rights, options or warrants to purchase Ordinary Shares or ADSs that expire on or prior to the Maturity Date.

(c) For the avoidance of doubt, if any event described in Section 4.06(d)(1) through Section 4.06(d)(5) results in a change to the number of Ordinary Shares represented by the ADSs, then such a change will be deemed to satisfy the Company's obligation to adjust the Conversion Rate on account of such event to the extent, but only to the extent, that such change produces the same economic effect as the relevant Conversion Rate adjustment would have produced in the absence of the change to the number of Ordinary Shares represented by the ADSs.

(d) Subject to the foregoing, the Conversion Rate shall be adjusted from time to time by the Company as follows; *provided* that the Company will not make any adjustments to the Conversion Rate if Holders of the Notes may participate as a result of holding the Notes and at the same time and upon the same terms as holders of the ADSs participate in any of the

transactions described below without having to convert their Notes as if such Holders of the Notes held a number of the ADSs equal to the applicable Conversion Rate, multiplied by the principal amount of Notes held by such Holders divided by $1,000:

(1) If the Company shall issue Ordinary Shares as a dividend or distribution on Ordinary Shares, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the record date for such dividend or distribution or immediately prior to the open of business on the effective date of such share split or combination, as the case may be;

CR_1 = the Conversion Rate in effect immediately after the close of business on the record date for such dividend or distribution or immediately after the open of business on the effective date of such share split or combination, as the case may be;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the close of business on the record date for such dividend or distribution or immediately prior to the open of business on the effective date of such share split or combination, as the case may be; and

OS_1 = the number of Ordinary Shares that would be outstanding immediately after giving effect to such dividend or distribution or such share split or combination, as the case may be.

Any adjustment made pursuant to this clause (1) shall become effective immediately after the close of business on the record date for such dividend or distribution or immediately after the open of business on the date on which such share split or combination becomes effective, as applicable. If any dividend or distribution of the type described in this clause (1) is declared but not paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would be in effect if such dividend or distribution had not been declared.

(2) If the Company distributes to all or substantially all holders of Ordinary Shares (directly or in the form of ADSs) any rights, options or warrants entitling such holders for a period of not more than 60 days after the date of such distribution to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share less than the average of the Last Reported Sale Prices of the ADSs divided by the number of Ordinary Shares then represented by each

ADS over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the first public announcement of such distribution, the Conversion Rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the record date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the close of business on the record date for such distribution;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the close of business on the record date for such distribution;

X = the total number of Ordinary Shares issuable pursuant to such rights, options or warrants or, in the case of any rights, options or warrants entitling holders thereof to subscribe for or purchase ADSs, the total number of Ordinary Shares represented by the total number of ADSs issuable pursuant to such rights, options or warrants; and

Y = the number of Ordinary Shares equal to the aggregate exercise or conversion price payable to exercise such rights, options or warrants divided by the quotient of (A) the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the first public announcement of such distribution, divided by (B) the number of Ordinary Shares then represented by one ADS.

Any increase in the Conversion Rate made pursuant to this clause (2) shall become effective immediately after the close of business on the record date for such distribution.

For purposes of this clause (2), in determining whether any rights, options or warrants entitle the holder to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share that is less than such average of the Last Reported Sale Prices of the ADSs divided by the number of Ordinary Shares then represented by one ADS, and in determining such aggregate price payable for such Ordinary Shares (directly or in the form of ADSs), there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise thereof, with the value of such consideration, if other than cash, to be determined by the Board of Directors or a committee thereof.

In the event such right, option or warrant described in this clause (2) are not so distributed, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announce its decision not to distribute such rights, options or warrants, to the Conversion Rate that would then be in effect if such distribution had not been

declared. If any right, option or warrant described in this clause (2) is not exercised prior to the expiration thereof or Ordinary Shares or ADSs are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would have been in effect had the adjustment made upon the distribution of such rights, options or warrants been made on the basis of the delivery of only the number of Ordinary Shares or ADSs actually delivered.

(3) If the Company distributes share of its Capital Stock, evidences of its indebtedness or other assets or property of the Company (subject to the exclusions below, the "**distributed property**") to all or substantially all holders of Ordinary Shares (directly or in the form of ADSs), excluding:

(A) dividends or distributions referred to in clause (1) or (2) above;

(B) dividends or distributions paid exclusive in cash referred to in clause (4) below; and

(C) Spin-Offs described below in this clause (3);

then the Conversion Rate shall be increased based the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the record date for such distribution;

CR_1 = the Conversion Rate in effect immediately after the close of business on the record date for such distribution;

SP_0 = (A) the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the ex-dividend date for such distribution, divided by (B) the number of Ordinary Shares then represented by one ADS; and

FMV = the fair market value (as determined by the Board of Directors or a committee thereof) of the distributed property with respect to each outstanding Ordinary Share on the ex-dividend date for such distribution.

Any increase made pursuant to the foregoing paragraph of this clause (3) shall become effective immediately after the close of business on the record date for such distribution.

Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each $1,000 principal amount of Notes, at the same time and upon the same terms as the holders of the ADSs, the amount and kind of distributed property that such Holder would have received had such Holder owned a number of the ADSs equal to the Conversion Rate in effect on the record date for the distribution. However, the Ordinary Shares Depositary will not make such distribution to a holder of the ADSs if it determines in its discretion that such distribution is not practicable with respect to such holder of ADSs. In addition, in the case of a distribution of rights to purchase additional Ordinary Shares or other rights, the Ordinary Shares Depositary will not make such distribution unless the Company provides satisfactory evidence that the Ordinary Shares Depositary may lawfully distribute such rights. If the Ordinary Shares Depositary determines it is not practicable to distribute such rights or the Company does not furnish such evidence, the Ordinary Shares Depositary may (x) sell such rights, if practicable, and distribute the net proceeds as cash or (y) allow such rights to lapse, in which case holders of ADSs will receive nothing. In the case of a distribution of securities or property other than cash, Ordinary Shares or rights, the Ordinary Shares Depositary may either (x) distribute such securities or property in any manner it deems equitable and practicable, (y) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash or (z) hold the distributed property in which case the ADSs will also represent the distributed property.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on Ordinary Shares in shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary, a Consolidated Affiliated Entity or another business unit, where such Capital Stock or similar equity interest is listed or quoted (or will be listed or quoted upon consummation of the Spin-Off) on a major U.S. or non-U.S. securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the record date of the Spin-Off;

CR_1 = the Conversion Rate in effect immediately after the close of business on the record date of the Spin-Off;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of Ordinary Shares (directly or in the form of ADSs) applicable to one Ordinary Share (determined by reference to the definition of "Last Reported Sale Price" as if references therein to the ADSs were

to such Capital Stock or similar equity interest) over the 10 consecutive Trading Day period beginning on, and including, the effective date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the average of the Last Reported Sale Prices of the ADSs over the Valuation Period, divided by the number of Ordinary Shares then represented by one ADS.

The increase in the Conversion Rate under the preceding paragraph will be determined on the last Trading Day of the Valuation Period but will be given effect immediately after the close of business on the record date of the Spin-Off; *provided* that, in respect of a conversion of a Note during the Valuation Period, the reference in the above definition of "Valuation Period" to 10 consecutive Trading Days shall be deemed replaced with a reference to such lesser number of Trading Days as have elapsed from, and including, the effective date of such Spin-Off to, and including, the Conversion Date in determining the applicable Conversion Rate.

If any dividend or distribution described in this clause (3) is declared but not paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announce its decision not to pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(4) If the Company pays any cash dividends or distributions to all or substantially all holders of Ordinary Shares (directly or in the form of ADSs), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the record date for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the close of business on the record date for such dividend or distribution;

SP_0 = the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the ex-dividend date for such dividend or distribution, divided by the number of Ordinary Shares then represented by one ADS; and

C = the amount in cash per Ordinary Share that the Company distributes to holders of its Ordinary Shares (directly or in the form of ADSs).

Any adjustment made pursuant to this clause (4) shall become effective immediately after the close of business on the record date for such dividend or distribution. If any such

dividend or distribution described in this clause (4) is declared but not paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announce its decision not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0"(as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each $1,000 principal amount of Notes, at the same time and upon the same terms as holders of the ADSs, the amount of cash that such Holder would have received if such Holder owned a number of the ADSs equal to the Conversion Rate on the record date for such cash dividend or distribution.

(5) If the Company or any of its Subsidiaries or Consolidated Affiliated Entities makes a payment in respect of a tender offer or exchange offer for Ordinary Shares (directly or in the form of ADSs) to the extent that the cash and value of any other consideration included in the payment per Ordinary Share exceeds the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period beginning on, and including, the Trading Day immediately following the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, divided by the number of Ordinary Shares then represented by one ADS, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{SP_1 \times OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Trading Day immediately following the date such tender or exchange offer expires;

CR_1 = the Conversion Rate in effect immediately after the close of business on the Trading Day immediately following the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors or a committee thereof) paid or payable for Ordinary Shares or ADSs, as the case may be, purchased or exchanged in such tender or exchange offer;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the time such tender or exchange offer expires (prior to giving effect to the purchase or exchange of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender offer or exchange offer);

OS_1 = the number of Ordinary Shares outstanding immediately after the time such tender or exchange offer expires (after giving effect to the purchase or exchange

of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender offer or exchange offer); and

SP_1 = the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period beginning on, and including, the Trading Day immediately following the date such tender offer or exchange offer expires, divided by the number of Ordinary Shares then represented by one ADS.

The adjustment to the Conversion Rate under this clause (5) will be determined at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires but will be given effect immediately after

the close of business on the date such tender or exchange offer expires; *provided* that if the Conversion Date occurs within the 9 consecutive Trading Day period beginning on, and including, the Trading Day immediately following the date such tender or exchange offer expires, each reference in this clause (5) with respect to 10 consecutive Trading Days shall be deemed replaced with a reference to such lesser number of Trading Days as have elapsed from, and including, the Trading Day immediately following the date such tender or exchange offer expires to, and including, the Conversion Date in determining the applicable Conversion Rate.

If the Company is obligated to purchase shares pursuant to any tender offer or exchange offer referred to in this clause (5), but the Company is ultimately prevented by applicable law from effecting all or any portion of such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender offer or exchange offer had not been made or had been made only in respect of the purchases that had been effected.

(e) If the application of any of the foregoing formulas in Section 4.06(d) (other than in respect of a reverse share split or share combination) would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate shall be made. The Company shall not take any action that would result in an adjustment to the Conversion Rate pursuant to this Section 4.06 in such a manner as to result in the reduction of the Conversion Price to less than the par value of the Ordinary Shares.

(f) Adjustments to the applicable Conversion Rate will be calculated to the nearest 1/10,000th of an ADS. No adjustment to the Conversion Rate will be required unless the adjustment would require an increase or decrease of at least 1% of the Conversion Rate. However, the Company will carry forward any adjustments that are less than 1% of the Conversion Rate that the Company elects not to make and take them into account upon the earliest of (1) any conversion of Notes and (2) such time as all adjustments that have not been made prior thereto would have the effect of adjusting the Conversion Rate by at least 1%.

Section 4.07 Adjustment to Conversion Rate upon Conversion upon a Make-Whole Fundamental Change or in connection with the Company's Election to Redeem for Change in Tax Laws

(a) If a Holder elects to convert Notes in connection with a Make-Whole Fundamental Change, the Conversion Rate shall be increased by a number of additional ADSs as described below. A conversion of the Notes by a Holder shall be deemed for these purposes to be "in connection with" a Make-Whole Fundamental Change if such conversion occurs on or after the Make-Whole Reference Date and prior to the close of business on the Business Day immediately preceding the related Fundamental Change Repurchase Date (or, in the case of a Make-Whole Fundamental Change that would have been a Fundamental Change but for clause (A) under clause (2) of the definition of the Fundamental Change, the 35th Trading Day immediately following the Make-Whole Reference Date).

(b) The Company shall notify the Holders and the Trustee of the Make-Whole Reference Date and issue a press release on such date no later than five Business Days after such Make-Whole Reference Date.

(c) The number of additional ADSs per $1,000 principal amount of Notes by which the Conversion Rate shall be increased (the "**Additional ADSs**") in the event of a Make-Whole Fundamental Change will be determined by the Company by reference to the table below, based on the date on which such Make-Whole Fundamental Change occurs or becomes effective (the "**Make-Whole Reference Date**"), and the price (the "**ADS Price**") paid (or deemed to be paid) per ADS in the Make-Whole Reference Change. If holders of the ADSs receive only cash consideration for their ADSs (in a single per ADS amount, other than with respect to appraisal and similar rights) in connection with a Make-Whole Fundamental Change, the ADS Price will be the cash amount paid per ADS in such Make-Whole Fundamental Change. Otherwise, the ADS Price will be the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the applicable Make-Whole Reference Date.

(d) The ADS Prices set forth in the first row of the table below (i.e. the column headers) will be adjusted as of any date on which the Conversion Rate of the Notes is otherwise adjusted. The adjusted ADS Price will equal the ADS Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the applicable Conversion Rate immediately prior to the adjustment giving rise to the ADS Price adjustment and the denominator of which is the applicable Conversion Rate as so adjusted. The number of Additional ADSs will be adjusted from time to time in the same manner as the Conversion Rate as set forth under Section 4.06.

(e) The following table sets forth for each ADS Price and Make-Whole Reference Date set forth below the number of Additional ADSs by which the Conversion Rate per $1,000 principal amount shall be increased:

	ADS Price											
Make-Whole Reference Date	**$143.74**	**$150.00**	**$170.00**	**$190.00**	**$201.24**	**$225.00**	**$250.00**	**$275.00**	**$300.00**	**$325.00**	**$350.00**	**$375.00**
March 17, 2014	1.9877	1.8922	1.3850	1.0128	0.8470	0.5724	0.3663	0.2206	0.1194	0.0522	0.0127	0.0000
March 15, 2015	1.9877	1.9121	1.3830	0.9978	0.8275	0.5480	0.3412	0.1978	0.1005	0.0382	0.0049	0.0000
March 15, 2016	1.9877	1.9089	1.3482	0.9466	0.7716	0.4899	0.2878	0.1532	0.0670	0.0177	0.0000	0.0000
March 15, 2017	1.9877	1.5971	1.1115	0.7685	0.6207	0.3857	0.2202	0.1119	0.0441	0.0073	0.0000	0.0000
March 15, 2018	1.9877	1.6240	1.0805	0.7066	0.5504	0.3116	0.1548	0.0617	0.0120	0.0000	0.0000	0.0000
March 15, 2019	1.9877	1.6973	0.9130	0.2938	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact ADS Price and Make-Whole Reference Date may not be set forth in the table above, in which case:

(1) if the ADS Price is between two ADS Price amounts in the table or the Make-Whole Reference Date is between two dates in the table, the number of Additional ADSs will be determined by a straight-line interpolation between the number of Additional ADSs set forth for the higher and lower ADS Price amounts and the two Make-Whole Reference Dates, as applicable, based on a 365-day year.

(2) if the ADS Price is greater than $375.00 per ADS, subject to adjustment from time to time in the same manner as the ADS Prices set forth in the column headings of the table above, no Additional ADSs will be added to the Conversion Rate; and

(3) if the ADS Price is less than $143.74 per ADS, subject to adjustment from time to time in the same manner as the ADS Prices set forth in the column headings of the table above, no Additional ADSs will be added to the Conversion Rate.

Notwithstanding the foregoing, in no event will the Conversion Rate exceed 6.9570 ADSs per $1,000 principal amount of Notes, subject to adjustment in the same manner as the Conversion Rate as described under Section 4.06.

(f) If a Holder elects to convert its Notes in connection with the Company's election to redeem the Notes in respect of a change in tax law as described under Article 6, the Conversion Rate shall be increased by a number of additional ADSs as described below. The Company shall settle conversion of Notes as described in Section 4.02 and, for the avoidance of doubt, pay Additional Amounts, if any, with respect to any such conversion. A conversion shall be deemed to be "in connection with" the Company's election to redeem the Notes in respect of a change in tax law if such conversion occurs during the period from, and including, the date the Company provides the related notice of redemption to Holders until the close of business on the Business Day immediately preceding the Tax Change Redemption Date (or, if the Company fails to pay the Tax Change Redemption Price, such later date on which the Company pays the Tax Change Redemption Price). Simultaneously with providing such notice of redemption, the Company shall (i) publish a notice containing the information in this Section 4.07(f) in a newspaper of general circulation in the City of New York or issue a press release and (ii) publish the information on the Company's website or through such other public medium as the Company may use at that time.

(g) The number of Additional ADSs by which the Conversion Rate shall be increased in the event the Company elects to redeem the Notes in respect of a change in tax law will be determined by reference to the table in Section 4.07(e) above, based on the Redemption Reference Date and the Redemption Reference Price, but determined for purposes of this Section 4.07(g) as if (1) the Holder had elected to convert its Notes in connection with a Make-Whole Fundamental Change, (2) the applicable Redemption Reference Date were the "Make-Whole Reference Date" and (3) the applicable Redemption Reference Price were the "ADS Price"

(and subject, for the avoidance of doubt, to the two paragraphs immediately following such table).

(h) If the Company has designated a Tax Change Redemption Date as described under Article 6, a Holder that complies with the requirements for conversion described under Section 4.02 will be deemed to have delivered and not withdrawn a notice of its election not to have its Notes so redeemed.

Section 4.08 Events That Will Not Result in Adjustments. Except as described in this First Supplemental Indenture, the Company will not adjust the Conversion Rate. Without limiting the foregoing, the applicable Conversion Rate will not be adjusted:

(1) upon the issuance of Ordinary Shares or ADSs pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Ordinary Shares or ADSs under any plan;

(2) upon the issuance of Ordinary Shares or ADSs or options or rights to purchase or acquire Ordinary Shares or ADSs pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its Subsidiaries or Consolidated Affiliated Entities;

(3) upon the issuance of Ordinary Shares or ADSs pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (2) and outstanding as of the date the Notes were first issued, except as described below under Section 4.10;

(4) upon the issuance of Ordinary Shares or ADSs not described in the preceding clauses that is not expressly covered by a transaction described in Section 4.06(d) above, regardless of the price at which such Ordinary Shares or ADSs are issued;

(5) upon the repurchase of Ordinary Shares or ADSs pursuant to an open-market share repurchase program or other buy-back transaction that is not a tender offer or exchange offer of the nature described in Section 4.06(d)(5), including structured or derivative transactions;

(6) for a change in the par value of Ordinary Shares; or

(7) for accrued and unpaid interest, if any.

Section 4.09 Treatment of Reference Property.

(a) In the event of:

(1) any Fundamental Change described in clause (2) of the definition thereof;

(2) any reclassification of Ordinary Shares (other than changes resulting from a subdivision or combination);

(3) a consolidation, binding share exchange, recapitalization, merger, combination or other similar event involving the Company; or

(4) a sale, conveyance, transfer, lease or other disposition to another Person of all or substantially all of the consolidated property and assets of the Company and its Subsidiaries and Consolidated Affiliated Entities,

in which the ADSs would be converted into, or exchanged for, cash, securities or other property or combination thereof (each a "**Specified Transaction**"), the Company or the successor or purchasing corporation, as the case may be, will execute with the trustee a supplemental indenture providing that, at and after the effective time of the Specified Transaction, the right to convert each $1,000 principal amount of Notes into ADSs will be changed into a right to convert such principal amount of Note into the type and amount of cash, securities or other property or combination thereof (the "**Reference Property**") that a holder of a number of ADSs equal to the Conversion Rate immediately prior to such Specified Transaction would have owned or been entitled to receive upon such Specified Transaction.

(b) For purposes of the foregoing, the type and amount of consideration that a holder of the ADSs would have been entitled to in the case of any such transactions that cause the ADSs to be converted into the right to receive more than a single type of consideration determined, based in part upon any form of shareholder election, will be deemed to be:

(1) if holders of the majority of the ADSs affirmatively make such an election, the weighted average of the types and amounts of consideration received by the holders of the ADSs that affirmatively make such an election; or

(2) if the holders of a majority of the ADSs do not affirmatively make such an election, the weighted average of the types and amount of consideration actually received by such non-electing holders.

The Company will provide written notification to Holders, the Trustee and the Conversion Agent (if other than the Trustee) of the weighted average as soon as practicable after such determination is made.

Any supplemental indenture will also provide for anti-dilution and other adjustments that are as near equivalent as practicable to the adjustments described under Section 4.06(d) above (it being understood that no such adjustment shall be required with respect to any portion of the Reference Property that does not consist of shares of common equity (however evidenced) or depositary receipts in respect thereof). If the property in respect to any such Specified Transaction includes shares of stock, securities or other property or assets of a company other than the Company or the successor or purchasing company, as the case may be, in such Specified Transaction, such other company will also execute such supplemental indenture and such supplemental indenture will contain such additional provisions to protect the interests of the Holders.

(c) The Company shall not become a party to any such Specified Transaction unless its terms are consistent with this Section 4.09.

Section 4.10 Treatment of Rights. If the Company has a shareholder rights agreement or a rights plan in effect upon conversion of the Notes into ADSs, Holders of the Notes will receive, in addition to ADSs received in connection with such conversion, the rights under the shareholder rights agreement or the rights plan, unless prior to such conversion, the rights have separated from Ordinary Shares (directly or in the form of ADSs), in which case, and only in such case, the Conversion Rate will be adjusted at the time of separation as if the Company distributed to all holders of Ordinary Shares (directly or in the form of ADSs), the distributed property as described in Section 4.06(d)(3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights. Any distribution of rights or warrants pursuant to a shareholder agreement or a rights plan that would allow a Holder to receive upon conversion, in addition to any of the ADSs, the rights described therein with respect to such ADSs (unless such rights or warrants have separated from Ordinary Shares) shall not constitute a distribution of rights or warrants that would entitle a Holder to an adjustment to the Conversion Rate.

Section 4.11 Voluntary Adjustment. In addition to the adjustments described in Section 4.06(d)(1) through Section 4.06(d)(5), to the extent permitted by law and rules of The New York Stock Exchange or any other securities exchange on which any of the Company's securities are then listed, the Company is permitted to increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Board of Directors determines that such increase would be in the Company's best interest, which determination will be conclusive. The Company shall notify the Holders of the Notes and the Trustee of the increased Conversion Rate and the period during which it will be in effect at least 15 days prior to the date the increased Conversion Rate takes effect, and otherwise in accordance with law. The Company may also (but is not required to) increase the Conversion Rate to avoid or diminish income tax to holders of its Ordinary Shares or ADSs or rights to purchase Ordinary Shares or ADSs in connection with a dividend or distribution of Ordinary Shares or ADSs (or rights to acquire Ordinary Shares or ADSs) or similar event.

Section 4.12 Adjustment of Prices. Whenever any provision of the Indenture requires the Company to calculate the Last Reported Sale Prices over a span of multiple days (including the "ADS price" for purposes of a Make-Whole Fundamental Change or a redemption in connection with a change in tax law), the Company will make appropriate adjustments to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the record date or effective date of the event occurs, at any time during the period when the Last Reported Sale Prices are to be calculated.

Section 4.13 Notice of Adjustment. Whenever the Conversion Rate is adjusted as described in this Article 4 pursuant to this First Supplemental Indenture, the Company shall notify the Trustee, the Conversion Agent and the Paying Agent of such Conversion Rate adjustment and file with the Trustee, the Conversion Agent and the Paying Agent an Officer's Certificate. Promptly after providing such notice to the Trustee, the Conversion Agent and the Paying Agent, the Company will provide a written notice of such

Conversion Rate adjustment and the date on which each adjustment becomes effective to all Holders of the Notes at their addresses shown in the register of the Registrar within 5 Business Days of the date on which the Conversion Rate adjustment is made. The Company will also publicly announce the relevant information through a newspaper of general circulation in the City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time. The Company's failure to deliver such notice will not affect the legality or validity of any such Conversion Rate adjustment.

Section 4.14 Trustee's Disclaimer; Agents' Disclaimer.

(a) Neither the Trustee nor any Agent shall have a duty to determine when an adjustment under this Article 4 should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of that fact or the correctness of any such adjustment, and shall be protected in relying upon, an Officer's Certificate and/or an Opinion of Counsel, including the Officer's Certificate with respect thereto which the Company is obligated to file with the Trustee, the Conversion Agent and the Paying Agent pursuant to Section 4.13. Unless and until a responsible officer of the Trustee shall have received such Officer's Certificate, neither the Trustee, the Conversion Agent nor the Paying Agent will be deemed to have knowledge of such Conversion Rate adjustment and may assume without inquiry that the last Conversion Rate of which it has been notified by the Company is still in effect.

(b) Neither the Trustee nor any Agent makes any representation as to the validity or value of any securities or assets issued upon conversion of Notes, and neither the Trustee nor any Agent shall be responsible for the Company's failure to comply with any provisions of this Article 4. Neither the Trustee nor any Agent shall have any obligation to monitor the price of the ADSs or the Ordinary Shares.

(c) Neither the Trustee nor any Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 4.09, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officer's Certificate and Opinion of Counsel, with respect thereto which the Company is obligated to file with the Trustee and the Agents pursuant to Section 16.01 of the Base Indenture.

ARTICLE 5

COVENANTS

Section 5.01 Payment of Notes. Section 6.01 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 6.01 in the Base Indenture shall be superseded and instead be deemed to refer to Section 5.01 of this First Supplemental Indenture.

The Company shall promptly make all payments and deliveries in respect of the Notes on the dates and in the manner provided in the Notes and the Base Indenture and this First Supplemental Indenture. The Company shall, to the fullest extent permitted by law, pay interest

in immediately available funds on overdue principal amount and interest at the annual rate borne by the Notes compounded semiannually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for.

Section 5.02 SEC and Other Reports. Section 10.02 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 10.02 in the Base Indenture shall be superseded by and instead be deemed to refer to Section 5.02 of this First Supplemental Indenture.

Any documents or reports that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 calendar days after the same are required to be filed with the SEC (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act); *provided* that any such documents filed by the Company with the SEC via the Electronic Data Gathering, Analysis and Retrieval (or EDGAR) system shall be deemed to be delivered with the Trustee as of the time such documents are filed via EDGAR (with a confirmation of the filing to be sent to the Trustee), it being understood that the Trustee shall have no responsibility to determine if such filings have been made. The Company shall also comply with the other provisions of Section 314(a) of the Trust Indenture Act. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates). The Trustee shall have no responsibility to disseminate any documents or reports to the Holders or provide any confirmation that any filing has been completed.

Section 5.03 Compliance Certificates. Section 6.06 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 6.06 in the Base Indenture shall be superseded by, and instead be deemed to refer to, Section 5.03 of this First Supplemental Indenture.

The Company shall deliver to the Trustee, (a) within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending December 31, 2014), and (b) within 14 days of a written request from the Trustee, a certificate of the principal executive officer, principal financial officer or principal accounting officer as to the signer's knowledge of the Company's compliance with all conditions and covenants under the Indenture and specifying whether or not the signer thereof knows of any Default or Event of Default that occurred during the previous year. If such signer knows of such a Default or Event of Default, the Officer's Certificate shall describe each such Default or Event of Default and the nature and status thereof and efforts to remedy the same of which such person may have knowledge. For the purposes of this Section 5.03, compliance shall be determined without regard to any grace period or requirement of notice provided pursuant to the terms of the Indenture.

Section 5.04 Further Instruments and Acts. Upon request of the Trustee or any Agent, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this First Supplemental Indenture.

Section 5.05 Additional Amounts.

Section 6.05 of the Base Indenture shall not apply to the Notes and hereafter shall be void and have no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and in so far as relating to the Notes, any reference to Section 6.05 of the Base Indenture shall be superseded by and references thereto shall be deemed to refer to this Section 5.05 of this First Supplemental Indenture. In addition, for the avoidance of doubt, in this First Supplemental Indenture, the term "Additional Amounts" shall have the meaning ascribed to it here and the meaning set forth in the Base Indenture shall not apply to the Notes or this First Supplemental Indenture.

All payments and deliveries made by, or on behalf of, the Company or any successor to the Company under or with respect to the Notes, including, but not limited to, payments of principal (including the Fundamental Change Repurchase Price, if applicable, the 2017 Repurchase Price, if applicable, and the Tax Change Redemption Price, if applicable), payments of interest and deliveries of ADSs (together with payments of cash for any fractional ADS, if applicable) upon conversion, will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or any successor are, or are deemed to be, organized or otherwise resident or doing business for tax purposes or from or through which payment is made or deemed to be made on the Company's behalf (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "**Relevant Taxing Jurisdiction**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company shall pay to the Holder of each Note such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received by the beneficial owner after such withholding or deduction (and after deducting any taxes on the Additional Amounts) shall equal the amounts which would have been received by such beneficial owner had no such withholding or deduction been required; *provided* that no Additional Amounts shall be payable:

(a) for or on account of:

(1) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the relevant Holder or beneficial owner of such Note and the Relevant Taxing Jurisdiction, other than merely holding such Note or the receipt of payments or the enforcement of rights thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or

having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of (including the Fundamental Change Repurchase Price, if applicable, the 2017 Repurchase Price, if applicable, and the Tax Change Redemption Price, if applicable) and interest on, such Note or the delivery of ADSs (together with payment of cash for any fractional ADS) upon conversion of such Note became due and payable pursuant to the terms thereof or was made or duly provided for (except to the extent that the Holder would have been entitled to Additional Amounts had such Note been presented for payment on the last day of such 30-day period); or

(C) the failure of the Holder or beneficial owner to comply with a timely request from the Company or any successor, addressed to the Holder or beneficial owner, as the case may be, to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Taxing Jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the Relevant Taxing Jurisdiction to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner;

(2) any estate, inheritance, gift, sale, transfer, excise, personal property or similar tax, assessment or other governmental charge;

(3) any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding from payments under or with respect to the Notes;

(4) any withholding or deduction that is imposed or levied on a payment to an individual pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(5) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(6) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (1), (2), (3), (4) or (5); or

(b) with respect to any payment of the principal of (including the Fundamental Change Repurchase Price, if applicable, the 2017 Repurchase Price, if applicable, and the Tax Change Redemption Price, if applicable) and interest on, such Note to a Holder, or delivery of ADSs (together with payment of cash for any fractional ADS) upon conversion of such Note to a Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of that payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

(c) In addition to the foregoing, the Company shall also pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including related penalties, interest and additions to tax) which are levied by any Relevant Taxing Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture or any other document or instrument referred to therein, or the receipt of any payments (other than for taxes or similar charges imposed on, or determined by, net income (however denominated)) under or with respect to the Notes.

(d) If the Company is or becomes obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Company shall deliver to the Trustee and Paying Agent (if other than the Trustee) on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Company shall notify the Trustee and the Paying Agent (if other than the Trustee) promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date. The Trustee and the Paying Agent (if other than the Trustee) shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary and the amount of such payments. The Company shall provide the Trustee and the Paying Agent (if other than the Trustee) with documentation evidencing the payment of Additional Amounts and the Trustee shall make such documentation available to the Holders of the Notes. The Trustee and the Paying Agent (if other than the Trustee) shall have no obligation to confirm the accuracy or calculations involved in the determination of such Additional Amounts.

(e) The Company shall make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law. Upon request, the Company shall provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation satisfactory to the Trustee evidencing the payment of any taxes so deducted or withheld. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the Trustee to the Holders and beneficial owners of the Notes.

(f) Whenever there is mentioned in any context the delivery of ADSs (together with payment of cash for any fractional ADS) upon conversion of the Notes or the payment of principal of (including the Fundamental Change Repurchase Price, if applicable, the 2017 Repurchase Price, if applicable, and the Tax Change Redemption Price, if applicable), and any interest on, any Note or any amount payable with respect to such Note, such mention shall be deemed to include payment of Additional Amounts provided for in this First Supplemental Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

ARTICLE 6

OPTIONAL REDEMPTION

Section 4.07 of the Base Indenture shall not apply to the Notes and hereafter shall be void and have no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and in so far as relating to the Notes, any reference to Section 4.07 of the Base Indenture shall be superseded by and references thereto shall be deemed to refer to this Article 6 of this Supplemental Indenture.

Section 6.01 Optional Redemption for Changes in the Tax Laws of the Relevant Taxing Jurisdiction

(a) If the Company has, or on the next Interest Payment Date would, become obligated to pay to the Holder of any Note Additional Amounts that are more than a de minimis amount, as a result of:

(1) any change or amendment on or after the date of the Prospectus Supplement (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in the laws or any rules or regulations of a Relevant Taxing Jurisdiction; or

(2) any change on or after the date of the Prospectus Supplement (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in an interpretation, administration or application of such laws, rules or regulations by any legislative body, court, governmental agency, taxing authority or regulatory or administrative authority of such Relevant Taxing Jurisdiction (including the enactment of any legislation and the announcement or publication of any judicial decision or regulatory or administrative interpretation or determination);

(each, a "**change in tax law**"), the Company may, at its option, redeem all but not part of the Notes (except in respect of certain Holders that elect otherwise as described in Section 6.01(c)) at a redemption price (the "**Tax Change Redemption Price**") equal to 100% of the principal amount plus accrued and unpaid interest, if any, to, but not including, the Tax Change Redemption Date, including, for the avoidance of doubt, any Additional Amounts with respect to such Tax Change Redemption Price; *provided* that the Company may only redeem the notes if:

(A) the Company cannot avoid these obligations by taking commercially reasonable measures available to the Company; and

(B) the Company delivers to the Trustee an opinion of outside legal counsel of recognized standing in the Relevant Taxing Jurisdiction and an Officer's Certificate attesting to such change in tax law and obligation to pay Additional Amounts that are more than a de minimis amount,

provided, further, that if the Tax Change Redemption Date occurs after a Regular Record Date and on or prior to the corresponding Interest Payment Date, the Company shall pay the full amount of accrued and unpaid interest, if any, due on such Interest Payment Date to the Holder of record of the Notes on the Regular Record Date corresponding to such Interest Payment Date, and the Tax Change Redemption Price payable to the Holder who presents a Note for redemption will be equal to 100% of the principal amount of such Note, including for the avoidance of doubt, any Additional Amounts with respect to such Tax Change Redemption Price.

(b) The Company shall give Holders not less than 30 days' nor more than 60 days' notice prior to the redemption date (a "**Tax Change Redemption Date**"). Simultaneously with providing such notice, the Company shall (i) publish a notice containing the information in this Section 6.01 in a newspaper of general circulation in the City of New York or issue a press release and (ii) publish the information on the Company's website or through such other public medium as the Company may use at that time. The Tax Change Redemption Date must be a Business Day.

(c) Upon receiving such notice of redemption, each Holder will have the right to elect to not have its Notes redeemed, in which case the Company shall not be obligated to pay any Additional Amounts on any payment with respect to such Notes solely as a result of such change in tax law that resulted in the obligation to pay such Additional Amounts (whether upon conversion, required repurchase in connection with a Fundamental Change or the 2017 Repurchase Date, maturity or otherwise, and whether in ADSs, Reference Property or otherwise) after the Tax Change Redemption Date (or, if the Company fails to pay the Tax Change Redemption Price on the Tax Change Redemption Date, such later date on which the Company pays the Tax Change Redemption Price), and all future payments with respect to such Notes will be subject to the deduction or withholding of such Relevant Taxing Jurisdiction and taxes required by law to be deducted or withheld as a result of such change in tax law; *provided* that, notwithstanding the foregoing, if a Holder electing not to have its Notes redeemed converts its notes in connection with the Company's election to redeem the Notes in respect of such change in tax law as described in Section 4.07(f), the Company shall be obligated to pay Additional Amounts, if any, with respect to such conversion.

(d) A Holder electing to not have its Notes redeemed must deliver to the Paying Agent a written notice of election so as to be received by the Paying Agent prior to the close of business on the second Business Day immediately preceding the Tax Change Redemption Date; *provided* that, a Holder that complies with the requirements for conversion described in Section 4.02 will be deemed to have delivered a notice of its election to not have its Notes so redeemed. A Holder may withdraw any notice of election (other than such a deemed notice of election in connection with a conversion) by delivering to the Paying Agent a written

notice of withdrawal prior to the close of business on the Business Day immediately preceding the Tax Change Redemption Date (or, if the Company fails to pay the Tax Change Redemption Price on the Tax Change Redemption Date, such later date on which the Company pays the Tax Change Redemption Price). If no election is made or deemed to have been made, the Holder will have its Notes redeemed without any further action.

(e) No Notes may be redeemed if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded on or prior to such Tax Change Redemption Date.

(f) Other than as described in this Section 6.01, the Notes may not be redeemed by the Company at the Company's option prior to maturity.

ARTICLE 7

CONSOLIDATION, MERGER AND SALE OF ASSETS

Section 6.04 of the Base Indenture shall not apply to the Notes and hereafter shall be void and have no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Article 6.04 in the Base Indenture shall be superseded by and references thereto shall be deemed to refer to this Article 7 of this First Supplemental Indenture.

Section 7.01 Consolidation, Merger and Sale of Assets. The Company shall not consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the consolidated properties and assets of the Company and its Subsidiaries and Consolidated Affiliated Entities, taken as a whole, to, another Person, unless:

(a) either (i) the Company is the continuing corporation or (ii) the resulting, surviving, transferee or successor Person (if other than the Company) (the "**Successor Person**") is a corporation organized and existing under the laws of the Cayman Islands, the British Virgin Islands, Bermuda, Hong Kong, the United States of America or any State thereof or the District of Columbia, and such Person expressly assumes, by a supplemental indenture, all of the Company's obligations under the Notes and the Indenture (including, for the avoidance of doubt, the obligation to pay Additional Amounts as set forth in Section 5.05;

(b) immediately after giving effect to the transaction described above, no Default or Event of Default has occurred and is continuing; and

(c) the Company has delivered to the Trustee an Officer's Certificate, stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this First Supplemental Indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 7.02 Successor to be Substituted. Upon any such consolidation, merger, sale, conveyance, transfer, lease or other disposal in which the Company is not the continuing corporation and upon the assumption by the Successor Person, by

supplemental indenture, executed and delivered to the Trustee and reasonably satisfactory in form and substance to the Trustee, of the due and punctual payment of the principal of and interest on all of the Notes, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed or satisfied by the Company, such Successor Person shall succeed to, and be substituted for, the Company, and may exercise every right and power of the Company with the same effect as if it had been named herein as the party of this first part, and if the predecessor Company is still in existence after the transaction, the predecessor Company shall be released from its obligations and covenants under the Notes and the Indenture, except in the case of a lease of all or substantially all of the Company's properties and assets. Such Successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Notes, issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such Successor Person instead of the Company and subject to all the terms, conditions and limitations in the Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Notes that such Successor Person thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under the Indenture as the Notes theretofore or thereafter issued in accordance with the terms of the Indenture as though all of such Notes had been issued at the date of the execution hereof.

In case of any such transaction, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

ARTICLE 8

DEFAULT AND REMEDIES

Section 8.01 Events of Default. Section 7.01 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 7.01 in the Base Indenture shall superseded by, and instead be deemed to refer to, Section 8.01 of this First Supplemental Indenture.

An "**Event of Default**", whenever used in the Indenture with respect to the Notes shall mean any one of the following events:

(a) default for 30 days in payment of any interest when due and payable on the Notes;

(b) default in payment of principal of the Notes when due and payable at maturity, upon redemption, upon required repurchase following a Fundamental Change, upon required repurchase on the 2017 Repurchase Date, upon declaration of acceleration or otherwise;

(c) default in the Company's obligations to satisfy its Conversion Obligation upon exercise of a Holder's conversion rights and such default is not cured or such conversion is not rescinded within 10 Business Days;

(d) failure by the Company to comply with its obligations under Article 7;

(e) default in the Company's notice obligations under Section 6.01, Section 3.01, Section 3.04 and Section 4.07, in each case, when due and such failure continues for a period of five Business Days;

(f) default by the Company or any of its Subsidiaries in the payment of principal, interest or premium when due under any other instruments of indebtedness having an aggregate outstanding principal amount of $50 million (or its equivalent in any other currency or currencies) or more in the aggregate of the Company and/or any of its Subsidiaries, whether such indebtedness now exists or shall hereafter be created, which default results (i) in such indebtedness becoming or being declared due and payable or (ii) from a failure to pay the principal of any such indebtedness when due and payable at its stated maturity, upon redemption, upon required purchase, upon declaration of acceleration or otherwise and, in each case, such default continues in effect for more than 30 days after the expiration of any grace period or extension of time for payment applicable thereto; *provided* that any such Event of Default shall be deemed cured and not continuing upon payment of such indebtedness, rescission of such declaration of acceleration or waiver or with consent of the lender;

(g) default in the Company's performance of any other covenants or agreements contained in the Indenture or the Notes for 60 days after written notice to the Company from the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes;

(h) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $50 million (or its equivalent in any other currency or currencies)(excluding any amounts covered by insurance), which final judgments remain unpaid, undischarged or unstayed for a period of more than 60 days;

(i) the Company or any Significant Subsidiary or any group of Subsidiaries that, if they were one entity, would be a Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or any such Significant Subsidiary or any such group of Subsidiaries or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any such Significant Subsidiary or any such group of Subsidiaries or all or substantially all of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(j) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary or any group of Subsidiaries that, if they were one entity,

would be a Significant Subsidiary seeking liquidation, reorganization or other relief with respect to the Company or such Significant Subsidiary or such group of Subsidiaries or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or such Significant Subsidiary or such group of Subsidiaries or all or substantially all of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 consecutive days.

For the avoidance of doubt, for the purposes of this Section 8.01, each of the Company's Consolidated Affiliated Entities will be deemed to be a "Subsidiary" for purposes of the definition of Significant Subsidiary.

The Trustee shall not be deemed to have knowledge of an Event of Default unless and until it receives a written notification of such Event of Default describing the circumstances of such, and identifying circumstances constituting such Event of Default.

Section 8.02 Acceleration. Section 7.02 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 7.02 in the Base Indenture shall be superseded by, and instead be deemed to refer to, Section 8.02 of this First Supplemental Indenture.

(a) Subject to the provisions of the Section 8.02(b), if an Event of Default occurs and is continuing (other than an Event of Default described in Sections 8.01(i) and 8.01(j) above with respect to the Company (and not with respect to a Significant Subsidiary or group of Subsidiaries that, if they were one entity, would be a Significant Subsidiary)), the Trustee by notice to the Company, or the Holders of at least 25% of the aggregate principal amount of the outstanding Notes by notice to the Company, and the Trustee, may, and the Trustee at the request of such Holders accompanied by security and/or indemnity satisfactory to it, shall declare 100% of the principal of and accrued and unpaid interest on, all the Notes to be due and payable. Upon such a declaration of acceleration, all principal and accrued and unpaid interest on the Notes shall be due and payable immediately. However, upon an Event of Default as described in Sections 8.01(i) and 8.01(j) involving the Company (and not with respect to a Significant Subsidiary or group of Subsidiaries that, if they were one entity, would be a Significant Subsidiary), the aggregate principal amount and accrued and unpaid interest shall automatically become due and payable immediately.

(b) Notwithstanding the foregoing, to the extent elected by the Company, the sole remedy for an Event of Default relating to the failure to comply with the reporting obligations set forth in Section 5.02 hereof shall, for the first 180 days after the occurrence of such an Event of Default (which will be the 60th day after written notice is provided to the Company in accordance with an Event of Default pursuant to Section 8.01(g)), consist exclusively of the right to receive additional interest on the Notes ("**Reporting Additional Interest**") at an annual rate equal to:

(1) 0.25% of the outstanding principal amount of the Notes for the first 90 days such Event of Default is continuing in such 180-day period; and

(2) 0.50% of the outstanding principal amount of the Notes for the remaining 90 days such Event of Default is continuing in such 180-day period.

(c) If the Company so elects, such Reporting Additional Interest will be payable on all outstanding Notes from, and including, the date on which such Event of Default first occurs (which will be the 60th day after written notice is provided to the Company in accordance with an Event of Default pursuant to Section 8.01(g)) to, but not including, the 181st day thereafter (or such earlier date on which the Event of Default relating to a failure to comply with such requirements shall have been cured or waived or cease to exist). On such 181st day following the Event of Default relating to the reporting obligations set forth in Section 5.02, if such Event of Default has not been cured or waived prior to such 181st day, the Notes shall be subject to acceleration as provided above. The provisions described in this Section 8.02(c) will not affect the rights of Holders in the event of the occurrence of any other Event of Default. To the extent the Company elects to pay Reporting Additional Interest, it will be payable in arrears on each Interest Payment Date following accrual in the same manner as regular interest on the Notes.

(d) In order to elect to pay Reporting Additional Interest on the Notes as the sole remedy during the first 180 days after the occurrence of an Event of Default relating to the failure to comply with the reporting obligations set forth in Section 5.02 in accordance with Section 8.02(b) and Section 8.02(c), the Company shall notify all Holders of Notes and the Trustee and Paying Agent of such election on or before the close of business on the date on which such Event of Default first occurs. If the Company fails to timely give such notice, the Notes will be immediately subject to acceleration as provided above.

Section 8.03 Waiver of Past Defaults; Control by Holders. Section 7.06 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 7.06 in the Base Indenture shall be superseded by, and instead be deemed to refer to, Section 8.03 of this First Supplemental Indenture.

(a) The Holders of a majority of the aggregate principal amount of the outstanding Notes may waive all past Defaults (except with respect to (i) nonpayment of principal of, or interest on, any Note or in the payment of amounts due upon redemption, upon required repurchase in connection with a Fundamental Change or required repurchase in connection with the 2017 Repurchase Date of any Note; (ii) the Company's failure to comply with its obligations to convert the Notes in accordance with this First Supplemental Indenture upon exercise of a Holder's conversion rights; or (iii) any provision under the Indenture that cannot be modified or amended without the consent of the Holders of each outstanding Note affected thereby) and rescind any such acceleration with respect to the Notes and its consequences if:

(1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(2) all existing Events of Default, other than the uncured nonpayment of the principal of and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived.

(b) Each Holder shall have the right to receive payment or delivery, as the case may be, of:

(1) the principal (including the Fundamental Change Purchase Price, if applicable, the 2017 Repurchase Price, if applicable, or the Tax Change Redemption Price, if applicable) of;

(2) accrued and unpaid interest, if any, on; and

(3) the consideration due upon conversion of,

its Notes, on or after the respective due dates expressed or provided for in this First Supplemental Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be, and such right to receive such payment or delivery, as the case may be, on or after such respective dates shall not be impaired or affected without the consent of such Holder.

(c) The Holders of a majority of the aggregate principal amount of the outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee; *provided, however*, that, subject to the provisions of Sections 11.01 and 11.02 of the Base Indenture, the Trustee may refuse to follow any such direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action. In addition, the Trustee shall not be required to expend its own funds under any circumstances.

Section 8.04 Limitation on Suits. Section 7.07 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 7.07 in the Base Indenture shall be superseded by, and instead be deemed to refer to, Section 8.04 of this First Supplemental Indenture.

(a) Subject to Section 11.02 of the Base Indenture, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due or to receive amounts due to it upon conversion, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% of the aggregate principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such written request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the Holders of a majority of the aggregate principal amount of the outstanding Notes have not given the Trustee a direction that is inconsistent with such request within such 60-day period.

Section 8.05 Notice of Default. The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice any events that would constitute a Default or Event of Default, the status of those events and what action the Company is taking or proposing to take in respect thereof. If a Default or Event of Default occurs and is continuing and is notified in writing to the Trustee, the Trustee must mail to each Holder notice of the Default within 90 days after it occurs.

ARTICLE 9

AMENDMENTS

Section 9.01 Without Consent of Holders. Section 14.01 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 14.01 in the Base Indenture shall be superseded by and instead be deemed to refer to Section 9.01 of this First Supplemental Indenture.

The Company and the Trustee may amend this First Supplemental Indenture or the Notes without notice to or consent of any Holders to:

(a) (1) cure any ambiguity, manifest error or defect or (2) cure any omission or inconsistency;

(b) provide for the assumption by a successor corporation of the Company's obligations under the Indenture;

(c) upon the occurrence of a Specified Transaction, (1) provide that the Notes are convertible into the Reference Property and (2) effect the related changes to the terms of the Notes described under Section 4.09 above, in each case in accordance with the applicable provisions of the Indenture;

(d) add guarantees with respect to the Notes;

(e) secure the Notes;

(f) increase the Conversion Rate;

(g) provide for a successor trustee in accordance with the terms of the Indenture;

(h) add to the Company's covenants for the benefit of the Holders or surrender any right or power conferred upon the Company;

(i) comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act; or

(j) make any change that does not adversely affect the rights of any Holder in any material respect; *provided*, that any amendment made solely to conform the provisions of the Indenture or the Notes to the description of the Notes contained in the Prospectus Supplement (as evidenced by an Officer's Certificate) will be deemed not to be adverse to any Holder.

Section 9.02 With Consent of Holders. Section 14.02 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 14.02 in the Base Indenture shall be superseded by and instead be deemed to refer to Section 9.02 of this First Supplemental Indenture.

The Trustee and the Company may amend the Indenture or the Notes with the consent of the Holders of at least a majority of the aggregate principal amount of the Notes then outstanding, including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes, and subject to certain exceptions, any past default may be waived with the consent of the Holders of a majority of the aggregate principal amount of the Notes then outstanding, including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes. However, without the consent of each Holder of an outstanding Note affected by, no amendment may, among other things:

(a) reduce the amount of Notes whose Holders must consent to an amendment;

(b) reduce the rate, or extend the state time for payment of interest on, any Note;

(c) reduce the principal, or extend the stated maturity, of any Note;

(d) make any change that adversely affects the conversion rights of any Notes;

(e) reduce the Tax Change Redemption Price, the Fundamental Change Repurchase Price or the 2017 Repurchase Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(f) change the place or currency of payment of principal or interest in respect of any Note;

(g) impair the right of any Holder to receive any payment of principal of and interest on such Holder's Notes, or consideration due upon conversion, on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or consideration due upon conversion;

(h) adversely affect the ranking of the Notes as the Company's senior indebtedness;

(i) change the Company's obligation to pay Additional Amounts on any Note; or

(j) make any change in the amendment provisions or in the waiver provisions which require each Holder's consent.

It is not necessary for the consent of the Holders of Notes under this First Supplemental Indenture to approve the particular form of any proposed amendment, but it is sufficient if such consent approves the substance thereof.

Section 9.03 Notification. After an amendment under this Article 9 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Article 9.

ARTICLE 10

DISCHARGE OF INDENTURE

Section 10.01 Discharge of Liability on Notes. Section 12.02 of the Base Indenture shall not apply to the Notes and hereafter shall be void and of no force and effect except solely with respect to any other series of Securities issued under the Base Indenture; and, insofar as relating to the Notes, any reference to Section 12.02 in the Base Indenture shall instead be deemed to refer to Section 10.01 of this First Supplemental Indenture.

(a) When (1) the Company delivers to the Trustee all outstanding Notes for cancellation or (2) after all outstanding Notes have become due and payable, whether at stated maturity, on a Tax Change Redemption Date, on a Fundamental Change Repurchase Date, on the 2017 Repurchase Date or upon declaration of acceleration, and/or have been converted, the Company irrevocably deposits with the Trustee or deliver to the Holders, as applicable, cash and/or, solely to satisfy outstanding conversion, the ADSs (or Reference Property, if applicable) sufficient to pay all of the outstanding Notes

and/or satisfy all conversions, as the case may be, and in each such case the Company pays all other sums payable under the Indenture by the Company, then the Indenture shall, subject to Section 10.01(b) of this First Supplemental Indenture, cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of the Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Notwithstanding Section 10.01(a), the Company's obligations in this Article 10 shall survive until the Notes have been paid in full or the delivery of the ADSs in accordance with Article 4 has been satisfied in full.

Section 10.02 Defeasance. The Notes will not be subject to defeasance. Accordingly, Section 12.03 of the Base Indenture shall not apply with respect to the Notes.

ARTICLE 11

MISCELLANEOUS

Section 11.01 Ratification of Indenture. This First Supplemental Indenture is executed by the Company, and by the Trustee upon the Company's request, pursuant to the provisions of Section 14.01(o) of the Base Indenture, and the terms and conditions hereof shall be deemed to be part of the Indenture for all purposes. The Base Indenture, as supplemented and amended by this First Supplemental Indenture, is in all respects ratified and confirmed. Notwithstanding the foregoing, to the extent that any of the terms of this First Supplemental Indenture are inconsistent with, or conflict with, the terms of the Indenture, the terms of this First Supplemental Indenture shall govern.

Section 11.02 Responsibility for Recitals, Etc. The recitals herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representations, warranty or undertaking, express or implied, and no responsibility or liability is accepted by the Trustee as to the validity or sufficiency of this First Supplemental Indenture or of the Notes or as to the accuracy or completeness of the information included or incorporated by reference in this First Supplemental Indenture or any other information supplied in connection with the Notes. The Trustee shall not be accountable for the use or application by the Company of the Notes or of the proceeds thereof. All rights, protections, privileges, indemnities and benefits granted or afforded to the Trustee under the Indenture shall be deemed incorporated herein by this reference and shall be deemed applicable to all actions taken, suffered or omitted by the Trustee under this First Supplemental Indenture.

Section 11.03 Calculations in Respect of the Notes. Except as otherwise provided hereunder, the Company shall be responsible for making all calculations called for under the Indenture and the Notes or in connection with a conversion. These calculations include, but are not limited to, determinations of the Last Reported Sale Prices of the ADSs, accrued interest payable on the Notes, any Additional Amounts, if any, on the Notes and the Conversion Rate. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations will be final and binding on the Trustee, the Paying Agent, the Conversion Agent and the Holders of Notes. Neither the Trustee nor any of the Agents shall have any duty to monitor the accuracy of any of the calculations made by the Company which will be conclusive and binding on the Holders, absent manifest error. The Company will provide a schedule of its calculations to each of the Trustee, the Paying Agent and the Conversion Agent, and each of the Trustee, the Paying Agent and Conversion Agent has no duty to verify such calculations and is entitled to rely conclusively upon the accuracy of the

Company's calculations without independent verification. The Trustee will forward the Company's calculations to any Holder of notes upon the request of that Holder.

Section 11.04 Severability. In case any one or more of the provisions contained in this First Supplemental Indenture or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then, to the extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provisions of this First Supplemental Indenture or of the Notes, but this First Supplemental Indenture and the Notes shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 11.05 Successors and Assigns. This First Supplemental Indenture shall be binding upon and inure to the benefit of the respective successors and assigns of the Company and the Trustee.

Section 11.06 Counterparts. This First Supplemental Indenture may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. The exchange of copies of this First Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this First Supplemental Indenture as to the parties hereto and may be used in lieu of the original First Supplemental Indenture and signature pages for all purposes.

Section 11.07 Governing Law; Waiver of Trial by Jury. The Base Indenture, this First Supplemental Indenture and the Notes shall be governed by, and construed in accordance with, the law of the State of New York.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THE INDENTURE.

Section 11.08 Submission to Jurisdiction. The parties hereby submit to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in the Borough of Manhattan in the City of New York solely for the purpose of any legal action or proceeding brought to enforce their obligations hereunder or with respect to any Note.

As long as any of the Notes remain outstanding or the parties hereto have any obligation under this First Supplemental Indenture, the Company shall have an authorized agent upon whom process may be served in any such legal action or proceeding. Service of process upon such agent and written notice of such service mailed or delivered to the Company shall to the extent permitted by law be deemed in every respect effective service of process upon the Company in any such legal action or proceeding and, if it fails to maintain such an agent, any such process or summons may be served by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, addressed to it at its address as provided for notices hereunder. The Company hereby initially appoints Law Debenture Corporate Services Inc. at

400 Madison Avenue, 4th Floor, New York, New York 10017, as its agent for such purposes, and covenants and agrees that service of process in any legal action or proceeding may be made upon it at such office of such agent.

The Company irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in the Supreme Court of the State of New York, County of New York or the United States District Court for the Southern District of New York and any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

The Company irrevocably agrees that, should any such action or proceeding be brought against it arising out of or in connection with this First Supplemental Indenture, no immunity (to the extent that it may now or hereafter exist, whether on the ground of sovereignty or otherwise) from such action or proceeding, from attachment (whether in aid of execution, before judgment or otherwise) of its property, assets or revenues, or from execution or judgment wherever brought or made, shall be claimed by it or on its behalf or with respect to its property, assets or revenues, any such immunity being hereby irrevocably waived by the Company to the fullest extent permitted by law.

Section 11.09 Currency Indemnity. The U.S. dollar is the sole currency of account and payment for all sums payable by the Company under the Indenture. Any amount received or recovered in a currency other than U.S. dollars in respect of the Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or otherwise) by the Holder in respect of any sum expressed to be due to it from the Company will constitute a discharge of the Company only to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Company will indemnify the recipient against any loss sustained by it as a result. In any event the Company will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the Holder to certify that it would have suffered a loss had an actual purchase of U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Company, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Section 11.10 No Sinking Fund. No sinking fund is provided for the Notes. Accordingly, Article V of the Base Indenture shall not apply with respect to the Notes.

Section 11.11 No Subordination. The Notes are senior obligations of the Company. Accordingly, Article XV of the Base Indenture shall not apply with respect to the Notes.

Section 11.12 No Adverse Interpretation of Other Agreements. This First Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a Subsidiary of the Company. Any such indenture, loan or debt agreement may not be used to interpret this First Supplemental Indenture.

Section 11.13 Purchase of Notes in Open Market. The Company (whether itself or through its Subsidiaries or Consolidated Affiliated Entities) may, to the extent permitted by law, at any time and from time to time, directly or indirectly purchase any Notes on the open market, by tender offer or exchange offer, pursuant to negotiated transactions or otherwise without prior notice to the Holders. Any Notes repurchased by the Company may, at its option, be surrendered to the Trustee for cancellation, but may not be reissued or resold by the Company. Any Notes surrendered for cancellation will be promptly cancelled and will no longer be considered outstanding under the Indenture. The Company may also enter into cash settled swaps or other derivatives with respect to the Notes.

Section 11.14 Trust Indenture Act Controls. If any provision hereof limits, qualifies or conflicts with the duties imposed by Section 310 through 317 of the Trust Indenture Act, the imposed duties shall control.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the date and year first above written.

VIPSHOP HOLDINGS LIMITED

By: /s/ Donghao Yang
Name: Donghao Yang
Title: Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: DEUTSCHE BANK NATIONAL TRUST COMPANY

By: /s/ Robert S. Peschler
Name: Robert S. Peschler
Title: Vice President

By: /s/ Linda Reale
Name: Linda Reale
Title: Vice President

Signature Page to the First Supplemental Indenture

EXHIBIT A

FORM OF GLOBAL NOTE REPRESENTING THE NOTES

Global Notes Legend(1)

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE II OF THE INDENTURE OR ARTICLE 3 OF THE FIRST SUPPLEMENTAL INDENTURE TO THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 3.06 OF THE INDENTURE AND SECTION 2.07 OF THE FIRST SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.06 OF THE INDENTURE AND SECTION 2.07 OF THE FIRST SUPPLEMENTAL INDENTURE, AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY OR ANY SUCCESSOR THERETO.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AS DEFINED IN THE FIRST SUPPLEMENTAL INDENTURE TO THE INDENTURE GOVERNING THIS NOTE), TO THE COMPANY OR ANY SUCCESSOR THERETO OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(1) Include for Global Notes.

VIPSHOP HOLDINGS LIMITED

No.

CUSIP No. 92763WAA1
ISIN No. US92763WAA18

1.50% Convertible Senior Notes due 2019

Vipshop Holdings Limited, an exempted company incorporated in the Cayman Islands for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of ($), or other amount shown on the books and records of the Depositary and the Trustee, on March 15, 2019.

Interest Payment Dates: March 15 and September 15
Regular Record Dates: March 1 and September 1

This Note shall bear interest as specified on the other side of this Note. This Note is convertible as specified on the other side of this Note.

Additional provisions of this Note are set forth on the other side of this Note.

IN WITNESS WHEREOF, the Company has caused this Instrument to be duly executed.

VIPSHOP HOLDINGS LIMITED

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.

Deutsche Bank Trust Company Americas, as Trustee

By: Deutsche Bank National Trust Company

By: _____
Authorized Signatory

By: _____
Authorized Signatory

Date of Authentication:

[FORM OF REVERSE SIDE OF NOTE]

1.50% CONVERTIBLE SENIOR NOTE DUE 2019

1. Interest.

Vipshop Holdings Limited, an exempted company incorporated in the Cayman Islands (the "Company") promises to pay interest on the principal amount of this Note at the rate per annum set forth above.

The Company shall pay accrued interest semiannually on each March 15 and September 15, commencing on September 15, 2014.

Whenever in this Note there is a reference, in any context, to the payment of the principal of, or interest on, or in respect of, this Note, such mention shall be deemed to include mention of the payment of Reporting Additional Interest as provided for in the Supplemental Indenture to the extent that, in such context, the Reporting Additional Interest is, was or would be payable in respect of this Note and express mention of the payment of Reporting Additional Interest (if applicable) in any provisions of this Note shall not be construed as excluding Reporting Additional Interest in those provisions of this Note where such express mention is not made.

2. Method of Payment.

The Company shall pay the principal of and interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date in accordance with the Supplemental Indenture. The Company shall pay the principal of and interest on this Note, so long as such Note is a Global Note, in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. The Company shall pay principal and interest and any Fundamental Change Purchase Price, the 2017 Repurchase Price or Tax Change Redemption Price and any cash in lieu of fractional ADSs in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest and any Fundamental Change Purchase Price, the 2017 Repurchase Price or Tax Change Redemption Price and any cash in lieu of fractional ADSs by check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent, Registrar and Conversion Agent.

Initially, Deutsche Bank Trust Company Americas will act as Paying Agent, Registrar and Conversion Agent. The Company may appoint or change the Paying Agent, Registrar or Conversion Agent without prior notice to any Holder and the Company may act as the Paying Agent, Registrar or Conversion

Agent.

4. Indenture.

The Company issued the Notes under an Indenture, dated as of March 17, 2014 (the "Base Indenture"), between the Company and Deutsche Bank Trust Company Americas (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of March 17, 2014, between the Company and the Trustee (the "Supplemental Indenture," and together with the Base Indenture, the "Indenture"). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. C. §§ 77aaa-77bbbb), as in effect on the date of the Indenture (the "TIA"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of terms.

This Note is a senior and unsecured obligation of the Company.

Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture.

Any conflict between this Note and the Indenture will be governed by the Indenture.

5. Conversion.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, at any time prior to the close of business on the second Business Day immediately preceding the Maturity Date, to irrevocably convert any Notes or portion thereof that is $1,000 or an integral multiple thereof, into ADSs at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

6. Repurchase at Option of Holders Upon a Fundamental Change; Repurchase of Notes by the Company at Option of Holders .

Subject to the provisions of the Indenture, upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or integral multiples thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, on March 15, 2017, the Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or integral multiples thereof) on the 2017 Repurchase Date at a price equal to the 2017 Repurchase Price.

7. Optional Redemption for Changes in the Tax Laws of Relevant Taxing Jurisdiction.

Subject to the provisions of the Indenture, the Company may, at its option, redeem all or but not part of the Notes (except in respect of certain Holders that elect otherwise as described in the Indenture) at the Tax Change Redemption Price in connection with a change in tax law as described in the Indenture. The Company shall give not less than 30 days' nor more than 60

days' notice prior to the Tax Change Redemption Date to each Holder to be redeemed at its registered address.

Upon receiving such notice of redemption, each Holder will have the right to elect to not have its Notes redeemed, subject to the provisions of the Indenture.

8. Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of $1,000 and integral multiples thereof. A Holder may register, transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

9. Persons Deemed Owners.

The registered holder of this Note shall be treated as the owner of it for all purposes.

10. Unclaimed Money.

If money for the payment of principal or interest remains unclaimed for two years after the date of payment of principal and interest, the Trustee or Paying Agent shall pay the money back to the Company without interest thereon upon written request by the Company. After any such payment, Holders entitled to the money shall look only to the Company and not the Trustee for payment.

11. Amendment, Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended with the written consent of the Company and the Holders of at least a majority in principal amount of the outstanding Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount of the outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee may amend the Indenture or the Notes to, among other things, cure any ambiguity, manifest error, defect, omission or inconsistency, or to add additional covenants of the Company or to make any change that does not adversely affect the rights of any Holder in any material respect.

12. Defaults and Remedies.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power.

13. Trustee Dealings with the Company.

Subject to the terms of the TIA and the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its affiliates and may otherwise deal with the Company or its affiliates with the same rights it would have if it were not the Trustee.

14. No Recourse Against Others.

No director, officer, employee, member, incorporator or stockholder of the Company shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

15. Authentication.

This Note shall not be valid until an authorized signature of the Trustee (or an authenticating agent (acting on its behalf)) manually signs the certificate of authentication on the other side of this Note.

16. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

18. Governing Law.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

ASSIGNMENT FORM

To assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to:

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____ Signed: _____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____

(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

FORM OF NOTICE OF CONVERSION

To: Vipshop Holdings Limited (the “Company”)

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is $1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Note, and directs that the ADSs of the Company, together with any cash for any fractional ADSs, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. If any ADSs or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes or similar governmental charges in accordance with the Indenture. Any amount required to be paid by the undersigned on account of interest accompanies this Note.

In the case of Certificated Notes, the certificate numbers of the Notes to be converted are as set forth below:

If you want to elect to convert this Note, check the box [ ]

If you want to elect to convert only part of this Note, state the amount you elect to have converted (must be integral multiple of $1,000):

$

Dated: _____

Your Signature: _____
Sign exactly as your name appears on the face of this Note.

_____
Social Security or Other Taxpayer Identification Number

Signature Guarantee: _____
(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE

To: Vipshop Holdings Limited and Deutsche Bank Trust Company Americas, as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Vipshop Holdings Limited (the "Company") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with the applicable provisions of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is $1,000 principal amount or an integral multiple thereof) designated below, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but not including, such Fundamental Change Repurchase Date.

In the case of Certificated Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

If you want to elect to have this Note purchased by the Company pursuant to Section 3.01 of the Supplemental Indenture, check the box [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 3.01 of the Supplemental Indenture, state the amount you elect to have purchased (must be integral multiple of $1,000):

$

Dated: _____

Your Signature: _____
Sign exactly as your name appears on the face of this Note.

_____
Social Security or Other Taxpayer Identification Number

Signature Guarantee: _____
(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

FORM OF 2017 REPURCHASE NOTICE

To: Vipshop Holdings Limited and Deutsche Bank Trust Company Americas, as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Vipshop Holdings Limited (the "Company") as to such Holder's right to require the Company to repurchase their Notes on March 15, 2017 (the "2017 Repurchase Date") and requests and instructs the Company to pay to the registered holder hereof in accordance with the applicable provisions of the Indenture referred to in this Note the entire principal amount of this Note, or the portion thereof (that is $1,000 principal amount or an integral multiple thereof) designated below. The undersigned acknowledges that the accrued and unpaid interest thereon to, but not including, the 2017 Repurchase Date shall be paid to the Holder of record at the close of business on the Regular Record Date immediately preceding the 2017 Repurchase Date.

In the case of Certificated Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

If you want to elect to have this Note purchased by the Company pursuant to Section 3.04 of the Supplemental Indenture, check the box [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 3.04 of the Supplemental Indenture, state the amount you elect to have purchased (must be integral multiple of $1,000):

$

Dated: _____

Your Signature: _____
Sign exactly as your name appears on the face of this Note.

_____
Social Security or Other Taxpayer Identification Number

Signature Guarantee: _____
(Signature must be guaranteed by a participant in a recognized Signature Guarantee Medallion Program or other signature guarantor program reasonably acceptable to the Trustee)

Exhibit 4.15

EXECUTION COPY

SHARE PURCHASE AGREEMENT

by and among

LEFENG.COM LIMITED

OVATION ENTERTAINMENT LIMITED

and

VIPSHOP HOLDINGS LIMITED

FEBRUARY 14, 2014

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INDEX OF EXHIBITS

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "Agreement") is made as of February 14, 2014, by and among **Vipshop Holdings Limited**, an exempted company incorporated in the Cayman Islands (the "Purchaser"), **Lefeng.com Limited**, an exempted company incorporated in the Cayman Islands (the "Company") and **Ovation Entertainment Limited**, an exempted company incorporated in the Cayman Islands (the "Seller"). The Purchaser, the Company and the Seller are referred to herein collectively as the "Parties" and individually as a "Party." Capitalized terms used herein, but not defined herein, are defined in Article XII below.

WHEREAS, the authorized share capital of the Company consist of, immediately prior to the Closing, 50,000 ordinary shares with a par value of $1.00 each (the "Company Shares"), of which 100 are issued and outstanding.

WHEREAS, the Seller directly owns all of the issued and outstanding Company Shares.

WHEREAS, the Seller Group Companies are conducting the Restructuring, which will be completed before the Closing and as a result of which the Company and its Subsidiaries will own and operate the entire online retail and online advertising business operated by the Seller Group Companies before the Restructuring (the "Third-party Platform Business") while the Seller and its Subsidiaries (other than the Group Companies) will continue to engage in the business of research, development, manufacturing and sale of cosmetic products under brands owned thereby (the "Self-owned Brands Business") and the media business.

WHEREAS, upon the terms and subject to the conditions set forth herein, the Purchaser desires to acquire from the Seller, and the Seller desires to sell to the Purchaser, 75 Company Shares, or 75% of all the issued and outstanding Company Shares (the "Acquired Shares").

NOW, THEREFORE, in consideration of the premises and of the mutual representations, warranties and covenants which are to be made and performed by the respective Parties, the receipt and sufficiency of which are hereby acknowledged, each of the Parties hereto, intending to be legally bound, hereby agrees as follows:

ARTICLE I

PURCHASE TRANSACTIONS

1.1 Purchase and Sale of Company Shares. On the basis of the representations, warranties, covenants and other agreements contained herein and in the other Transaction Documents, and subject to the terms and conditions of this Agreement, at the Closing, the Purchaser shall purchase from the Seller, and the Seller shall sell, assign, transfer and convey to the Purchaser, free and clear of all Encumbrances, all of the Acquired Shares for an aggregate consideration as set forth in Section 1.2.

1.2 Considerations for Acquired Shares. The aggregate consideration to be paid by the Purchaser to the Seller for all the Acquired Shares pursuant to this Agreement shall be an aggregate amount in cash (the "Purchase Price") equal to the result of:

(a) Base Price, minus

(b) 75% multiplied by the amount of Closing Indebtedness.

1.3 Closing.

1.3.1 The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Kirkland & Ellis, 26/F Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong, at 10:00 a.m., Hong Kong time, on the date when all of the conditions to the Closing set forth in Article VII (other than those to be satisfied at the Closing) are satisfied or waived in accordance with the terms herein, or at such other time or place as is mutually agreeable to the Parties. The date and time of the Closing are referred to herein as the "Closing Date."

1.3.2 On or prior to the date that is the tenth Business Day after the Closing (the "Payment Due Date"), the Purchaser shall pay to the Seller an amount in US dollars equal to the Base Price by wire transfer of immediately available funds to a bank account designated by the Seller before the Closing Date, upon which the Seller shall deliver to the Purchaser a cross receipt thereof. If the Purchaser fails to pay any portion of such

amount on or prior to the Payment Due Date, the Purchaser shall pay interest on the overdue sum from the Payment Due Date to the actual date of payment at a rate of 0.05% per day.

1.3.3 At the Closing, the Seller will deliver to the Purchaser free and clear of Encumbrances, one or more certificates representing the Acquired Shares, duly endorsed in blank or accompanied by share powers or other instruments of transfer duly executed in blank, and bearing or accompanied by all requisite share transfer stamps, and shall submit the Restated Articles for registration with the Registrar of Companies in the Cayman Islands.

1.3.4 Within seven days after the Closing Date, the Purchaser shall cause Shanghai Lefeng to pay to Shanghai Media, Beijing Huanyue and Beijing Commerce an aggregate of RMB122,000,000, being the aggregate purchase price for the Acquired Assets (other than any inventories) under the relevant Restructuring Contracts.

1.3.5 The Purchaser shall cause Shanghai Lefeng to pay to Shanghai Media the following additional amounts in RMB to settle all outstanding amounts due to Shanghai Media for all third-party brand merchandises acquired by Shanghai Lefeng from Shanghai Media on or before January 1, 2014 and all merchandises under the Seller's self-owned brands supplied to Shanghai Lefeng by Shanghai Media before the Closing Date:

(a) on or before the 30th day after the Closing Date, an amount equal to one-third of the Inventory Payable Estimate;

(b) on or before the 60th day after the Closing Date, an amount equal to one-third of the Inventory Payable Estimate; and

(c) on or before the 90th day after the Closing Date, an amount equal to one-third of the Inventory Payable Estimate, minus the sum of the following items:

(i) the amount by which the Inventory Payable Estimate exceeds the Inventory Procurement Cost set forth in the Calculation Statement (as defined below) pursuant to Section 1.4.1 (if applicable);

(ii) the aggregate purchase price for the Inventories returned to and accepted by the relevant third-party suppliers in accordance with Section 11.7.6 (the "Returned Inventories");

(iii) the amount by which the Actual Working Capital Shortage exceeds the Agreed Working Capital Shortage (if applicable); and

(iv) the aggregate amount of Disbursement for Seller as set forth in the Calculation Statement pursuant to Section 1.4.1.

1.4 Post-Closing Adjustments.

1.4.1 Post-Closing Determination.

(a) The Purchaser shall engage the auditing team of Deloitte Touche Tohmatsu which is the current auditor of the Seller and the Company ("Deloitte") to prepare and deliver to the Seller and the Purchaser, promptly but in any event within sixty days after the Closing Date:

(i) an audited consolidated balance sheet of the Company as at the Closing Date, and related statements of income and cash flows of the Company for the period starting from (and including) January 1, 2014 and ending on (and including) the Closing Date, including in each case the notes thereto, along with the audit report thereon of Deloitte (collectively, the "Closing Date Financial Statements"); and

(ii) a written statement (the "Calculation Statement") setting forth a calculation of the following items (collectively, the "Post Closing Calculation Items") based on the relevant definitions included herein and, to the extent relevant, the relevant line item(s) reflected in the Closing Date Financial Statements:

(A) the Closing Indebtedness;

(B) the Inventory Procurement Cost;

(C) the actual Working Capital Shortage as of the close of business on the Business Day immediately preceding the Closing Date (the "Actual Working Capital Shortage") based on the formula of calculation set forth in Exhibit E attached hereto; and

(D) the aggregate amount of Disbursement for Seller.

(b) The calculation of the Post Closing Calculation Items as set forth in the Calculation Statement shall be conclusive and binding upon each of the Parties. All Post Closing Calculation Items (except for the Closing Indebtedness) shall be calculated in RMB, and the Closing Indebtedness shall be calculated in US dollars, in each case based on the central parity rate for the exchange of U.S. dollars into RMB published by the People's Bank of China or its authorized agency on the Business Day immediately preceding the Closing Date to the extent any conversion between RMB and US dollars is involved.

1.4.2 Payment/Settlement of Post-Closing Adjustment Amounts.

(a) Within five Business Days after the delivery of the Calculation Statement pursuant to Section 1.4.1, the Seller shall pay to the Purchaser an amount in US dollars (the "Adjustment Amount") equal to 75% multiplied by the Closing Indebtedness, if the Adjustment Amount is a positive amount, together with interest on the amounts being paid from the Closing Date to the date of the payment at the "Prime Rate" as listed in the Wall Street Journal on the Closing Date (compounded on an annual basis).

(b) Payment of Undisputed Amounts; Right of Offset. Any amounts payable pursuant to this Section 1.4.2 shall be made by wire transfer or delivery of other immediately available funds to the account(s) designated by the payee. In addition, prior to a Party making a payment of any amounts due

pursuant to this Section 1.4 to a second Party, such first Party may offset against such payment any amounts (to the extent not in dispute) owed by such second Party to such first Party pursuant to this Section 1.4.

1.5 Withholding. Notwithstanding any other provision in this Agreement, the Purchaser (and any other Person that has any withholding obligation with respect to any payment

made pursuant to this Agreement) shall be entitled to deduct and withhold from the payments to be made pursuant to this Agreement an amount or amounts equal to any Taxes required to be deducted and withheld with respect to the making of such payments under any applicable provision of law. To the extent that amounts are so withheld and deducted pursuant to this Section 1.5, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by such Person in respect of which such deduction and withholding was made; provided that such Person withholding such amounts shall provide the Seller with relevant evidence on payment by such Person of the relevant Taxes.

ARTICLE II

REPRESENTATIONS AND WARRANTIES REGARDING THE SELLER

As a material inducement to the Purchaser to enter into this Agreement and to acquire the Acquired Shares in accordance with the terms hereof, except as set forth in the disclosure schedule delivered by the Seller and the Company to the Purchaser on the date hereof (the "Company Disclosure Schedule"), the Seller hereby represent and warrant to the Purchaser as of the date hereof and as of Closing Date as follows:

2.1 Organization. The Seller is a company validly existing and in good standing under the laws of the Cayman Islands. The Seller has the corporate power and authority to carry on its business as it is now conducted and to own, lease and operate all of its properties and assets.

2.2 Authority. The Seller has full power, authority and legal capacity to enter into this Agreement and the other agreements contemplated hereby to which the Seller is a party and to perform his, her or its obligations hereunder and thereunder.

2.3 Execution and Delivery of Valid and Binding Agreements. This Agreement has been duly executed and delivered by the Seller, and this Agreement constitutes, and the other agreements contemplated hereby to which the Seller is a party, when executed and delivered by the Seller in accordance with the terms thereof shall each constitute, a valid and binding obligation of the Seller, enforceable in accordance with its terms, subject to the effect of bankruptcy, or other similar laws and to general principles of equity (whether considered in proceedings at law or in equity).

2.4 No Breach. The execution and delivery by the Seller of this Agreement and the other agreements contemplated hereby to which the Seller is a party, and the fulfillment of and compliance with the respective terms hereof and thereof by the Seller, does not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon assets of the Seller or Encumbrance upon the Company Shares pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any third party or any court or administrative or governmental body or agency pursuant to, (a) any law, statute, rule or regulation to which the Seller is subject, (b) the memorandum and articles of association of the Seller, or (c) any agreement, instrument, order, judgment or decree to which the Seller is subject.

2.5 Title to Company Shares. The Seller is the record owner and beneficial owner of all of the issued and outstanding Company Shares. On the Closing Date, the Seller will transfer to the Purchaser (in accordance with Section 1.3 hereof) good and marketable title to the Acquired Shares free and clear of all Encumbrances. Except for the issued and outstanding Company Shares, the Seller does not own or have direct or indirect interest in any other Share Capital of any Group Company or is a party to any option, warrant, right, contract, call, put or other agreement or commitment providing for the acquisition or disposition of any Share Capital of any Group Company

(other than this Agreement). The Seller is not a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any Share Capital of any Group Company.

2.6 Litigation. There are no actions, suits, claims, proceedings, orders or investigations (including, without limitation, any condemnation, expropriation or similar proceedings) (collectively, "Legal Proceedings") pending or threatened against or affecting the Seller, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could adversely affect the performance of the Seller under this Agreement, the other agreements contemplated hereby to which the Seller is a party or the consummation of the transactions contemplated hereby or thereby.

2.7 Compliance with Laws.

2.7.1 The Seller has not violated any law, ordinance, code, rule or any governmental regulation or requirements relating to the operation of any Group Company's business or otherwise relating to the Company Shares (including applicable laws of the United States such as the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 et seq (the "FCPA")), and the Seller has not received any notice of, and no claims have been filed, against the Seller alleging any such violation. The Seller has completed all necessary filings or registrations, obtained all necessary approvals, or complied with any rules or regulations of the State Administration of Foreign Exchange ("SAFE") and paid all Taxes required to be paid by the Seller and the Seller has not received any notice of, and no claims have been filed, against the Seller alleging any such violation or failure to pay.

2.7.2 The Seller has not taken any act that will cause the Purchaser (or its Affiliates, including after the Closing, the Company) to violate the FCPA or any applicable anti-corruption law. Without limiting the foregoing, the Seller has not paid or authorized the payment of any money (or other property) or corporate fraud, or offered, given a promise to give, or authorized the giving of anything of value, to any government official or agent in any country, state, province, city, region or otherwise, to any political party or official thereof or to any candidate for political office

for any unlawful contribution, gift, entertainment or other unlawful expenses relating to a political activity, or for the purpose, or with the effect, of (i) (A) influencing any act or decision of such government official, political party, party official, or candidate in his or its official capacity, (B) inducing such governmental official or agent, political party, party official or candidate to do or omit to do any act in violation of the lawful duty of such government official, political party, party official or candidate, or (C) securing any improper advantage, or (ii) inducing such government official or agent, political party, party official, or candidate to use his or its influence with any governmental authority to affect or influence any act or decision of such Governmental Authority, in order to assist such Person in obtaining or retaining business for or with, or directing business to the Seller, the Group Companies or their respective Affiliates.

2.7.3 The Seller is not currently a government official, officer, agent or employee of a non-U.S. government or government-owned enterprise (wholly or partially owned) or any agency, department or instrumentality thereof or political party or public international organization or a candidate for non-U.S. government or political office or is an agent, officer, or employee of any entity owned by a non-U.S. government ("Non-U.S. Official").

2.7.4 Prior to and until the Closing Date, the Acquired Shares were held by the Seller for its own account, not as a nominee or agent.

2.7.5 The Seller has not, whether on its behalf or on behalf of any Group Company, at any time made any payments for political contributions or made any bribes, kickback payments or other illegal payments.

2.8 Acquisition Proposals. The Seller is not a party to or bound by any agreement with respect to any Acquisition Proposal (other than this Agreement) and the Seller has not terminated all discussions with any third party (other than the Purchaser), if any, regarding any Acquisition Proposal.

2.9 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement or any of the other agreements contemplated hereby based on any arrangement or agreement to which the Seller is a party or to which the Seller is subject. The Seller shall pay, and hold the Company and the Purchaser harmless against, any liability, loss or expense (including reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

2.10 Maintenance of Relationships. The Seller, whether on its behalf or otherwise, has not taken any action which was designed or intended or could reasonably have been expected to have the effect of discouraging any distributors, customers, suppliers, vendors, service providers, lessors, licensors, employees or other business associates from maintaining the same business relationships with any Group Company after the Restructuring or after the Closing as were maintained with any relevant Seller Group Company in connection with the Third-party Platform Business prior to the Restructuring.

ARTICLE III

REPRESENTATIONS AND WARRANTIES REGARDING THE SELLER GROUP COMPANIES

As a material inducement to the Purchaser to enter into this Agreement and to acquire the Acquired Shares from the Seller in accordance with the terms hereof, except as set forth in the Company Disclosure Schedule, the Seller hereby represents and warrants to the Purchaser as of the date hereof and as of the Closing Date as follows:

3.1 Organization and Corporate Power.

3.1.1 Section 3.1.1 of the Company Disclosure Schedule contains (i) a complete and accurate list of each Person in which any Group Company owns or holds the right to acquire any Share Capital, and (ii) a complete and accurate list for each Group Company of its name, its jurisdiction of incorporation or organization and its capitalization (including the identity of each shareholder or equity holder and the number of shares or other equity interests held by each such shareholder or equity holder).

3.1.2 The Company is an exempted company duly organized, validly existing and in good standing under the laws of the Cayman Islands. Each Group Company is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation set forth on Section 3.1.1 of the Company Disclosure Schedule. Each Group Company has full corporate power and authority to conduct its businesses as it is now being conducted, to own or use its properties and assets that each purports to own or use and to perform its obligations under the contracts to which each is a party. Each Group Company is duly qualified to do business as an organization, and is in good standing, under the laws of each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

3.1.3 The Seller (or the Company on its behalf) has delivered to the Purchaser correct and complete copies of the certificates of incorporation, the memorandum and articles of association (or analogous governing documents), business licenses, certificates of approval (as applicable) of each Group Company, which documents reflect all amendments made thereto at any time before the date hereof. Such documents are in full force and effect and will remain in full force and effect following the transactions contemplated by this Agreement, except as

amended by the Restated Articles. Correct and complete copies of the minute books containing the records of meetings of the shareholders and boards of directors (or analogous parties), the share certificate books and the share record books (or equivalent documents) of each Group Company have been furnished to the Purchaser. No Group Company is in default under or in violation of any provision of its memorandum or articles of association (or analogous governing documents) in any material respect.

3.2 Share Capital and Related Matters.

3.2.1 Section 3.2.1 of the Company Disclosure Schedule sets forth the authorized Share Capital of each Group Company, the name of each Person holding any such Share Capital (including any options, warrants or other rights to purchase any equity securities or Share Capital)

and any securities convertible or exchangeable into any equity securities or Share Capital of any Group Company and the amount and type of such securities held by such Persons as of the date hereof. The capitalization tables included in Exhibit F hereof set forth the issued and outstanding Share Capital of the Company and the number of shares held by and the shareholding percentage of each shareholder of the Company immediately before and after the Closing. Immediately after the Closing, the Acquired Shares will be held beneficially and of record by the Purchaser free and clear of all Encumbrances. No Group Company has outstanding any shares or securities convertible or exchangeable for any Share Capital or other ownership interest or containing any profit participation features, nor does any Group Company have outstanding any rights or options to subscribe for or to purchase its Share Capital or other ownership interest or any shares or securities convertible into or exchangeable for its Share Capital or other ownership interest or any share appreciation rights or phantom share plans. No Group Company is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Share Capital or other ownership interest or any warrants, options or other rights to acquire its Share Capital.

3.2.2 There are no statutory or contractual preemptive rights, rights of first refusal or similar rights or restrictions with respect to the sale of any Acquired Shares hereunder. The Company has not violated any applicable securities or other laws in connection with the offer, sale or issuance of any of its Share Capital, and the offer and sale of the Acquired Shares hereunder does not require any registration or any other filing under any applicable securities or other laws. There are no agreements between the shareholders of the Company with respect to the voting or transfer of the Company's Share Capital or with respect to any other aspect of the Company's affairs.

3.2.3 Neither any Group Company nor any Affiliate, representative, officer, employee, director or agent of any Group Company is a party to or is bound by any agreement (other than this Agreement) with respect to any Acquisition Proposal.

3.2.4 No Person who holds any Share Capital (including options, warrants, convertible securities or otherwise) in the Seller has or shall have the right, and neither the Purchaser, any Group Company, nor the Seller has or shall have the obligation, to convert or otherwise transfer such Share Capital in the Seller into Share Capital of any Group Company or Affiliates (including, after the Closing, the Purchaser) as a result of the transactions contemplated by this Agreement.

3.2.5 All Share Capital (whether registered or otherwise) of each Group Company has been fully paid in accordance with the terms of the applicable investment documents, the articles of association (or equivalent documents) of each such Group Company and applicable law (including, if applicable, PRC law), as evidenced by true and complete copies of capital verification reports or other equivalent documents certifying to such effect issued by a certified accountant and by the accounting firm employing such accountant.

3.3 Indebtedness. No Group Company has any Indebtedness.

3.4 No Breach; Authorization; Execution & Enforceability.

3.4.1 The execution and delivery by the Company of this Agreement and any other Transaction Documents to which it is a party, and the fulfillment of and compliance with the respective terms thereof by the Company do not and will not, (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon the assets of the Company or Encumbrance upon the Company's Share Capital (including any of the Company Shares) pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) require any permit, authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency pursuant to, (a) any law, statute, rule or regulation to which any Group Company is subject, (b) the memorandum and articles of association of the Company, or (c) any instrument, contract, lease, license, order, judgment, decree or other agreement to which any Group Company is subject.

3.4.2 Each Group Company possesses full power and authority to execute and deliver each Transaction Document to which it is a party and any and all instruments necessary or appropriate in order to fully effectuate the terms and conditions of each such Transaction Document and to perform and consummate the transactions contemplated hereby and thereby.

3.4.3 Each Group Company's execution, delivery and performance of each Transaction Document to which it is a party has been duly and validly authorized by all necessary action on the part of such Group Company and such Group Company's stockholders. Each Transaction Document to which a Group Company is a party has been duly and validly executed and delivered by such Group Company and constitutes, or upon its execution and delivery will constitute, a valid and legally binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.5 Financial Statements.

The Seller has delivered to the Purchaser the audited combined and consolidated balance sheets and related statements of income and cash flows of the Third-party Platform Business and the Self-owned Brands Business of the Seller, for the fiscal years ended December 31, 2012 and 2013, including in each case the notes thereto (the "Financial Statements") along with the audit report thereon of Deloitte. Each of the Financial Statements is accurate and complete in all material respects, is consistent with the books and records of the Seller (which, in turn, are accurate and complete in all material respects), has been prepared in accordance with US GAAP consistently applied throughout the periods covered thereby and presents fairly the financial condition, results of operations, shareholders' equity and cash flows of the Third-party Platform Business and the Self-owned Brands Business of the Seller, as of the dates and for the periods referred to therein in accordance with US GAAP. Each Seller Group Company maintains and, for all periods covered by the Financial Statements, has maintained (i) books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of such Seller Group Company and (ii) a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with PRC GAAP.

3.6 Absence of Undisclosed Liabilities.

In connection with the Third-party Platform Business, each Group Company has no obligation or liability (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to the Company, whether due or to become due and regardless of when asserted) arising out of transactions entered into at or prior to the date hereof, or any action or inaction at or prior to the date hereof, or any state of facts existing at or prior to the date hereof (including any oral agreements), other than: (i) liabilities incurred in the Ordinary Course, and (ii) liabilities set forth in the Financial Statements.

3.7 Products and Services Warranty.

All products and services licensed, sold or delivered by the Group Companies, or by the Retained Seller Group Companies in connection with the Third-party Platform Business, have been in conformity in all material respects with all applicable contractual commitments and all express and implied warranties, and no Seller Group Company has any liability (or has received written notice of any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against it giving rise to any such liability) for replacement thereof or other damages in connection therewith, other than replacements or damages in the Ordinary Course. No products licensed, sold or delivered and no services rendered by any Group Company, or by the Retained Seller Group Companies in connection with the Third-party Platform Business, are subject to any guarantee, warranty or other indemnity beyond the applicable industry standard terms and conditions of such sale or service.

3.8 No Material Adverse Effect.

Since the Latest Balance Sheet Date, there has occurred no fact, event or circumstance which has had, or could reasonably be expected to have, a Material Adverse Effect, and each of the Group Companies has conducted its business only in the Ordinary Course.

3.9 Absence of Certain Developments.

3.9.1 Except as expressly contemplated by this Agreement, since the Latest Balance Sheet Date, no Group Company has:

(a) issued or otherwise sold any notes, bonds or other debt securities or any Share Capital or other equity securities or any securities convertible, exchangeable or exercisable into any Share Capital or other equity securities;

(b) borrowed any amount or incurred or become subject to any Indebtedness or other liabilities, except current liabilities incurred in the Ordinary Course and liabilities under contracts entered into in the Ordinary Course;

(c) discharged or satisfied any Lien or paid any obligation or liability, other than current liabilities paid in the Ordinary Course;

(d) declared, set aside or made any dividend, payment or distribution of Cash or other property to any of the holders of its Share Capital with respect to such share or purchased, redeemed or otherwise acquired, directly or indirectly, any Share Capital or any outstanding rights or securities exercisable or exchangeable for or convertible into its Share Capital or other equity securities (including, without limitation, any warrants, options or other rights to acquire its Share Capital);

(e) mortgaged or pledged any of its properties or assets or subjected them to any Encumbrances;

(f) sold, assigned, leased, licensed or transferred any of its tangible assets, except in the Ordinary Course, or canceled any debts or claims;

(g) sold, assigned, leased, licensed, transferred or otherwise encumbered any Intellectual Property Rights or other intangible assets (other than in the Ordinary Course), or disclosed any material proprietary confidential information to any Person, or abandoned or permitted to lapse any Intellectual Property Rights or other intangible asset;

(h) delayed or postponed the payment, or modified the payment terms, of any accounts or commissions payable or any other liability or obligations or agreed or negotiated with any party to extend the payment date of any accounts or commissions payable or accelerated the collection of any notes, accounts or commissions receivable other than in the Ordinary Course;

(i) made capital expenditures in an amount materially less than the budgeted amount of capital expenditures for such period or made capital expenditures or commitments for capital expenditures that aggregate in excess of $100,000;

(j) made any charitable contributions or pledges;

(k) suffered any damage, destruction or loss or waived any rights of material value, whether or not in the Ordinary Course, exceeding in the aggregate $250,000 (whether or not covered by insurance);

(l) made any loans or lending to, Investment in, or guarantees for the benefit of, any Person or taken steps to incorporate any Subsidiary;

(m) made any change in any method of accounting or accounting policies, other than those required by US GAAP or PRC GAAP and disclosed in writing to the Purchaser;

(n) except as contemplated under the Restructuring Contracts and the Restructuring Schedule, entered into any employment (written or oral) or changed the employment terms for any director, officer or senior manager or made or granted any bonus (including any one-time bonus) or any wage, salary or compensation increase to any director, officer or senior manager, or made or granted any increase in any employee benefit plan or arrangement, or amended or terminated any existing employee benefit plan, incentive arrangement or other benefit covering any of the employees of any Seller Group Company or adopted any new employee benefit plan, incentive arrangement or other benefit covering any of the employees of any Seller Group Company;

(o) entered into any contract, agreement or arrangement (i) outside of the Ordinary Course or (ii) prohibiting or restricting it from freely engaging in any business or otherwise restricting the conduct of its business (including, without limitation, any contract, agreement or arrangement containing any exclusivity, noncompetition, most favored pricing or bartering terms to which any Seller Group Company is subject);

(p) amended its memorandum and articles of association or other organizational documents;

(q) made or changed any Tax election, changed any annual accounting period, adopted or changed any accounting method, filed any amended Tax Return, entered into any agreement with any taxing authority, settled any Tax claim or assessment relating to any Group Company, surrendered any right to claim a refund of Taxes, consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any Group Company, or took any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of any Group Company for any period ending

after the Closing Date or decreasing any Tax attribute of any Group Company existing on the Closing Date;

(r) (i) entered into any transaction other than the transactions contemplated under the Transaction Documents or in the Ordinary Course, or (ii) materially changed any business practice;

(s) suffered any material adverse change in its business, customers or customer relations, suppliers or supplier relations;

(t) organized any new Subsidiary or branch, or acquired any Share Capital, shares or equity interests in the business, of any other company;

(u) adopted a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, or other reorganization; or

(v) agreed, resolved or otherwise committed, whether orally or in writing, to do any of the foregoing.

3.9.2 Except as expressly contemplated by this Agreement, since the Latest Balance Sheet Date, in connection with the Third-party Platform Business, no Retained Seller Group Company has:

(a) mortgaged or pledged any of its properties or assets or subjected them to any Encumbrances;

(b) sold, assigned, leased, licensed or transferred any of its tangible assets, except in the Ordinary Course, or canceled any debts or claims exceeding $100,000;

(c) sold, assigned, leased, licensed, transferred or otherwise encumbered any Intellectual Property Rights or other intangible assets (other than in the Ordinary Course), or disclosed any material proprietary confidential information to any Person, or abandoned or permitted to lapse any Intellectual Property Rights or other intangible asset;

(d) made any charitable contributions or pledges;

(e) made any loans or lending to, Investment in, or guarantees for the benefit of, any Person or taken steps to incorporate any Subsidiary;

(f) made or changed any Tax election, changed any annual accounting period, adopted or changed any accounting method, filed any amended Tax Return, entered into any agreement with any taxing authority, settled any Tax claim or assessment relating to any Retained Seller Group Company, surrendered any right to claim a refund of Taxes, consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any Retained Seller Group Company, or took any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of any Retained Seller Group Company for any period ending after the Closing Date or decreasing any Tax attribute of any Retained Seller Group Company existing on the Closing Date;

(g) (i) entered into any transaction other than the transactions contemplated under the Transaction Documents or in the Ordinary Course, or (ii) materially changed any business practice;

(h) suffered any material adverse change in its business, customers or customer relations, suppliers or supplier relations;

(i) organized any new Subsidiary or branch, or acquired any Share Capital, shares or equity interests in the business, of any other company;

(j) adopted a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, or other reorganization; or

(k) agreed, resolved or otherwise committed, whether orally or in writing, to do any of the foregoing.

3.10 Assets.

3.10.1 Each Group Company has good and marketable title to the Acquired Assets and has good and marketable title, or a valid leasehold interest in, or a valid license to use, all other properties and assets, tangible or intangible, used by any Group Company (such other properties and assets and the Acquired Assets, collectively, the "Transferred Assets"), in each case free and clear of all Encumbrances, except for inventory disposed of in the Ordinary Course since the Latest Balance Sheet Date and except for Permitted Liens.

3.10.2 All of the equipment and other tangible assets (whether owned or leased) of any Group Company are in good condition and are fit for use in the Ordinary Course. As of the Closing, each Group Company shall own, or have a valid leasehold interest in, or a valid license to use, all the assets and rights necessary for the conduct of the Company's and each Group Company's respective businesses as presently conducted. All items included in the transferred to the inventories on hand of the Group Companies including those that have been Group Companies under the Restructuring (collectively, the "Inventories") consist of a quality and quantity saleable in the Ordinary Course of the Seller Group Companies to the extent in connection with the Third-party Platform Business, except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Financial Statements. Inventories now on hands that were purchased after the Latest Balance Sheet Date were purchased in the Ordinary Course at a cost not exceeding market prices prevailing at the time of purchase. The Transferred Assets constitute all of the assets owned or used by the Company or any Group Company in its respective businesses and will enable such Group Company to continue to operate their respective businesses after the Closing in the same manner as operated by the Seller Group Companies in connection with the Third-party Platform Business prior to the Restructuring.

3.11 Real Property.

3.11.1 Leased Properties. Section 3.11.1 of the Company Disclosure Schedule sets forth a list of all of the leases, licenses and subleases of real property to which any Group Company is a party to or bound by (each a "Lease" and, collectively, the "Leases") and each leased, licensed and subleased parcel of real property in which any Group Company has a leasehold or subleasehold interest (the "Leased Real Property"). Each Group Company holds a valid and existing leasehold or subleasehold interest under each of the Leases. With respect to each Lease listed on Section 3.11.1 of the Company Disclosure Schedule: (a) there are no disputes, oral agreements or forbearance programs in effect as to such Lease and no Group Company has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in such Lease; (b) the Lease is legal, valid, binding, enforceable and in full force and effect and will continue to be so on substantially identical terms immediately following the Closing; (c) neither any Group Company nor any other party to any Lease is in breach or default, and no event has occurred which, with notice or lapse of time or both, would constitute a breach or default or permit termination, modification or acceleration under the Lease or sublease; (d) such Lease has not been amended or modified in any respect; (e) neither any Group Company nor the Seller has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the leasehold, license agreement or subleasehold; (f) all buildings, improvements and

other property leased, licensed or subleased thereunder are supplied with utilities and other services necessary for the operation thereof (including gas, electricity, water, telephone, sanitary and storm sewer, and access to public roads); (g) if required by applicable law or regulation, all of Leases required to be set forth on Section 3.11.1 of the Company Disclosure Schedule have been registered with the competent lease registration authority in the jurisdiction in which such Leases are entered into in accordance with applicable laws and regulations and (h) the transactions contemplated by this Agreement will not require the consent of any landlord, licensor or sublandlord or the Seller will provide such consent prior to the Closing.

3.11.2 Real Property Disclosure. No Group Company owns any real property, and the Leased Real Property represents all of the real property necessary to operate the business of the Group Companies as presently conducted and as presently proposed to be conducted, in each case in the Ordinary Course.

3.11.3 Current Use. There is no known violation of any covenant, condition, restriction, easement, agreement or order of any governmental authority having jurisdiction over any Leased Real Property that affects such real property or the use or occupancy thereof. No damage or destruction has occurred with respect to any of the Leased Real Property that, individually or in the aggregate, has had or resulted in, or will have or result in, a significant adverse effect on the operation of the business of any Group Company. No current use by any Group Company of any Leased Real Property is dependent on a nonconforming use or other approval from a governmental authority, the absence of which would limit the use of any of the properties or assets in the operation of any Group Company's business.

3.11.4 Condition and Operation of Improvements. To the knowledge of the Seller, all buildings and all components of all buildings, structures and other improvements included within the Leased Real Property (the "Improvements") are in good condition and repair and are adequate to operate such facilities as currently used. All utilities and other similar systems serving the Leased Real Property are installed and operating and are sufficient to enable the Leased Real Property to continue to be used and operated in the manner currently being used and operated.

3.12 Tax Matters.

3.12.1 Each Group Company has, and in connection with the Third-party Platform Business, each Retained Group Company has, filed or caused to be filed on a timely basis all Tax Returns required to be filed by or with respect to such Seller Group Company (in the case of any Retained Seller Group Company, only to the extent related to the Third-party Platform Business, and all such Tax Returns have been prepared in compliance with all applicable laws and regulations and are true and accurate in all material respects. No reporting position was taken on any such Tax Return which has not been disclosed to the appropriate Tax authority or in such Tax Return, as may be required by law. All records relating to such Tax Returns or to the preparation thereof required by applicable laws to be maintained by each Seller Group Company have been duly maintained. All Taxes due and payable by any Seller Group Company (in the case of any Retained Seller Group Company, only to the extent related to the Third-party Platform Business) have been timely paid in full (whether or not such Taxes are shown or required to be shown on a Tax Return) and each Seller Group Company has duly and timely withheld and fully paid over to the appropriate taxing authority all Taxes which it was required to withhold in connection with any amounts paid or owed to any employee, independent contractor, shareholder, creditor or other third party (in the case of any Retained Seller Group Company, only to the extent related to the Third-party Platform Business). No Group Company, and to the extent related to the Third-party Platform Business, no Retained Seller Group Company, is currently the beneficiary of any extension of time within which to file any Tax Return. In connection with the Third-party Platform Business, no claim has ever been made by an authority in a jurisdiction where any Seller Group Company does not file Tax Returns that

any Seller Group Company is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) in connection with the Third-party Platform Business upon any of the assets of any Seller Group Company.

3.12.2 No PRC (including any subdivision, municipality, province or locality of the PRC), U.S. federal, state, local, or other non-U.S. Tax audits or administrative or judicial Tax Proceedings are pending or being conducted with respect to any Group Company, or, in connection with the Third-party Platform Business, any Retained Seller Group Company. No Seller Group Company has received from any PRC (including any subdivision, municipality, province or locality of the PRC), U.S. federal, state, local, or non-U.S. taxation authority (including jurisdictions where the Seller Group Companies have not filed Tax Returns in connection with the Third-party Platform Business) any (i) written notice indicating an intent to open an audit or other review or Proceeding, (ii) request for information related to Tax matters or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Taxing authority against any Seller Group Company in connection with the Third-party Platform Business.

3.12.3 No Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

3.12.4 No Seller Group Company is a party to or bound by any Tax allocation or sharing agreement. No Group Company (i) has been a member of an Affiliated Group filing a consolidated Tax Return, or (ii) has any liability for the Taxes of any Person (other than any Group Company) as a result of any Group Company being part of or owned by, or ceasing to be party of or owned by, any affiliated, combined, consolidated, unitary or other similar group prior to the Closing, as a transferee or successor, by contract or otherwise.

3.12.5 The unpaid Taxes of any Seller Group Company (i) did not, as of the Latest Balance Sheet Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth in the Financial Statements, and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of such Company in filing its Tax Returns. Since the Latest Balance Sheet Date, no Group Company has, and in connection with the Third-party Platform Business, no Retained Seller Group Company has, incurred any liability for Taxes arising from any transactions outside of the Ordinary Course.

3.12.6 No Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) agreement with any taxing authority executed on or prior to the Closing Date, (iii) installment sale or open transaction disposition made on or prior to the Closing Date, or (iv) prepaid amount received on or prior to the Closing Date.

3.12.7 No Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, is resident for Tax purposes or has a branch, permanent establishment, agency of other taxable presence in any jurisdiction other than its jurisdiction of organization.

3.12.8 The prices and terms for the provision of any property or services undertaken by the Group Companies, or by the Retained Seller Group Company in connection with the Third-party Platform Business, are arm's length for purposes of the relevant transfer pricing laws, and all related material documentation required by such laws has been timely prepared or obtained and, if necessary, retained.

3.12.9 Each Group Company, and in connection with the Third-party Platform Business, each Retained Seller Group Company, has complied with all statutory provisions, rules, regulations, orders and directions in respect of any value added or similar Tax on consumption, has promptly submitted accurate returns, maintains full and accurate records, and has never been subject to any interest, forfeiture, surcharge or penalty and is not a member of a group or consolidation with any other company for the purposes of value added Taxation.

3.12.10 No Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, has granted any power of attorney with respect to any matters related to Taxes that is currently in force.

3.12.11 Section 3.12.11 of the Company Disclosure Schedule contains details of any concession, agreements (including agreements for the deferred payment of any Tax liability) or other formal or informal arrangement with any taxation authority relating to the Group Companies and, in connection with the Third-party Platform Business, the Retained Seller Group Companies.

3.12.12 All Tax credits (including without limitation Tax refunds and rebates) and Tax holidays enjoyed by any Seller Group Companies in connection with the Third-party Platform Business established under the laws of the PRC under applicable laws since its establishment have been in compliance with all applicable laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable laws published by relevant Governmental Authority. Neither the Seller nor any Seller Group Company has received any notice in relation to or is aware of any event that may result in repeal, cancellation, revocation, or return of any such Tax credits or Tax holidays.

3.12.13 No Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, has been a party to or otherwise knowingly involved in any transaction or series of transactions which, or any part of which, is intended to avoid, or unlawfully reduce or delay any Tax, including but not limited to using or presenting any invalid, untrue or false invoices or receipts to claim for deduction of business expenses for Tax purposes.

3.12.14 The Purchaser and its Affiliates will not be required to include in taxable income under Code Section 951 for any taxable period (or portion thereof) ending after the Closing Date a material amount of income arising from transactions or events occurring in a taxable period (or portion thereof) ending on or prior to the Closing Date.

3.12.15 Section 3.12.15 of the Company Disclosure Schedule correctly sets forth each entity classification election that has been made pursuant to Section 301.7701-3 of the U.S. Treasury Regulations with respect to the Seller Group Companies in connection with the Third-party Platform Business, and with respect to each such election, the effective date thereof, the classification elected pursuant thereto, and whether such election was effective on such entity's date of formation.

3.12.16 The Company (i) is classified as a corporation for U.S. federal income Tax purposes, (ii) has been so classified since the date of its inception, and (iii) has not taken any actions or filed any elections inconsistent with such classification.

3.12.17 No Group Company is or ever has been a "passive foreign investment company" within the meaning of Code Section 1297(a) or a "controlled foreign corporation" within the meaning of Code Section 957(a). No Group Company holds, or at any time has held, a "United States real property interest" within the meaning of Code Section 897(c)(1). No Group Company has, or at any time has had, an investment in "United States property" within

the meaning of Code Section 956(b). No Group Company is, or any time has been, engaged in the conduct of a trade or business within the United States within the meaning of Code Section 864(b), 882(a) or 887(b).

3.13 Contracts and Commitments.

3.13.1 Except as expressly contemplated by this Agreement, no Group Company, and in connection with the Third-party Platform Business no Retained Seller Group Company, is a party to or bound by any of the following written or oral Contracts (the "Material Contracts") other than the Material Contracts and Restructuring Contracts listed in Section 3.13.1 of the Company Disclosure Schedule:

(a) any Contract involving payment obligations (contingent or otherwise) in excess of, RMB1 million individually or in the aggregate per annum;

(b) any Contract relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Share Capital;

(c) any Contract requiring the consent of any party thereto upon a change in control of any Seller Group Company, containing any provision which could result in a modification of any rights or obligations of any party thereunder upon a change in control of any Seller Group Company or which would provide any party any remedy (including rescission or liquidated damages) in the event of a change in control of any Seller Group Company;

(d) any Contract involving the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a material business with a contract value in excess of RMB1 million;

(e) any Contract involving the waiver, compromise, or settlement of any material Legal Proceeding;

(f) any Contract involving the ownership or lease of, title to, use of, or any leasehold or other interest in, any personal property with a contract value in excess of RMB500,000 or any real property;

(g) any employment Contract (other than employment Contracts for at-will employment relationships that by their terms do not require such Seller Group Company to make any severance payments except as required by PRC law); in each case that provides for the payment of any cash or other compensation in excess of $50,000 annually;

(h) any Contract under which such Seller Group Company is obligated or will become obligated to make any severance payment or bonus compensation payment by reason of this Agreement or the consummation of the transactions contemplated hereunder;

(i) any Contract under which such Seller Group Company has advanced or loaned monies to any other Person or otherwise agreed to advance, loan or invest any funds other than any disbursement in the Ordinary Course;

(j) any Contract for Indebtedness or the mortgaging, pledging or otherwise placing of a Lien on any asset or group of assets of the Seller Group Company or any material letter of credit arrangements;

(k) any Contract for the license of any Intellectual Property Rights of the Seller Group Company other than in the Ordinary Course;

(l) any Contract pursuant to which such Seller Group Company has granted a power of attorney, agency or similar authority to a third party other than in the Ordinary Course;

(m) any Contract prohibiting such Seller Group Company from freely engaging in any business or competing anywhere in the world;

(n) any Contract involving the establishment, contribution to, or operation of a partnership, joint venture, franchise or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person;

(o) any Contract with a Governmental Entity;

(p) Contract involving any Affiliate Transactions; or

(q) Contract which contains restrictions with respect to payment of dividends or any other distribution in respect of its Share Capital, partnership interests or membership interests.

3.13.2 Section 3.13.1 of the Company Disclosure Schedule contains a true and complete list of all the Material Contracts and Restructuring Contracts. All of the Material Contracts and Restructuring Contracts set forth on Section 3.13.1 of the Company Disclosure Schedule are valid, binding and enforceable in accordance with their respective terms and shall be in full force and effect without penalty in accordance with their terms upon consummation of the transactions contemplated hereby. Each Group Company, and in connection with the Third-party Platform Business, each Retained Seller Group Company, has performed all obligations required to be performed by it under such Contracts and is not in material default

under or in material breach of, nor in receipt of any claim of default or breach under, any Contract to which such Seller Group Company is subject; no event has occurred which it is foreseeable with the passage of time or the giving of notice or both could result in a default, breach or event of noncompliance by any Seller Group Company under any contract, agreement or instrument to which any Seller Group Company is subject in connection with the Third-party Platform Business; no Seller Group Company has a present expectation or intention of not fully performing all such obligations on a timely basis; the Seller has no knowledge of any breach or anticipated breach by the other parties to any contract, agreement, instrument or commitment to which any Seller Group Company is a party in connection with the Third-party Platform Business; and no Seller Group Company is a party to any contract or commitment in connection with the Third-party Platform Business that might reasonably be expected to have a Material Adverse Effect.

3.13.3 The Purchaser has been supplied with a true and correct copy of each of the written Material Contracts and Restructuring Contracts, in each case that are referred to on Section 3.13.1 of the Company Disclosure Schedule.

3.14 Intellectual Property Rights and IT Infrastructure.

3.14.1 Section 3.14.1 of the Company Disclosure Schedule contains a true, complete and correct list of all of the following that are owned by the Seller Group Companies in connection with the Third-party Platform Business: (i) patented or registered Intellectual Property Rights, (ii) pending patent applications and applications for registration of other Intellectual Property Rights, (iii) computer software material to the conduct of the business of the Seller Group Companies (other than licenses for commercially available, off-the-shelf software with a replacement cost and/or annual license fee of less than $150,000), (iv) trade names and Internet domain names, and (v) material unregistered trademarks and service marks.

3.14.2 The Group Companies own all right, title and interest in and to, or have the right to use pursuant to a valid and enforceable license set forth on Section 3.14.1 of the

Company Disclosure Schedule, free and clear of all Liens, all Intellectual Property Rights used in or held for use or necessary to operate the Third-party Platform Business of the Seller Group Companies as conducted prior to the Restructuring and as currently proposed to be conducted by the Group Companies after the Closing. The registered Company Intellectual Property Rights owned by the Group Companies are valid, enforceable and subsisting and the registered Company Intellectual Property Rights contemplated to be transferred to the Group Companies under the Restructuring will be valid, enforceable and subsisting after the completion of the transfer thereof, and no loss, other than by expiration of patents at the end of their respective statutory terms, of any of the Company Intellectual Property Rights is threatened or pending. All of the licenses set forth on Section 3.14.1 of the Company Disclosure Schedule are in full force and effect and no default exists on the part of any Group Company or, to the knowledge of the Seller, on the part of any other parties thereto. All commercially reasonable, customary or necessary action, including the payment of all fees and taxes (to the extent applicable), have been taken to maintain and protect the Intellectual Property Rights.

3.14.3 (i) There are no claims against any Group Company, or in connection with the Third-party Platform Business, against any Retained Seller Group Company, that were either made within the past five years or are presently pending contesting the validity, use, enforceability, ownership or registrability of any of the Company Intellectual Property Rights owned by any Seller Group Company, and to the knowledge of the Seller, there is no reasonable basis for any such claim, (ii) no Group Company, and in connection with the Third-party Platform Business, no Retained Seller Group Company, has infringed, misappropriated or otherwise conflicted with, and the operation of the business of any Group Company, and in connection with the Third-party Platform Business, any Retained Seller Group Company, as currently conducted, does not infringe, misappropriate or otherwise conflict with, any Intellectual Property Rights of any other Persons and the Seller has no knowledge of any facts or circumstances that indicate a likelihood of the foregoing, except to the extent Losses arising from any such infringement, misappropriation or conflicts is indemnified by Section 5.2.1(f), (iii) neither Seller Group Company nor the Seller has received any notices (including cease-and-desist letters or offers to license) alleging infringement or misappropriation of, or other conflict with, any Intellectual Property Rights of any other Person, and (iv) to the knowledge of the Seller, no other Person is infringing, misappropriating or otherwise conflicting with any of the Company Intellectual Property Rights. The transactions contemplated by this Agreement will not impair the right, title or interest of any Seller Group Company in and to the Company Intellectual Property Rights and the Company Systems in connection with the Third-party Platform Business, and all of the Company Intellectual Property Rights and the Company Systems will be owned or available for use by the Seller Group Companies in connection with the Third-party Platform Business immediately after the Closing on terms and conditions identical to those under which the Seller Group Companies owned or used the Company Intellectual Property Rights and the Company Systems immediately prior to the Closing. To the knowledge of the Seller, no current or former employee, consultant, director or officer of any Seller Group Company in connection with the Third-party Platform Business has disclosed to any Third Party or otherwise used any confidential information of such Seller Group Company except in the course of their employment or engagement with such Seller Group Company and at the direction of such Seller Group Company.

3.14.4 The Group Companies own all right, title and interest in and to the Intellectual Property Rights authored, developed or otherwise created in connection with the Third-party Platform Business by each current and former employee, consultant and officer of the Seller Group Companies in connection with their employment with the Seller Group Companies, without any restrictions or obligations owed to such employee, consultant or officer with respect to such Seller Group Company's use or ownership of such Intellectual Property Rights. Without limiting the generality of the foregoing sentence, all author's and moral rights in any such Intellectual Property Rights have been waived.

3.14.5 The company systems, including the software, firmware, hardware (whether for general or special purpose), networks and interfaces owned, leased or licensed by the Group Companies in the conduct of their respective businesses (collectively, the "Company Systems") are sufficient for the needs of the business of the Group Companies as currently operated. (i) No source code for any proprietary software of any Seller Group Company included in the Company Intellectual Property Rights in connection with the Third-party Platform Business (the "Company Software") has been delivered, licensed, or made available to any escrow agent or other Person who is not, as of the date of this Agreement, an employee of a Seller Group Company, (ii) no Seller Group Company has a duty or obligation (whether present, contingent, or otherwise) to deliver, license, or make available the source code for any Company Software to any escrow agent or other Person who is not, as of the date of this Agreement, an employee of a Seller Group Company, and (iii) no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) could,

individually or in the aggregate, reasonably be expected to result in the delivery, license, or disclosure of the source code for any Company Software to any Person who is not, as of the date of this Agreement, an employee of a Seller Group Company.

3.14.6 The Seller Group Companies are in compliance with (i) all applicable data protection or privacy laws governing the collection or use of personal information and (ii) any privacy policies or related policies, programs or other notices that concern any Seller Group Company's collection or use of personal information in all material respects, in each case in connection with the Third-party Platform Business.

3.15 Government Licenses and Permits.

Section 3.15 of the Company Disclosure Schedule contains a complete listing of all permits, licenses, franchises, certificates (not including good standing certificates), approvals, registrations, accreditations and other authorizations of domestic and foreign governments or agencies or other similar rights owned, possessed or used by the Group Companies and the ownership of their properties in connection with the Third-party Platform Business (collectively, the "Licenses") and such Licenses are in full force and effect and contain no materially burdensome restrictions or conditions and will remain in full force and effect without such restrictions or conditions following the consummation of the transactions contemplated by this Agreement. The Licenses constitute all permits, licenses, franchises, certificates, approvals, registrations, accreditations and other authorizations necessary for the conduct of the Third-party Platform Business of the Group Companies. To the knowledge of the Seller, no regulatory body is considering modifying, suspending or revoking any of the Licenses. Each Group Company is in compliance with the terms and conditions of the Licenses in all material respects and has received no notices that it is in violation of any of the terms or conditions of such Licenses or alleging the failure to hold or obtain any permit, license, franchise, certificate, approval or authorization. Each Group Company has taken all necessary action to maintain valid such Licenses. No loss, termination, expiration or revocation of any License is pending or to the knowledge of the Seller, threatened, other than expiration in accordance with the terms thereof and all of such Licenses shall be owned or available for use by the Group Companies on substantially identical terms immediately following the Closing.

3.16 Litigation, etc.

With respect to each Group Company, or with respect to each Retained Seller Group Company to the extent related to the Third-party Platform Business: there are no Legal Proceedings pending or threatened against or affecting such Seller Group Company or any assets of such Seller Group Company (or pending or threatened against or affecting any of the officers, directors, members, partners, managers or employees of such Seller Group Company with respect to his, her or its business or proposed business activities), or pending or to the knowledge of the Seller, threatened by such Seller Group Company against any third party, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality (including, without

limitation, any actions, suits, proceedings or investigations with respect to the transactions contemplated by this Agreement); no Seller Group Company is subject to any arbitration proceedings under collective bargaining agreements or otherwise or any governmental investigations or inquiries; and there is no basis for any of the foregoing. The foregoing includes, without limitation, actions pending or threatened involving the prior employment of any employee of any Seller Group Company, the Seller Group Companies' use in connection with their respective businesses of any information or techniques allegedly proprietary to any such employee's former employers or such employee's obligations under any agreements with former employers. The Group Companies are fully insured with respect to each of the matters set forth on Section 3.16 of the Company Disclosure Schedule. No Group Company or its assets are subject to any judgment, order or decree of any court or other governmental agency, and neither any Group Company nor the Seller has received any opinion or memorandum or legal advice from legal counsel to the effect that the any Group Company is exposed, from a legal standpoint, to any liability which may be material to any business of such Group Company.

3.17 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon any Group Companies.

3.18 Insurance.

Section 3.18 of the Company Disclosure Schedule contains a description of all insurance policies maintained by any Seller Group Company with respect to its properties, assets or business (including the name of the insurer, the policy number, and the period, amount and scope of coverage) in connection with the Third-party Platform Business. Each such insurance policy (i) is legal, valid, binding and enforceable and in full force and effect and (ii) will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated by this Agreement. No Seller Group Company is in default with respect to its obligations under any insurance policy maintained by it in connection with the Third-party Platform Business and has not been denied insurance coverage. Section 3.18 of the Company Disclosure Schedule also sets forth a list of all claims, if any, made by any Seller Group Company in connection with the Third-party Platform Business during the past three years against an insurer in respect of coverage under an insurance policy and there have been neither denials of claims nor reservation of rights letters with regard to such claims. No Seller Group Company has any self-insurance or co-insurance programs in connection with the Third-party Platform Business, and the reserves set forth in the Financial Statements are adequate to cover all of the Seller Group Companies' anticipated liabilities with respect to any such self-insurance or co-insurance programs in connection with the Third-party Platform Business.

3.19 Employees.

3.19.1 The restructuring schedule delivered by or on behalf of the Seller to the Purchaser prior to the date hereof (the "Restructuring Schedule") sets forth true, complete and correct lists of all directors, employees and contractors to be employed by any Group Company following the Restructuring (the "Transferred Employees"), including, with respect to each Transferred Employee, the name of the department and the position prior to the Restructuring, the start date of employment by any Seller Group Company, and current annual rate of compensation (including any bonus, contingent or deferred compensation, and estimated or target annual incentive compensation).

3.19.2 The Seller has delivered to the Purchaser as part of the Restructuring Schedule a true and complete list of each Transferred Employee that holds any Seller Option

issued and outstanding as of the date hereof, the date of grant, number of Seller Shares to acquire thereunder, exercise price per share, vesting schedule and expiration date of such Seller Option.

3.19.3 To the knowledge of the Seller, neither any executive nor any key employee of any Group Company or any group of employees of any Group Company has any plans to terminate his or her employment with such Group Company.

3.19.4 Each Group Company has complied in all material respects with all laws relating to the employment of labor (including, without limitation, provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social welfare benefits and the payment or withholding of payroll or similar taxes for employees, or any other applicable law or regulation concerning the employees of any Group Company); no Group Company has failed to contribute or make payment to pension insurance, occupational injury insurance, medical insurance, maternity insurance, unemployment insurance, the social insurance premiums, housing funds or other statutory welfare funds for the benefit of each of its employees in full and on time as required by applicable law, and neither any Group Company nor the Seller is aware of any present or threatened, or has ever experienced any historical, labor relations problems (including, without limitation, any union organization activities, threatened or actual strikes or work stoppages or material grievances).

3.19.5 Neither any Group Company nor, to the Knowledge of the Seller, any employee of any Group Company is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreements relating to, affecting or in conflict with the present or proposed business activities of any Group Company. Neither any Group Company nor the Seller has received any notice alleging that any violation of any such agreements has occurred. Section 3.19.4 of the Company Disclosure Schedule contains a correct and complete list of all key employees and consultants of the any Group Company which have executed and delivered to the Group Company any (i) agreement providing for the nondisclosure by such Person of any confidential information of such Group Company or (ii) agreement providing for the assignment or license by such Person to such Group Company of any Company Intellectual Property Rights (an "Inventions Agreement"). No current employee or consultant of any Group Company has excluded works or inventions made prior to his or her employment with such Group Company from any Inventions Agreement between such Group Company and such Person.

3.20 Employee Benefits Matters.

3.20.1 Section 3.20.1 of the Company Disclosure Schedule sets forth an accurate and complete list of each employee benefit plan, program or arrangement at any time maintained, sponsored or contributed to by any Group Company (not including any Seller Options). Each such item listed on Section 3.20.1 of the Company Disclosure Schedule is referred to herein as a "Plan" and collectively as the "Plans."

3.20.2 There are no pending or threatened actions, suits, investigations or claims with respect to any Plan (other than routine claims for benefits) which could result in material liability to any Group Company.

3.20.3 Each of the Plans and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance with their terms and in compliance with the applicable laws. With respect to each Plan, all required payments, premiums, contributions, distributions and reimbursements for all periods ending prior to or as of the Closing Date have been made or properly accrued.

3.20.4 Each Plan which is subject to health care continuation requirements has been administered in compliance with such requirements. No Plan provides medical or life or

other welfare benefits to any current or future retired or terminated employee (or any dependent thereof) of any Group Company other than as required pursuant to applicable laws.

3.20.5 With respect to each Plan, the Seller or the Company has provided the Purchaser with true, complete and correct copies of (to the extent applicable) all documents pursuant to which the Plan is maintained, funded and administered (including the Plan and trust documents, any amendments thereto, the summary Plan descriptions and any insurance contracts or service provider agreements).

3.21 Compliance with Laws.

3.21.1 No Seller Group Company has violated any law, ordinance, code, rule or any governmental regulations, rules, circulars, notices or requirements relating to the operation of the Third-party Platform Business, the maintenance and operation of its properties and assets in connection with the Third-party Platform Business and the payment of any dividend or other distribution in respect of any equity interest of any Group Company (including applicable laws of the United States such as the FCPA, U.S. Bank Secrecy Act, and USA PARIOT Act of 2011, and applicable laws, regulations, rules, circulars or notices of the PRC such as applicable SAFE rules and Circular [2009] No. 698 issued by the State Administration of Taxation of the PRC on December 10, 2009 ("Circular 698"), and neither any Seller Group Company nor the Seller has received any notice of, and no claims have been filed, against any Seller Group Company alleging any such violation. To the knowledge of the Seller, no Seller Group Company has, in connection with the Third-party Platform Business, sold, or facilitated the sale of, any products or goods that infringe any Person's Intellectual Property Rights or in connection with which Tax (including custom duties) has not been paid in accordance with applicable laws. To the knowledge of the Seller, the Inventories include no products or goods that infringe any person's Intellectual Property Rights or in connection with which Tax (including custom duties) failed to be paid in accordance with applicable laws.

3.21.2 Neither any Seller Group Company nor any of its respective Affiliates, directors, officers, employees, or agents has taken any act that will cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to violate the FCPA or any applicable anti-corruption law in connection with the Third-party Platform Business. Without limiting the generality of the foregoing, neither any Seller Group Company nor any director, officer, agent, employee, or any other Person associated with or acting for or on behalf of the foregoing, has offered, paid, promised to pay, or authorized the payment of any money or corporate fraud, or offered, given a promise to give, or authorized the giving of anything of value, to any government official, to any political party or official thereof or to any candidate for political office for any unlawful contribution, gift, entertainment or other unlawful expenses relating to a political activity, or for the purpose of (i) (A) influencing any act or decision of such government

official, political party, party official, or candidate in his or its official capacity, (B) inducing such government official, political party, party official or candidate to do or omit to do any act in violation of the lawful duty of such government official, political party, party official or candidate, or (C) securing any improper advantage, or (ii) inducing such government official, political party, party official, or candidate to use his or its influence with any governmental authority to affect or influence any act or decision of such Governmental Authority, in order to assist such Person in obtaining or retaining business for or with, or directing business to any Seller Group Company, in each case in connection with the Third-party Platform Business.

3.21.3 Neither any Seller Group Company nor any of its respective Affiliates, directors, officers, employees, representatives, or agents is currently a Non-U.S. Official. Further, as of the date of execution of this Agreement, no Non-U.S. Official or any agency, department, political party, public international organization, or instrumentality thereof is associated with, or presently owns an interest, whether direct or indirect, in any Seller Group

Company or has any legal or beneficial interest in any such Person or the payments to be made by the Purchaser hereunder.

3.21.4 Neither any Seller Group Company nor any of its respective Affiliates, directors, officers, employees, representatives, or agents nor any person acting on behalf of any of the foregoing, has made a promise to make anything of value ("Payment") in connection with the Third-party Platform Business (i) to or for the use or benefit of any Non-U.S. Official; (ii) to any other person either for an advance or reimbursement, if it knows or has reason to know that any part of such Payment will be directly or indirectly given or paid by such other person, or will reimburse such other person for Payments previously made, to any Non-U.S. Official; or (iii) to any other person or entity, the payment of which would violate, or implicate any of the Purchaser or its Affiliates in the violation of, the laws or regulations of the United States or any other governmental entity having jurisdiction over the activities being carried out by the Purchaser.

3.21.5 Each Group Company has effective disclosure controls and procedures and an internal accounting controls system that is sufficient to provide reasonable assurances that violations of applicable anti-corruption laws have been and will be prevented, detected and deterred.

3.21.6 No Seller Group Company (nor the Seller on behalf of any Seller Group Company) has at any time made any payments for political contributions or made any bribes, kickback payments or other illegal payments in connection with the Third-party Platform Business.

3.21.7 No part of the funds used by any Seller Group Company or its Affiliates in connection with the Third-party Platform Business have been or will be, directly or indirectly derived from, or related to, any activity that contravenes domestic or applicable international laws and regulations, including anti money laundering laws and regulations, or would cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to be in violation of any anti-money laundering or other laws in any jurisdiction, including the United States. No payment by any of the parties hereunder (whether pursuant to their indemnification obligations or otherwise) shall cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to be in violation of any anti money laundering laws and regulations of the PRC, the United States or any other relevant jurisdiction applicable to its business or operations.

3.22 Affiliate Transactions.

3.22.1 Except those between the members of the Group Companies, none of any employee, officer, director, the Seller or any Affiliate of the Group Companies (including the Seller), or any Person in the Family Group of any of the foregoing (each, a "Company Affiliate") (i) is a party to any agreement, contract, commitment, arrangement, or transaction with any Group Company or that pertains to the business of the Group Companies other than any employment, non-competition, confidentiality or other similar agreements between any Group Company and any Person who is an officer, director or employee of the Group Companies (each, an "Affiliate Agreement"); or (ii) owns, leases, or has any economic or other interest in any asset, tangible or intangible, that is used by any Group Company in carrying out its business (together with the Affiliate Agreements, collectively the "Affiliate Transactions").

3.22.2 As of the Closing, except those between the members of the Group Companies, there will be no outstanding or unsatisfied obligations of any kind (including inter-company accounts, notes, guarantees, loans, or advances) between any Group Company, on the one hand, and a Company Affiliate on the other hand, except to the extent arising out of the post-Closing performance of an Affiliate Agreement that is in writing and is set forth on Section 3.22.2 of the Company Disclosure Schedule (and a true, complete and correct copy of which has been provided to the Purchaser). With respect to any Affiliate Agreement set forth on Section

3.22.2 of the Company Disclosure Schedule, (i) the terms and conditions of any such Affiliate Agreement are no less favorable to any Group Company than could have been obtained from an unrelated Third Party, and (ii) such Affiliate Agreement was negotiated and entered into on an arms-length, commercially reasonable basis.

3.23 Suppliers and Customers.

Section 3.23 of the Company Disclosure Schedule accurately sets forth a list of the top ten suppliers, vendors or service providers of the Seller Group Companies in connection with the Third-party Platform Business by U.S. dollar or RMB (or other applicable currency) volume for the past twelve months ending December 31, 2013, showing the approximate total purchases from each such supplier, vendor or service provider. No material supplier, vendor or service provider of any Group Company (including, without limitation, any supplier, vendor or service provider referenced above) has given notice to the Seller or any Group Company that it intends to stop or materially decrease the rate of, or materially and adversely change the terms (whether related to payment, price or otherwise) with respect to, paying any commissions to such Group Company or supplying materials, products or services to such Group Company (whether as a result of the transactions contemplated by this Agreement or otherwise). No material customer of any Group Company (including, without limitation, any customer referenced above) has given the Seller or any Group Company notice that it intends to stop or materially decrease the rate of, buying services, materials or products from such Group Company (whether as a result of the transactions contemplated by this Agreement or otherwise). To the knowledge of the Seller, the consummation by each Group Company of the transactions contemplated by this Agreement will not adversely affect the relationship of the Group Companies with any of such customers and suppliers.

3.24 Bank Accounts.

Section 3.24 of the Company Disclosure Schedule lists all bank accounts of the Group Companies.

3.25 Product and Media Liability.

(i) The products, content and other services sold, distributed or otherwise provided by the Seller Group Companies in connection with the Third-party Platform Business have complied with and are in compliance with, in all material respects, all applicable (A) laws (including laws related to copyrights, libel, slander and defamation), (B) industry and self-regulatory organization standards, and (C) contractual commitments and all express or implied warranties; and (ii) there are not, and there have not been, any material defects or deficiencies in any such products, content or services that could reasonably be expected to result in a claim or claims against the Seller Group Companies related to the foregoing. No Seller Group Company has any liability with respect to each such matter set forth thereon and is covered by applicable insurance coverage with respect thereto.

3.26 Privacy and Security.

3.26.1 Without limiting the generality of Section 3.21.1, each Seller Group Company (i) has taken commercially reasonable steps to prevent the violation by any Seller Group Company of the rights of any person or entity with respect to Personally Identifiable Information provided under applicable laws, including PRC, U.S. and state laws, rules and regulations, including all rights respecting (x) privacy generally, (y) the obtaining, storing, using or transmitting of Personally Identifiable Information of any type, whether via electronic means or otherwise, and (z) spyware and adware (clauses (x)-(z), including, without limitation, as "Privacy Rights") and (ii) complies with applicable governing industry standards and such Seller Group Company's policy in effect as of the date hereof, in each case in connection with the Third-party Platform Business. For purposes of this Agreement, the term "Personally Identifiable Information" means data in control of any Seller Group Company that would enable such Seller

Group Company to identify or locate a particular person, including but not limited to name, address, telephone number, electronic mail address, personal identification number, social security number, bank account number or credit card number; provided, however, that data shall not be Personally Identifiable Information for purposes of this Agreement if no Seller Group Company (x) intentionally collects or intentionally receives any such data or (y) actually uses any such data to identify the identity or location of, or identify or locate, a particular person as a result of any receipt of such data.

3.26.2 Each Seller Group Company: (i) takes commercially reasonable steps to protect the confidentiality, integrity and security of their software, databases, systems, networks and Internet sites and all information stored or contained therein or transmitted thereby from unauthorized or improper access, modification, transmittal or use; and (ii) does not use in connection with the provision of their products or services or intentionally collect or intentionally receive any of the following types of Personally Identifiable Information about individuals (other than personnel records for their own employees maintained in the Ordinary Course and in compliance with all applicable laws): social security numbers or credit card numbers, in each case in connection with the Third-party Platform Business.

3.27 Disclosure.

Neither this Agreement nor any of the exhibits, schedules, attachments, written statements, documents, certificates or other items prepared and supplied to the Purchaser by or on behalf of the Seller with respect to the transactions contemplated hereby contain any untrue statement of a material fact or omit a material fact necessary to make any statement contained herein or therein not misleading. There is no fact which the Seller has not disclosed to the Purchaser in writing and of which the Seller or any Seller Group Company in connection with the Third-party Platform Business or their respective officers, directors or executive employees is aware, which has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING THE PURCHASER

As a material inducement to the Seller to enter into this Agreement and to sell the Acquired Shares to the Purchaser in accordance with the terms hereof, the Purchaser hereby represents and warrants that:

4.1 Organization; Power and Authority.

The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Cayman Islands. The Purchaser possesses all requisite power and authority necessary to carry out the transactions contemplated by this Agreement.

4.2 Authorization; No Breach.

The execution, delivery and performance of this Agreement and the other agreements contemplated hereby to which the Purchaser is a party have been duly authorized by the Purchaser. This Agreement constitutes, and each of the other agreements contemplated hereby to which the Purchaser is a party, when executed and delivered in accordance with the terms thereof, will constitute, a valid and binding obligation of the Purchaser, enforceable in accordance with its terms. The execution and delivery by the Purchaser of this Agreement does not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon the Purchaser's assets pursuant to, (iv) give any third party the right to modify, terminate or

accelerate any obligation under, (v) result in a violation of, or (vi) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency pursuant to, the organizational documents of the Purchaser, or any

law, statute, rule or regulation to which the Purchaser is subject, or any agreement, instrument, order, judgment or decree to which the Purchaser is subject.

4.3 Litigation.

There are no Legal Proceedings pending or, to the best of the Purchaser's knowledge, threatened against or affecting the Purchaser, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would adversely affect the Purchaser's performance under this Agreement or the other agreements contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

4.4 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon the Purchaser. The Purchaser shall pay, and hold the Seller harmless against, any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

ARTICLE V

SURVIVAL; INDEMNIFICATION

5.1 Survival of Representations and Warranties.

All of the representations and warranties set forth in this Agreement or in any writing delivered by the Purchaser or the Seller in connection with this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (regardless of any investigation, inquiry or examination made by or on behalf of, or any knowledge of, or the acceptance of any certificate or opinion by or on behalf of, any Party).

5.2 Indemnification.

5.2.1 Indemnification Obligations of the Seller. The Seller shall indemnify the Purchaser and its Affiliates (including, after the Closing, the Company), and each of their respective officers, directors, employees, agents, representatives, successors and assigns (each an "Indemnitee"), and save and hold each of them harmless from and against, and pay on behalf of or reimburse any Indemnitee as and when incurred for, all Losses which any Indemnitee may suffer, sustain or become subject to as a result of:

(a) any breach of any representation or warranty made by the Seller in Article II or Article III of this Agreement or in any related schedule or exhibit attached to this Agreement (determined in each case without giving effect to any "knowledge," "material" or "Material Adverse Effect" qualifiers, or qualifiers of similar import, therein);

(b) any nonfulfillment or breach of any covenant, agreement or other provisions by or in respect of the Seller under this Agreement;

(c) any Acquisition Proposal made prior to the Closing Date by any Person other than the Purchaser;

(d) any PRC Taxes imposed on the Purchaser or any of its Affiliates (including, after the Closing, the Group Companies) as a result of the transactions between the Purchaser and the Seller as contemplated by this Agreement (including, as a result of failure to timely pay any Taxes in connection with any Circular 698 Return or any other required payment under any Tax Return required to be filed or otherwise paid by such Seller and its Affiliates);

(e) (1) except to the extent included in the calculation of the Actual Working Capital Shortage, all Taxes (or the non-payment thereof) of the Company and its Subsidiaries (A) for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date (the "Pre-Closing Tax Period"); or (B) in respect of or attributable to transactions or events occurring, or contracts or agreements entered into, on or prior to the Closing Date, whether such Taxes arise before or after the Closing Date, (2) any successor or transferee liability or other secondary or other non-primary liability for Taxes imposed on the Purchaser or any of its Affiliates (including, after the Closing, the Group Companies), as a result of transactions or events occurring, or contracts or agreements entered into by the Seller or any Seller Group Company (including under the Restructuring) on or prior to the Closing Date, or as a result of any Group Company being part of or owned by, or ceasing to be part of or owned by, an affiliated, combined, consolidated, unitary or other similar group prior to the Closing, or (3) any Taxes imposed on the Purchaser or any of its Affiliates (including, after the Closing, the Group Companies) as a result of or in connection with the failure of the Seller to file any Tax Return or other report required by Tax law with respect thereto; and

(f) the sale of any product prior to the Closing Date by any Seller Group Company in connection with the Third-party Platform Business that infringes any Intellectual Property Right of any Person or with respect to which Tax (including custom duties) failed to be paid in accordance with applicable laws, or which violates any applicable laws as a result of Shanghai Lefeng having not, at the time of such sale, been issued any License required to conduct such sale;

provided that, (x) with respect to any claim for indemnification by the Seller except for any claim arising under Section 1.4, the Seller shall not be liable for any such claim unless the aggregate amount of Losses resulting from such claim and any other claim for indemnification brought under this agreement exceeds $500,000 (the "Threshold"), in which case the Seller shall be liable for the full amount of Losses; (y) with respect to any claim for indemnification by the Seller for a breach of any representation or warranty set forth in Article II or Article III, the Seller's aggregate liabilities for such claims shall not exceed 100% of the Purchase Price; and (z) with respect to any claim for indemnification by the Seller for a breach of any representation or warranty set forth in Article II or Article III other than the Fundamental Representations, all the Seller's aggregate liabilities for all such claims shall not exceed 50% of the Purchase Price (clauses (y) and (z) are referred to as the "Cap").

5.2.2 Survival Date. The Seller will not be liable with respect to any claim made pursuant to Section 5.2.1 above for the breach of any representation or warranty contained in Article II and/or Article III of this Agreement unless written notice of a possible claim for indemnification with respect to such breach is given by an Indemnitee to the Seller:

(a) on or before the date which is ninety days after the expiration of the applicable statute of limitations (including any extension or waivers thereof) with respect to claims arising under Section 3.12 (Tax Matters), Sections 3.14.1 through 3.14.4 (Intellectual Property Rights) or Section 3.21 (Compliance with Laws, but excluding Section 3.21.1); and

(b) on or before the date which is two years after the Closing with respect to claims arising under any other Section of Article II or Article III (such date as set forth in clause (a) or (b) of this Section 5.2.2, as applicable, with respect to each applicable Section of Article II and Article III is referred to herein as its "Survival Date");

it being understood that, so long as written notice is given on or prior to the applicable Survival Date with respect to any claim, the Seller shall be required to indemnify the Indemnitees for all Losses that the Indemnitees may suffer with respect to such claim through the date of the claim, the end of the survival period and beyond.

5.2.3 Indemnification Obligations of the Purchaser. The Purchaser shall indemnify and hold harmless the Seller from and against all Losses which the Seller may suffer, sustain or become subject to as the result of (i) any breach of any representation or warranty made by the Purchaser in this Agreement or (ii) any breach of any covenant made by or in respect of the Purchaser under this Agreement. The Purchaser will not be liable with respect to any claim for breach of any representation or warranty of the Purchaser contained in this Agreement unless written notice of a possible claim with respect to such breach is given by the Seller to the Purchaser on or before the ninetieth day following the Closing Date.

5.2.4 Defense of Claims. If any Party seeks indemnification under this Section 5.2 (the "Indemnified Party"), such Party shall give written notice (an "Indemnification Notice") to the other applicable Party (it being understood that the Purchaser need only deliver notice to the Seller) (the "Indemnifying Party") of the facts and circumstances giving rise to the claim.

(a) Claims Between the Purchaser and the Seller. Following the Purchaser's or the Seller's notice, as applicable, of any Indemnification Notice, the applicable Parties shall meet in person or via teleconference as soon as reasonably practicable following delivery of an Indemnification Notice in order to resolve or settle such claim (if it relates to a claim for money damages). If the applicable Parties are unable to resolve or settle such claim for money damages within ten Business Days (unless an extension is agreed to in writing between the Seller and the Purchaser), then the claim shall be determined as set forth in Section 13.1.

(b) Third-Party Claims. If any Legal Proceeding shall be brought or asserted by any third party (a "Third Party Proceeding") which, if adversely determined, would entitle the Indemnified Party to indemnity pursuant to this Section 5.2, the Indemnified Party shall within thirty days notify the Indemnifying Party of the same in writing, specifying in detail the basis of such claim and the facts pertaining thereto and attaching a copy of any summons, complaint or other pleading served upon the Indemnified Party; provided that the failure to so notify an Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent such failure shall have materially harmed the Indemnifying Party. The Indemnifying Party may, in its discretion and at its sole expense, elect to assume and control the defense of such Third Party Proceeding, provided that:

(i) the Indemnifying Party must consult with the Indemnified Party with respect to the handling of such Third Party Proceeding and the Indemnifying Party must employ counsel satisfactory to the Indemnified Party;

(ii) the Indemnifying Party must (A) furnish the Indemnified Party with evidence to the Indemnified Party's satisfaction that the Indemnifying Party is and will be able to satisfy any such liability and (B) agree in writing to be fully responsible for all Losses relating to such claims and provide full indemnification to the Indemnified Party for all Losses relating to such claim;

(iii) the Indemnifying Party must not settle, compromise or cease to defend any claim or action without the express written consent of the Indemnified Party, which consent may be withheld for any reason or no reason, if (A) pursuant to or as a result of such settlement, compromise or cessation, injunctive or other equitable relief will be imposed against the Indemnified Party, (B) if settlement, compromise or cessation does not expressly and unconditionally release the Indemnified Party from all Losses with respect to such Third Party Claim, with prejudice, or (C) such settlement, compromise or cessation would involve any admission of liability,

responsibility, culpability or guilt on the part of the Indemnified Party or which has any collateral estoppel effect on the Indemnified Party;

(iv) the Indemnifying Party shall not be entitled to assume control of any Third Party Proceeding and shall pay the fees and expenses of counsel retained by the Indemnified Party if (A) the Third Party Proceeding relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks non-monetary or other injunctive or equitable relief against the Indemnified Party, (C) the claim relates to the Intellectual Property Rights of the Indemnified Party, (D) the claim involves a claim to which the Indemnified Party reasonably believes would be materially detrimental to or materially injure the Indemnified Party's reputation or customer or supplier relations, (E) is one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (F) involves a claim which, upon petition by the Indemnified Party, the appropriate court, arbitration or other body determines that the Indemnifying Party failed or is failing to vigorously prosecute or defend. With respect to the actions, lawsuits, investigations, proceedings and other claims that are the subject of this Section 5.2.5(b)(iv), the Indemnifying Party shall have the right to retain its own counsel (but the expenses of such counsel shall be at the expense of the Indemnifying Party) and participate therein, and no Indemnifying Party shall be liable for any settlement of any such action, proceeding or claim without its written consent (which consent shall not be unreasonably withheld); and

(v) in the event any Third Party Proceeding shall be brought or asserted which, if adversely determined, would not entitle the Indemnified Party to full indemnity pursuant to this Section 5.2, by reason of the Threshold or the Cap or otherwise, the Indemnified Party may elect to participate in a joint defense of such Third Party Proceeding (a "Joint Defense Proceeding"), the Indemnifying Party shall pay for the expenses of such joint defense and the employment of counsel shall be satisfactory to the Indemnified Party.

If the Indemnifying Party is permitted to assume and control the defense of a Third Party Proceeding and elects to do so, it shall provide notice thereof to the Indemnified Party within thirty days after the Indemnified Party has given notice of the matter. The Indemnified Party shall have the right to employ counsel separate from counsel employed by the Indemnifying Party in any such action and to participate in the defense thereof, but the fees and expenses of such counsel employed by the Indemnified Party shall be at the expense of the Indemnified Party unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel, or (iii) the Legal Proceeding is a Joint Defense Proceeding. Notwithstanding anything to the contrary above, this Section 5.2.5 shall not apply to any claim or action relating to Taxes.

5.2.5 Payments. Any payment pursuant to a claim for indemnification shall be made by wire transfer or delivery of other immediately available funds to the account(s) designated by the Indemnified Party(ies) no later than thirty days after receipt by the Indemnifying Party(ies) of written notice from the Indemnified Party(ies) stating the amount of the claim, unless the claim is subject to defense as provided in Section 5.2.5 above, in which case payment shall be made not later than five days after the amount of the claim is finally determined. Any payment required under this Section 5.2 which is not made when due shall bear interest at the maximum allowable rate permitted by applicable usury laws (not to exceed 18%). Interest on any such unpaid amount shall be compounded monthly, computed on the basis of a 360-day year and shall be payable on demand. In addition, such Party shall reimburse the other Party for any and all costs or expenses of any nature or kind whatsoever (including but not limited to all attorneys' fees) incurred in seeking to collect such Losses. All payments and related calculations of amounts due therefor of any amounts by any Person pursuant to this Article V shall, unless otherwise agreed to by the Purchaser and the Seller in writing, be made in U.S. dollars based on U.S. dollar/RMB exchange rate as of the applicable payment date.

5.2.6 Other Indemnification Provisions. The Seller hereby agrees that it will not make any claim for indemnification against any Group Company or any Affiliate of any Group Company by reason of the fact that the Seller was a shareholder, director, officer, employee or agent of any such entity or is or was serving at the request of any such entity as a partner, trustee, director, officer, employee or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses or expenses) with respect to any action, suit, proceeding, complaint, claim or demand brought by an Indemnitee against the Seller (if such action, suit, proceeding, complaint, claim or demand arises under this Agreement). The Seller hereby acknowledges that it will have no claims or right to contribution or indemnity from any Group Company with respect to amounts paid by the Seller pursuant to this Section 5.2.

5.2.7 Adjustment For Tax Purposes. All payments made pursuant to this Section 5.2 shall be treated as an adjustment to the Purchase Price for Tax purposes unless otherwise required by applicable laws.

5.3 Remedies.

The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory, equitable or common law remedy that any Party may have with respect to a breach of the provisions hereof, any other agreement or contract or the transactions contemplated by this Agreement; provided that the foregoing indemnification provisions are the sole remedy that any Party may have with respect to a breach of any representation and warranty contained in Articles II, III or IV of this Agreement. Subject to the proviso in the immediately preceding sentence, the Purchaser and the Seller have and retain all other rights and remedies existing in their favor at law or equity, including, without limitation, any actions for specific performance and/or injunctive or other equitable relief (without posting a bond or other security) to enforce or prevent any violations of any provision of this Agreement.

ARTICLE VI

PRE-CLOSING COVENANTS AND AGREEMENTS

6.1 Further Assurances.

Subject to the terms of this Agreement, each party hereto shall use its commercially reasonable efforts to take all actions and do all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the conditions set forth in Article VII).

ARTICLE VII

CLOSING CONDITIONS

7.1 Conditions Precedent to Each Party's Obligations.

The obligations of the Purchaser and the Seller under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction or waiver (if permitted by applicable laws and, in any event, in each party's sole discretion), at or prior to the Closing, of all of the following conditions:

7.1.1 Injunction. There shall be no effective injunction, writ or preliminary restraining order of any nature issued by a Government Entity of competent jurisdiction to the effect that the transactions contemplated by this Agreement may not be consummated as provided in this Agreement;

7.1.2 Legal Prohibition. No law, judgment or order shall have been enacted, promulgated, entered or enforced by any court or Government Entity which would prohibit, materially restrict, impact or delay implementation of the transactions contemplated under this Agreement; and

7.1.3 Government Entity Consents. All consents, authorizations, waivers or approvals of any Government Entity as may be required to be obtained in connection with the execution, delivery or performance of this Agreement, the failure to obtain of which would prevent the legal and valid consummation of the transactions contemplated hereby, shall have been obtained.

7.1.4 Transaction Documents. Each of the Transaction Documents (excluding the Restated Articles) and the Deed of Undertaking shall have been executed and delivered by each party thereto prior to or at the Closing; and the Restated Articles shall have been duly adopted by shareholders of the Company.

7.2 Additional Conditions Precedent to Obligations of the Purchaser.

The obligations of the Purchaser under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all of the following conditions, any one or more of which may be waived in writing by the Purchaser:

7.2.1 Accuracy of Representations and Warranties; Performance of Covenants. The representations and warranties of the Seller set forth in Article II and Article III (A) that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, and (B) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects, in each case on and as of the date hereof and the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time other than the Closing Date, which need only be true and correct as of such other date or time). Each of the Group Companies and the Seller shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing.

7.2.2 No Material Adverse Effect. No fact, event or circumstance shall have occurred which has had or could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and no material change in any relevant laws, regulations or policies in any of the jurisdictions or sectors in which any Group Company does business (whether coming into effect prior to, on or after the Closing Date) shall have occurred that could reasonably be expected to materially and adversely affect any Group Company since Latest Balance Sheet Date.

7.2.3 Closing Certificate. The Purchaser shall have received at the Closing a certificate dated as of the Closing Date and validly executed by a director of the Seller, certifying the fulfillment of the conditions set forth in Section 7.2.1 and Section 7.2.2.

7.2.4 Consents and Approvals. The Group Companies shall have made all filings and shall have obtained all permits, authorizations, consents and approvals required to be obtained by the Group Companies for the Closing and shall have delivered true, complete and correct copies of such to the Purchaser.

7.2.5 Corporate Procedures. The Company and the Seller shall have duly attended to and carried out all corporate procedures that are required under the laws of its place of incorporation or establishment to effect its execution, delivery and performance of each Transaction Document to which it is a party and the transactions contemplated thereby, and shall

have provided true, complete and correct copies of all relevant resolutions (and all attachments thereto) from such procedures to the Purchaser.

7.2.6 Good Standing Certificates. Each Group Company shall have delivered to the Purchaser evidence to the satisfaction of the Purchaser that each Group Company is validly existing and in good standing.

7.2.7 Transfer of Certain Trademarks. Beijing Commerce shall have enter into a transfer agreement with Shanghai Lefeng in a form to the reasonable satisfaction of the Purchaser to transfers the trademark(s) set forth on Exhibit C to Shanghai Lefeng.

7.2.8 Transfer of Certain Domain Names. Beijing Commerce shall have transferred all domain names set forth opposite such Subsidiary of the Seller (the "Transferred Domain Names") on Exhibit D to the Purchaser Entity.

7.2.9 Consummation of Restructuring. Except for the registration of the Trademark Transfers with the relevant Government Entity, the Seller shall have consummated the Restructuring and delivered a copy of the Restructuring Schedule, certified by a duly authorized director of the board of directors of the Seller and other documentation or evidence to the Purchaser to its reasonable satisfaction.

7.2.10 Inventories Inspection. The Purchaser shall have completed an onsite inspection of the Inventories to the satisfaction of the Purchaser and the Purchaser and the Seller shall have agreed on a catalog of items that should have been excluded from the Inventories before the Closing Date (the "Excluded Inventories").

7.2.11 Register of Members. The Company shall have delivered to the Purchaser a copy of the register of members of the Company, certified by a duly authorized director of the board of directors or the registered office provider of the Company to be true, complete and correct copies thereof, and reflecting the Purchaser holding 75% of all the issued and outstanding Company Shares at the Closing.

7.2.12 Register of Directors. The Company shall have delivered to the Purchaser a copy of the register of directors of the Company, certified by a duly authorized director of the board of directors or the registered office provider of the Company to be true, complete and correct copies thereof, and reflecting Mr. Eric Ya Shen, Mr. Xiaobo Hong, Mr. Donghao Yang and Ms. Jing Zhang being elected as members of the board of directors of the Company at the Closing.

7.2.13 Legal Opinions. The Purchaser shall have received legal opinions from: (i) Han Kun Law Offices, the Seller's PRC legal counsel; (ii) Global Law Offices, the Purchaser's PRC legal counsel, and (iii) Maples & Calder, the Seller's Cayman Islands legal counsel, each dated as of the Closing Date in form and substance satisfactory to the Purchaser.

7.2.14 Resignations. Lefeng.com E-commerce Co., Limited shall have received duly executed resignations of its directors other than Ms. Jing Li (in each case, in a form reasonably satisfactory to the Purchaser) and delivered true, complete and correct copies thereof to the Purchaser.

7.3 Additional Conditions Precedent to Obligations of the Seller.

The obligations of the Seller under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all the following conditions, any one or more of which may be waived in writing by the Seller:

7.3.1 Accuracy of Representations and Warranties; Performance of Covenants. The representations and warranties of the Purchaser set forth in Article IV shall be true and correct (disregarding for these purposes all qualifications and exceptions contained therein regarding materiality) on and as of the date hereof and the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time other than the Closing Date, which need only be true and correct as of such other date or time), except in the case of this clause where the failure of such representations and warranties to be so true and correct has not prevented or materially delayed the ability of the Purchaser to effect the Closing and to consummate the transactions contemplated by this Agreement. The Purchaser shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing.

7.3.2 Closing Certificate. The Seller shall have received at the Closing a certificate dated as of the Closing Date and validly executed by a director or officer of the Purchaser, certifying the fulfillment of the conditions set forth in Section 7.3.1.

ARTICLE VIII

TERMINATION

8.1 Terminations. This Agreement may be terminated at any time prior to the Closing:

8.1.1 by the Purchaser or the Seller in writing and without liability of any Party on account of such termination (provided that the terminating party is not otherwise in material default or material breach of this Agreement), if the Closing shall not have occurred on or before March 31, 2014;

8.1.2 by the Purchaser, if the Seller or the Company materially breaches any of his, her or its representations, warranties or covenants contained herein such that the conditions set forth in Section 7.2.1 would not be satisfied, without liability of the Purchaser on account of such termination (provided that (i) the Purchaser is not otherwise in material default or material breach of this Agreement and (ii) if such breach is curable by such breaching Person, the Purchaser may not terminate this Agreement under this Section 8.1.2 unless such breach remains uncured for ten Business Days after written notice of such breach is given to the Seller by the Purchaser); or

8.1.3 by the Seller, if the Purchaser materially breaches any of its representations, warranties or covenants contained herein such that the conditions set forth in Section 7.3.1 would not be satisfied, without liability of any Group Company or the Seller on account of such termination (provided that (i) none of the Company and the Seller is otherwise in material default or material breach of this Agreement and (ii) if such breach is curable by such breaching Person, the Company and the Seller may not terminate this Agreement under this Section 8.1.3 unless such breach remains uncured for ten Business Days after written notice of such breach is given to the Purchaser by any of the Company and the Seller).

8.2 Effect of Termination.

If any party terminates this Agreement pursuant to, and in accordance with, Section 8.1, this Agreement shall forthwith become void and of no further force and effect, except for provisions of Section 5.2 (Indemnification), Section 5.3 (Remedies), Section 11.1 (Press Release and Announcements), Section 11.5 (Expenses), Article XIII (Miscellaneous), and this Section 8.2 which shall survive such termination indefinitely, provided that nothing in Section 8.1 or this Section 8.2 shall be deemed to release any party from any liability for any breach by such party of the terms and

provisions of this Agreement or impair the right of any party to compel specific performance by another party of its obligations under this Agreement.

ARTICLE IX

NONCOMPETITION AND NONSOLICITATION

In consideration of the Purchaser entering into the transactions described herein and performing its obligations hereunder, the Seller hereby agrees that:

9.1 During the period from the Closing Date to and including the fifth anniversary of the Closing Date (the "Restricted Period"), the Seller shall not, and shall procure that each of its Affiliates do not, directly or indirectly, own any interest in, manage, control, participate in (whether as an owner, operator, manager, consultant, officer, director, employee, investor, agent, representative or otherwise), consult with, render services (including through outsourcing, or as an intermediary or agent or otherwise) for or otherwise engage in or provide assistance to any Competing Business in the PRC, Hong Kong, Macau and Taiwan; provided that nothing herein shall prohibit the Seller from (i) being passive owners of not more than 2% of the outstanding shares of any corporation which is publicly traded at any time, so long as the Seller has no active participation in the business of such corporation; or (ii) being passive owners of not more than 20% of the equity interest of any corporation engaging in any Competing Business at any time after the second anniversary of the Closing Date.

9.2 During the Restricted Period, the Seller shall not, directly or indirectly through another entity, (i) induce or attempt to induce any employee of any of the Group Companies to leave the employment of any Group Company, or in any way interfere with the relationship between any Group Company and any of its employees, (ii) without prior written consent of the Purchaser, hire any person who was an employee of any Group Company within one hundred and eighty days prior to the time such employee is hired by the Seller or such other entity, (iii) induce or attempt to induce any customer, supplier, licensee, licensor, franchisee, lessor or other business relation of any Group Company (or any prospective customer,

supplier, licensee, licensor, franchisee, lessor or other business relation with which any Group Company has entertained discussions regarding a prospective business relationship) to cease or refrain from doing business with any Group Company, or in any way interfere with the relationship (or prospective relationship) between any such customer, supplier, licensee, licensor, franchisee or other business relation and any Group Company (including, without limitation, making any negative statements or communications about any Group Company), or (iv) directly or indirectly acquire or attempt to acquire an interest in any business relating to any business of any Group Company or with which any Group Company has entertained discussions or has requested and received information relating to the acquisition of such business by any Group Company as of the Closing Date (regardless of whether such business is a Competing Business).

9.3 The Purchaser and the Seller acknowledge and agree that the covenants set forth in this Article IX are reasonable with respect to period, geographical area and scope are necessary to protect the goodwill of the business of the Group Companies and are an integral part of what the Purchase Price is to be paid for hereunder. Notwithstanding anything in this Article IX to the contrary, if at any time, in any arbitral proceeding, any of the restrictions stated in this Article IX are found pursuant to Section 13.1 to be unreasonable or otherwise unenforceable under circumstances then existing, the Seller agrees that the period, scope and/or geographical area, as the case may be, shall be reduced to the extent necessary to enable the arbitral tribunal to enforce the restrictions to the extent such provisions are allowable under law, giving effect to the agreement and intent of the Parties that the restrictions contained herein shall be effective to the fullest extent permissible. The Seller acknowledges and agrees that money damages may not be an adequate remedy for any breach or threatened breach of the provisions

of this Article IX and that, in such event, the Purchaser and/or its respective successors or assigns shall, in addition to any other rights and remedies existing in their favor, be entitled to specific performance, injunctive and/or other relief from any arbitral tribunal of competent jurisdiction in order to enforce or prevent any violations of the provisions of this Article IX (including the extension of Restricted Period by a period equal to the length of the arbitral proceedings necessary to stop such violation); provided that the Seller is found to have been in violation of the provisions of this Article IX. Any injunction shall be available without the posting of any bond or other security. In the event of an alleged breach or violation by the Seller of any of the provisions of this Article IX, the Restricted Period will be tolled for the Seller until such alleged breach or violation is resolved; provided that if the Seller is found to have not violated the provisions of this Article IX, then the Restricted Period will not be deemed to have been tolled.

9.4 The Seller agrees that the foregoing restrictions are entered into in its capacity as a transferor of the Company Shares and are in addition to any non-compete, non-solicit or related restrictions contained in any other agreement, if any, between the Seller or any of its Affiliates and the Company, the Purchaser or any of its Affiliates.

ARTICLE X

TAX MATTERS

10.1 Tax Periods Beginning Before and Ending After the Closing Date.

Except as provided in Section 10.4 with respect to Circular 698 Returns, the Purchaser shall prepare, or cause to be prepared, and file, or cause to be filed, all Tax Returns of the Group Companies for any Tax periods which are due or filed after the Closing Date.

10.2 Cooperation on Tax Matters.

10.2.1 The Seller will (i) retain all of its books and records with respect to Tax matters pertinent to the Company Shares and the Group Companies relating to any Pre-Closing Tax Period until the expiration of the statute of limitations with respect to such Tax period (including, to the extent notified by the representative of the Purchaser, as the case may be, of any extensions thereof), and abide by all record retention agreements entered into with any taxing authority, and (ii) give the Purchaser reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the Purchaser so requests, allow the Purchaser to take possession of such books and records.

10.2.2 Without limiting the Seller's obligations under Section 10.4, the Purchaser and the Seller will, upon request from each other, use their reasonable best efforts to obtain any certificate or other document from any governmental authority or any other Person that may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, without limitation, with respect to the transactions contemplated hereby).

10.3 Transfer Taxes.

All federal, state, national, provincial, municipal, local or non-U.S. or other excise, sales, use, transfer (including real property transfer), stamp, documentary, filing, recordation and other similar Taxes that may be imposed or assessed on the Seller as a result of the sale of the Acquired Shares, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties ("Transfer Taxes"), shall be borne by the Seller. Each party shall promptly pay all Transfer Taxes for which it is responsible pursuant to this Section 10.3.

10.4 Circular 698 Tax Matters.

10.4.1 Filing of Circular 698 Returns. Within the period required by Circular 698, the Seller and its Affiliates shall timely file, or cause to be timely filed, all information and Tax Returns that are due under PRC law (including, without limitation, pursuant to Circular 698) in connection with the transactions hereunder or which are otherwise required in connection with any internal restructuring done by such Seller or its Affiliates prior to the date hereof (the "Circular 698 Returns"), and such Circular 698 Returns shall be true, accurate and complete in all respects. The Seller shall provide the final drafts of such Circular 698 Returns to the Purchaser for its review prior to filing such Circular 698 Returns, and shall obtain the Purchaser's consent if such Circular 698 Returns do not allocate 100% of the proceeds received by the Seller from the transactions contemplated under this Agreement to Shanghai Lefeng. Within ten days of filing the Circular 698 Returns, the Seller shall provide the Purchaser with final, accurate copies of all such Circular 698 Returns that were filed.

10.4.2 Assessment and Payment of Circular 698 Taxes. The Seller shall provide the Purchaser with accurate copies of any official assessments of the PRC Tax authorities with respect to its Circular 698 Returns within ten days of receipt thereof, and the Purchaser shall pay, or cause to be timely paid, all Taxes due and payable with respect to such official assessments.

10.4.3 Seller Tax Contests. The Seller shall notify the Purchaser within ten days upon receipt by it or any of its Affiliates of notice of any pending or threatened PRC Tax audit, assessment or other review affecting the Circular 698 Returns (a "Seller C698 Claim"), and it shall (i) keep the Purchaser informed on the status of any such Seller C698 Claim, and (ii) provide the Purchaser with copies of all written correspondence with respect to such Seller C698 Claim.

10.5 Compliance with Chinese SAFE Regulations.

The Seller covenants and agrees that it shall procure any of its shareholders who is or shall be deemed to be a PRC resident in accordance with applicable PRC laws (i) as soon as commercially practicable following the date hereof, submit the application for the registration required by Circular 75 issued by SAFE on October 21, 2005, titled "Notice Regarding Certain Administrative Measures on Financing and Inbound Investments by PRC Residents Through Offshore Special Purpose Vehicles," effective as of November 1, 2005, or any successor PRC law, rule or regulation, in relation to the Seller's acquisition or sale of the Company Shares and/or the Company's issuance of the Company Shares subject to the terms of this Agreement, and (ii) use its best efforts to complete such registration as soon as practicable thereafter.

ARTICLE XI

ADDITIONAL AGREEMENTS

11.1 Press Releases and Announcements.

Except as otherwise required by applicable laws, press releases related to this Agreement or the transactions contemplated hereby, or other announcements to the employees, customers, suppliers, vendors or service providers of the Company will be issued solely by the Purchaser or its Affiliates. Notwithstanding the foregoing, in the event that the Seller or the Company is required by applicable laws to issue a press release or otherwise make an announcement related to the foregoing, the Seller or the Company shall notify the Purchaser in advance and provide the Purchase with the opportunity to review such press release or announcement and shall limit the disclosure therein to that required by applicable laws (except to the extent otherwise agreed by the Purchaser).

11.2 Further Transfers.

The Seller will execute and deliver such further instruments of conveyance and transfer and take such additional actions as the Purchaser may reasonably request to effect, consummate, confirm and/or evidence the transfer of the Acquired Shares to the Purchaser and any other transactions contemplated hereby.

11.3 Maintenance of Relationships.

The Seller shall, and shall cause its Affiliates to, refrain from taking any action which is designed or intended or could reasonably be expected to have the effect of discouraging any customers, suppliers, vendors, service providers, lessors, licensors or other business associates from maintaining the same business relationships with the Company after the Closing as were maintained with the Company prior to and as of the date of this Agreement.

11.4 Confidentiality.

11.4.1 Each Party undertakes to the other Parties that it shall not reveal, and that it shall use its commercially reasonable efforts to procure that its respective directors, equity interest holders, officers, employees, agents, counsel and advisors (collectively, "Representatives") who are in receipt of any Confidential Information do not reveal, to any third party any Confidential Information without the prior written consent of the Company or the concerned Party, as the case may be. The term "Confidential Information" as used in this Section 11.4 means (a) any information concerning the organization, structure or business of any Party; (b) the terms of this Agreement and the terms of any of the other Transaction Documents, and the identities of the Parties and their respective Affiliates; and (c) any other information or material prepared by a Party or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information.

11.4.2 The provisions of Section 11.4.1 shall not apply to:

(a) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of a Party or any of its/his/her Representatives in violation of this Agreement;

(b) disclosure by a Party to a Representative or an Affiliate, provided that such Representative or Affiliate (i) is under a similar obligation of confidentiality or (ii) is otherwise under a binding professional obligation of confidentiality;

(c) disclosure, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, to the extent required under the rules of any stock exchange on which the shares of a Party or its Affiliate are listed or by applicable laws or governmental regulations or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement; provided that no prior notice to any Party shall be required to be given under this Section 11.4.2(c) with respect to any dispute arising out of or relating to a Transaction Document; or

11.5 Expenses.

Except as otherwise specifically provided herein, each Party hereto shall pay all of its own fees, costs and expenses (including, without limitation, fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred in connection with the negotiation of this Agreement and the other agreements contemplated hereby, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby (whether consummated or not).

11.6 Waivers of Breaches.

The Seller hereby unconditionally and irrevocably waives, and shall procure all Affiliates of the Seller to waive, any and all past and present breach and defaults by, or any past or present claim they may have against, the Company or any other Group Company under any transactions or dealings between any Group Company on one side and the Seller or any Affiliate of the Seller on the other side.

11.7 Post-Closing Covenants.

11.7.1 The Seller shall procure the registration of the Trademark Transfers to be completed with the relevant Government Entities in the PRC within a reasonable period of time after the Closing and shall not in any way withdraw the application made to such Government Entities for the registration of the Trademark Transfers.

11.7.2 If any supplier as set forth on Section 3.23 of the Company Disclosure Schedule fails to enter into (i) any new Contract (a "New Operating Contract") with the Company on terms not materially deviating from those of the Contract(s) between such supplier or customer and the Seller or any of its Subsidiaries in connection with the Third-party Platform Business prior to the consummation of the Restructuring, or (ii) any assignment (an "Operating Contract Assignment") of such Contracts with the Company to assign or transfer all the rights and privileges of the Seller or any of its Subsidiaries thereunder to the Company at the Closing, the Seller shall use their best efforts to procure such supplier to enter into a New Operating Contract or an Operating Contract Assignment with the Company as soon as practical thereafter.

11.7.3 Within one months after the Closing, the Purchaser shall cause the New Entity and its shareholders to enter into the New Structure Documents with Shanghai Lefeng in substance and form to the reasonable satisfaction of the Seller.

11.7.4 The Seller shall cause Beijing Commerce to (i) complete the registration of the transfer of Transferred Domain Names with an accredited registrar of domain names within 2 Business Days after the Closing Date; and (ii) complete the amendment registration with the relevant Government Entity for its ICP License with respect to such transfer within six months after the Closing Date.

11.7.5 Within nine months after the Closing, the Purchaser shall cause the Purchaser Entity to (i) transfer all Transferred Domain Names to the New Entity; (ii) complete the registration of such transfer with an accredited registrar of domain names; (iii) complete the amendment registration with relevant Government Entity for its ICP License with respect to such transfer and (iv) cause the Purchaser Entity to transfer to the Purchaser Entity, in a manner to be agreed by the Purchaser and Seller, all revenues generated by it from the Transferred Domain Names before the transfer thereof to the New Entity.

11.7.6 Upon Shanghai Lefeng's request within three month after the Closing Date, the Seller shall cause the relevant Retained Seller Group Company to use their commercially reasonable efforts to cause the relevant third-party suppliers to accept the return by Shanghai Lefeng of any items under any third-party brands included in the Inventories to such suppliers so long as such Retained Seller Group Company is entitled to return such item to such suppliers under the relevant agreements with such suppliers.

11.8 Invoices and VAT reimbursement

11.8.1 The Seller shall cause all official invoices and receipts in connection with the Disbursement for Seller to be provided to Shanghai Lefeng, and ensure that all such official

invoices and receipts shall have been issued to Shanghai Lefeng as the payer and such official invoices and receipts shall be provided to Shanghai Lefeng by the relevant payees.

11.8.2 Within three months after Shanghai Lefeng makes the payment for the Acquired Assets (other than any inventories) in accordance with Section 1.3.4, the Seller shall cause Shanghai Media, Beijing Huanyue and Beijing Commerce to provide to Shanghai Lefeng the original copies of all VAT Invoices that are issued in connection with such payment and other official invoices and receipts in connection with the Acquired Assets (other than any inventories).

11.8.3 Within three months after Shanghai Lefeng makes an installment payment for the relevant inventories in accordance with Section 1.3.5, the Seller shall cause Shanghai Media to provide to Shanghai Lefeng the original copies of all VAT Invoices that are issued in connection with such payment and other official invoices and receipts in connection thereof.

11.8.4 The Purchaser shall cause Shanghai Lefeng to pay Shanghai Media, Beijing Huanyue or Beijing Commerce, as applicable, the amount of any VAT Invoice provided in accordance with Section 11.8.2 or 11.8.3 within seven days after the receipt of such VAT Invoice.

ARTICLE XII

DEFINITIONS; CROSS-REFERENCES TO OTHER DEFINED TERMS

12.1 Definitions.

When used in this Agreement, the following terms have the meanings set forth below:

"Acquisition Proposal" means any proposal or offer to acquire all or a substantial part of the business or properties of the Company or any Share Capital of any Group Company, whether by merger, tender offer, exchange offer, sale of assets or similar transaction involving the Company, divisions or operating or principal business units.

"Acquired Assets" means all properties and assets, whether tangible or intangible, that are acquired by the Group Companies under the Restructuring.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"Affiliated Group" means any affiliated, combined, consolidated, unitary or other similar group that has filed a consolidated return for income Tax purposes for a period during which any Group Company was a member.

"Agreed Working Capital Shortage" means RMB20,000,000.

"Base Price" means $112,500,000.

"Beijing Commerce" means Dongfang Fengxing (Beijing) Commerce & Trade Co., Ltd..

"Beijing Huanyue" means Dongfang Huanyue (Beijing) Multimedia Technology Co., Ltd..

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Hong Kong or the PRC are required or authorized by law or executive order to

be closed or on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

"Capital Expenditures Payables" means account payables recorded by any Group Company after the Latest Balance Date in the Closing Date Financial Statements as a result of its purchase of equipment or other fixed assets .

"Cash" means all cash, cash equivalents and marketable securities classified as a current asset on the Company's balance sheet.

"Closing Indebtedness" means, in the aggregate, the Indebtedness of the Company, Lefeng.com E-trade Co., Limited, Lefeng.com E-commerce Co., Ltd. and Shanghai Lefeng on a combined basis as of immediately prior to the Closing as recorded in the balance sheet contained in Closing Date Financial Statements pursuant to US GAAP, excluding (i) any Indebtedness that is included in the calculation of Working Capital Shortage, (ii) any Indebtedness that consists of Capital Expenditures Payables, and (iii) the payment obligations of Shanghai Lefeng under Sections 1.3.4, 1.3.5 and 11.8.4.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Company Intellectual Property Rights" means all of the Intellectual Property Rights owned, used or held for use by any Group Company, including all of the Intellectual Property Rights set forth on Section 3.14.1 of the Company Disclosure Schedule.

"Competing Business" means the retail of third-party apparel, footwear and accessories products, cosmetic products, health care, dietary supplement and health food products, and maternal and child products, whether through online platforms or through physical channels.

"Contract" means any agreement, contract or other binding obligation.

"Deed of Undertaking" means a deed of undertaking to be issued by Ms. Jing Li and Ms. Yuan Li in favor of the Purchaser on or around the date of this Agreement.

"Disbursement for Seller" means any payment made by any Group Company to settle or satisfy any account payable owed by any Retained Seller Company to any third party or any other liabilities owed by any Retained Seller Company.

"dollar" or "dollars" or "$" means the lawful currency of the United States of America, unless otherwise specified.

"Encumbrances" means any Lien, voting agreement, voting trust, proxy, option, right of purchase, right of first refusal, right of first offer, restriction on transfer or any other similar arrangement or restriction of any kind whatsoever, including any restriction on transfer of other assignment, as security or otherwise, of or relating to use, quiet enjoyment, voting, receipt of income or exercise of any other attribute of ownership.

"Family Group" means, with respect to any natural person, such person's spouse, parents and siblings, and each of their respective descendants (whether natural or adopted) and any trust or other entity (including a corporation, partnership or limited liability Companies) formed solely for the benefit of such person and/or such person's spouse, parents, siblings and/or their respective descendants (whether natural or adopted).

"Fundamental Representations" means representations or warranties set forth in Articles II (but excluding Sections 2.7 (Compliance with Laws), 2.9 (Brokerage) and 2.10

(Maintenance of Relationships)), Sections 3.1 (Organization and Corporate Power) (but excluding Section 3.1.3), 3.2 (Share Capital and Related Matters) and 3.10.1 (Assets).

"Government Entity" means the United States of America or any other nation, any state, province or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any court, in each case having jurisdiction over any Group Company.

"Group Companies" means the Company and its direct or indirect Subsidiaries (unless otherwise required by the context, any reference to any "Group Company" or "Group Companies" include a reference to the assets and liabilities acquired and assumed by such Group Company or Group Companies in the Restructuring).

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"ICP License" means Operation Permit for Internet Content Providers (《增值电信 业务经营许可证》).

"Indebtedness" means at a particular time, without duplication, any indebtedness of the Group Companies (i) for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) evidenced by any note, bond, debenture or other debt security, (iii) for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) arising from any commitment by which a Person assures a creditor against loss (including, without limitation, contingent reimbursement obligations with respect to letters of credit), (v) guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), (vi) arising from any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, (vii) secured by a Lien on a Person's assets, (viii) arising from any fees or expenses payable or incurred by or on behalf of any Group Company (including bonuses, phantom equity payments or similar arrangements) in connection with, or in furtherance of, the transactions contemplated by this Agreement (regardless of whether any additional event or occurrence, in addition to the consummation of the transactions contemplated hereby, is required to give rise to such payment obligations), but excluding consideration payable by Shanghai Lefeng to any Retained Group Company in connection with the Restructuring, and (ix) arising from accrued interest to and including the Closing Date in respect of any of the obligations described in the foregoing clauses (i) through (viii) of this definition and all premiums, penalties, charges, fees, expenses and other amounts due in connection with the payment and satisfaction in full of such obligations which will be paid or prepaid at the Closing.

"Intellectual Property Rights" means all (i) patents, patent applications, patent disclosures and inventions, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations and applications for registration thereof together with all of the goodwill associated therewith, (iii) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) computer software, data, data bases and documentation thereof, (vi) trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information), (vii) internet domain names and web sites, (viii) other intellectual property rights, (ix) registrations

and applications for any of the foregoing, and (x) copies and tangible embodiments thereof (in whatever form or medium).

"Inventory Payable Estimate" means (i) the total outstanding amount due from Shanghai Lefeng to Shanghai Media, Beijing Huanyue and Beijing Commerce as of the Closing Date as recorded in the management accounts of Shanghai Lefeng (excluding value-added tax), minus (ii) RMB122,000,000.

"Inventory Procurement Cost" means (i) the total amount outstanding as of the Closing Date payable by Shanghai Lefeng to Shanghai Media for the third-party brand merchandise acquired by Shanghai Lefeng from Shanghai Media on or before January 1, 2014 and the merchandise under the Seller's self-owned brands supplied to Shanghai Lefeng by Shanghai Media before the Closing Date, minus (ii) the account payables for the Excluded Inventories (to the extent they were not applied to reduce account payables by Shanghai Lefeng to Shanghai Media); for the purpose of calculating the Inventory Procurement Cost with respect to merchandises under the Seller's self-owned brands, the price for any store keeping unit shall be deemed to be the quotient of the total sales of such store keeping unit of the Seller Group through the Seller's self-owned channels (i.e. *lefeng.com*, mobile client applications owned by the Seller Group and the call center of the Seller Group) in the year 2013 divided by the total quantity of such store keeping unit sold by the Seller Group through the Seller's self-owned channels in the same year, then multiplied by 65%.

"Investment" as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, shares, securities or ownership interest (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

"knowledge" and "aware" and any other term of similar import means, with respect to any Person, the actual knowledge of such Person and the knowledge that such Person could be reasonably expected to have after making a reasonable inquiry and exercising reasonable diligence with respect to the particular matter in question.

"Latest Balance Sheet Date" means December 31, 2013.

"Lien" or "Liens" means any mortgage, pledge, security interest, encumbrance, lien, limitation, condition, or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company or any of its Affiliates, any filing or agreement to file a financing statement as debtor under any statute other than to reflect ownership by a third party of property leased to the Company or any of its Affiliates under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business).

"Loss" or "Losses" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, diminutions in value, expenses and fees (including, without limitation, arbitral tribunal costs and reasonable attorneys' fees and expenses).

"Material Adverse Effect" means any event, fact, circumstance or condition that has had or could reasonably be expected to have a material adverse effect upon the business, operations, financial condition, operating results, earnings, assets, customer, supplier, employee or sales representative relations, or business prospects, whether individually or in the aggregate, in each case of the Group Companies taken as a whole.

"New Structure Documents" means the following agreements by which Shanghai Lefeng controls the New Entity: (i) Exclusive Option Agreement by and among Shanghai Lefeng and the New Entity, (ii) Equity Interest Pledge Agreement by and among Shanghai Lefeng, the New Entity and the shareholders of the New Entity, (iii) Exclusive Purchase Framework Agreement by and between Shanghai Lefeng and the New Entity, (iv) Power of Attorney issued by each shareholder of the New Entity; and (v) Exclusive Business Operation Agreement by and between Shanghai Lefeng and the New Entity.

"New Entity" means a company to be incorporated by the Purchaser or any Person designated by the Purchaser under the laws of the PRC, 25% equity interest of which shall be held by a Person designated by the Seller.

"Ordinary Course" means the ordinary course of business consistent with past custom and practice.

"Permitted Liens" means (i) Tax Liens with respect to Taxes not yet due and payable or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with US GAAP or PRC GAAP; (ii) deposits or pledges made in connection with, or to secure payment of, utilities or similar services, workers' compensation, unemployment insurance, old age pensions or other social security obligations; (iii) interests or title of a lessor under any of the Leases; (iv) mechanics', materialmen's or contractors' Liens or encumbrances or any similar Lien or restriction for amounts not yet due and payable; and (v) easements, rights-of-way, restrictions and other similar charges and encumbrances not interfering with the ordinary conduct of the business of such Person or detracting from the value of the assets of such Person.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

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

"PRC GAAP" means the PRC generally accepted accounting principles.

"Purchaser Entity" means Guangzhou Vipshop Information Technology Co., Ltd..

"Restated Articles" means the Amended and Restated Memorandum and Articles of Association of the Company to be adopted by the shareholders of the Company at the Closing in substantially the form attached as Exhibit B hereto.

"RMB" means *Renminbi*, the law currency of the PRC.

"Restructuring" means (i) the transfer of the assets (including but not limited to Intellectual Property Rights) and business owned or controlled by the Retained Seller Group Companies in connection with the Third-party Platform Business to the Company or its relevant Subsidiaries (for the avoidance of doubt, excluding any assets and business owned or controlled by the Seller or its Subsidiaries in connection with the Self-Owned Brands Business), (ii) the termination of employment of the relevant employees by the Seller or its Subsidiaries, and (iii) such employees entering into employment relationship with the Company or its relevant Subsidiaries, in each case as set forth and described in Restructuring Schedule.

"Restructuring Contracts" means Contracts entered into in connection with or in relation to the Restructuring (including all amendments, waivers or other changes thereto), the true and complete copies of which are included in the Restructuring Schedule.

"Retained Seller Group Companies" means the Seller Group Companies other than the Group Companies.

"Seller Group Companies" means the Seller and its direct and indirect Subsidiaries, including the Group Companies.

"Seller Options" means options issued by the Seller to acquire Seller Shares or any other Share Capital of the Seller.

"Seller Shares" means ordinary shares of the Seller, with a par value of $0.0001 per share.

"Shanghai Lefeng" means Lefeng (Shanghai) Information Technology Co., Ltd.

"Shanghai Media" means Dongfang Fengxing (Shanghai) Life and Multimedia Co., Ltd.

"Share Capital" means (i) in the case of a corporation, any and all share capital, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of share capital, (iii) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited), (iv) in any case, any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (v) in any case, any right to acquire any of the foregoing.

"Shareholders Agreement" means the shareholders agreement to be entered into by and among the Company, the Seller and the Purchaser on or before the Closing in substantially the form attached as Exhibit A hereto.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, 50% or more of the total voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of members of the board of directors or similar body governing the affairs of such entity, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, 50% or more of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a 50% or more ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated 50% or more of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity. With respect to the Company, the Seller or the Purchaser, a Subsidiary shall include any corporation, partnership, limited liability company, association or other business entity that the Company consolidates in its consolidated financial statements as a variable interest entity in accordance with US GAAP.

"Tax" and "Taxes" means, with respect to any Group Company, any (i) PRC (including any subdivision, municipality, province or locality of the PRC or any agency thereof) or other non-PRC taxes, charges, fees, levies, deficiencies or other similar assessments or liabilities (including, without limitation, income, receipts, ad valorem, premium, value added, excise, severance, property (whether real or personal property, or whether tangible or intangible property), sales, use, occupation, windfall profits, service, service use, stamp, transfer, transfer gains, licensing, withholding, employment, unemployment, payroll, share, customs duties, profits, license, lease, insurance, social security (or similar), capital, franchise, surplus, alternative or add-on minimum,

estimated franchise or any other taxes, charges, fees, levies, deficiencies or other similar assessments or liabilities of any kind whatsoever), whether computed on a separate, consolidated, unitary or combined basis or in any other manner, and includes any interest, fines, penalties, assessments, deficiencies or additions thereto; (ii) liability for the payment of any amounts of the type described in clause (i) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto); and (iii) liability for the payment of any amounts of the type described in clause (i) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other person. For the avoidance of doubt, "Tax" and "Taxes" includes any "Tax" and "Taxes" payable, suffered or incurred as a result of the "base cost", "investment cost" or "tax basis" in any asset (including shares of any other interest in any Group Company) being reduced or suffering a reduction or being a smaller amount that would have otherwise been the case as a result of (x) the failure of any Seller to file any Tax Return or other report in respect of Taxes or (y) pay Tax on the disposal by it of any shares or any other interest in any person as contemplated by this Agreement, including in each case, for the avoidance of doubt, in connection with Circular 698.

"Tax Returns" means any payments, returns, renditions, declarations, reports, claims or filings for refund or payment, and any informational returns or statements or other documents filed or paid or required to be filed or paid with a taxing authority in connection with the determination, assessment or collection of Tax or the administration of any laws, regulations or administrative requirements relating to Taxes, including any schedule or attachment thereto, and including any amendment thereto (including for the avoidance of doubt in connection with Circular 698).

"Third Party" means any Person other than a party to this Agreement.

"Trademark Transfers" means the transfers of the trademarks as set forth on Exhibit C hereto from Beijing Commerce to Shanghai Lefeng.

"Transaction Documents" means this Agreement, the Restated Articles, the Shareholders Agreement, the Deed of Undertaking and any other agreement contemplated by this Agreement.

"United States" or "US" or "U.S." means the United States of America.

"US GAAP" means the US generally accepted accounting principles.

"VAT Invoices" means value-added tax invoices authorized by the State Administration of Taxes of the PRC.

"Working Capital Shortage" means (i) the sum of the line items of current liabilities of the Group Companies set forth on Exhibit E, minus (ii) the sum of the line items of current assets of the Group Companies set forth on Exhibit E, in each case calculated in accordance with Exhibit E, with each such line item determined on a combined basis in accordance with US GAAP as applied in the preparation of the Closing Date Financial Statements.

12.2 Cross-References.

The following terms are defined in the following Sections of this Agreement:

Term	Section
Acquired Shares	Recitals
Actual Working Capital Shortage	Section 1.4.1
Adjustment Amount	Section 1.4.2
Affiliate Agreement	Section 3.22.1

Term	Section
Affiliate Transaction	Section 3.22.1

Agreement	Preface
Calculation Statement	Section 1.4.1
Cap	Section 5.2.1
Circular 698	Section 3.21.1
Circular 698 Returns	Section 10.4.1
Closing	Section 1.3.1
Closing Date	Section 1.3.1
Closing Date Financial Statements	Section 1.4.1
Company	Preface
Company Affiliate	Section 3.22.1
Company Disclosure Schedule	Article II
Company Shares	Recitals
Company Software	Section 3.14.5
Company Systems	Section 3.14.5
Confidential Information	Section 11.4.1
Deloitte	Section 1.4.1
Excluded Inventories	Section 7.2.10
FCPA	Section 2.7.1
Financial Statements	Section 3.5
Fundamental Representations	Section 5.2.1
HKIAC	Section 13.1
Improvements	Section 3.11.4
Indemnification Notice	Section 5.2.5
Indemnified Party	Section 5.2.5
Indemnifying Party	Section 5.2.5
Indemnitee	Section 5.2.1
Inventions Agreement	Section 3.19.5
Inventories	Section 3.10.1
Joint Defense Proceeding	Section 5.2.5
Lease/Leases	Section 3.11.1
Leased Real Property	Section 3.11.1
Legal Proceedings	Section 2.6
Licenses	Section 3.15
Material Contracts	Section 3.13.1
New Operating Contract	Section 11.7.2
Non-U.S. Official	Section 2.7.4
Operating Contract Assignment	Section 11.7.2
Party/Parties	Preface
Payment	Section 3.21.4
Payment Due Date	Section 1.3.2
Personally Identifiable Information	Section 3.26.1
Plan/Plans	Section 3.20
Post Closing Calculation Items	Section 1.4.1
Pre-Closing Tax Period	Section 5.2.1
Prime Rate	Section 1.4.2
Privacy Rights	Section 3.26.1
Purchase Price	Section 1.2.1
Purchaser	Preface
Representatives	Section 11.4.1
Restricted Period	Section 9.1
Restructuring Schedule	Section 3.19.1
Returned Inventories	Section 1.3.5

Term	Section
SAFE	Section 2.7.2
Self-owned Brands Business	Recitals
Seller	Preface
Seller C698 Claim	Section 10.4.3
Survival Date	Section 5.2.2
Third-party Platform Business	Recitals
Third Party Proceeding	Section 5.2.5
Threshold	Section 5.2.1
Transferred Domain Names	Section 7.2.8
Transferred Employees	Section 3.19.1
Transfer Taxes	Section 10.3
Transferred Assets	Section 3.10.1

ARTICLE XIII

MISCELLANEOUS

13.1 Arbitration.

All disputes, actions and proceedings arising out of or relating to this Agreement shall be referred to and finally resolved by arbitration in Hong Kong under the UNCITRAL Arbitration Rules in accordance with the Hong Kong International Arbitration Centre ("HKIAC") Procedures for the Administration of International Arbitration in force at the date of this Agreement which rules are deemed to be incorporated by reference in this Section 13.1. The place of the arbitration shall be Hong Kong and the language of the arbitration shall be English. The appointing authority shall be the HKIAC. There shall be one arbitrator agreed to by the Seller and the Purchaser, and if they cannot so agree on such arbitrator within five Business Days of the commencement of the notice of arbitration proceedings, three arbitrators shall be appointed. In such case, two of the arbitrators shall be nominated by the Seller and the Purchaser, respectively, and if either of them shall abstain from nominating its arbitrator, the HKIAC shall appoint such arbitrator. The two arbitrators so chosen shall select a third arbitrator, provided that if such two arbitrators shall fail to choose a third arbitrator within thirty days after such two arbitrators have been selected, the HKIAC, upon the request of either the Seller or the Purchaser, shall appoint a third arbitrator. The third arbitrator shall be the presiding arbitrator. The arbitration shall be conducted in private. Each Party agrees that all documents and evidence submitted in the arbitration (including without limitation any statements of case and any interim or final award, as well as the fact that an arbitral award has been made) shall remain confidential both during and after any final award that is rendered unless the Parties otherwise agree in writing. The arbitral award is final and binding upon all Parties.

13.2 Consent to Amendments.

Except as otherwise expressly provided herein, the provisions of this Agreement may be amended only with the written consent of the Purchaser and the Seller. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

13.3 Successors and Assigns.

Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of

the successors and assigns of the respective Parties whether so expressed or not. The Purchaser may assign its rights and obligations under this Agreement (including its right to indemnification) at its sole discretion, in whole or in part, to a wholly owned Subsidiary, to one or more of its Affiliates, to any subsequent purchaser of the Purchaser or any material portion of its assets (whether such sale is structured as a sale of shares, a sale of assets, a merger or otherwise) and, for collateral security purposes, to any lender providing financing to the Purchaser and all extensions, renewals, replacements, refinancings and refundings thereof in whole or in part. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by the Seller or the Company, without the prior written consent of the Purchaser, or by the Purchaser (except as otherwise provided in this Section 13.3) without the prior written consent of the Seller and the Company.

13.4 Counterparts.

This Agreement may be executed simultaneously in counterparts (including by means of facsimiled signature pages), any one of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement.

13.5 Descriptive Headings; Interpretation.

The descriptive headings of this Agreement and the table of contents are inserted for convenience only and do not constitute a substantive part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation. The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

13.6 Governing law.

All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York (United States) without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under State of New York's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would otherwise apply.

13.7 Notices.

All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) one day after being sent to the recipient by reputable overnight courier service (charges prepaid), five days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, or (iv) sent by facsimile to the recipient if sent before 5:00 p.m. Hong Kong time on a Business Day. Such notices, demands and other communications shall be sent to the Purchaser, the Seller and the Company at the addresses indicated below or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party:

To the Purchaser:

Vipshop Holdings Limited
No. 20 Huahai Street,
Liwan District
Guangzhou 510370
PRC
Facsimile: +86 (20) 2233-0111
Attention: Mr. Donghao Yang

with copies (which shall not constitute notice) to:

Kirkland & Ellis
26/F Gloucester Tower, The Landmark
15 Queen's Road Central, Central
Hong Kong
Facsimile No.: +852-3761-3301
Attention: Messrs. David Zhang/Jesse Sheley/Frank Sun

To the Seller:
CN13, Legend Town
NO.1, Ba Li Zhuang Dong Li, Chaoyang District
Beijing, 100025, PRC
Facsimile: 86 (10)-5218-6104
Attn: Mr. Yu Zhihui

To the Company:

c/o Vipshop Holdings Limited
No. 20 Huahai Street,
Liwan District
Guangzhou 510370
PRC
Facsimile: +86 (20) 2233-0111
Attention: Mr. Donghao Yang

13.8 No Strict Construction.

The Parties have participated jointly in the negotiation and drafting of this Agreement and the other agreements contemplated hereby. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

13.9 Entire Agreement.

This Agreement and the agreements and documents referred to herein contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede any prior understanding, agreements or representations by or between the Parties, written or oral, which may relate to the subject matter hereof in any way.

13.10 Severability.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable laws, but if any provision of this Agreement or the application of any such provision to any Person or circumstance is held to be invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

13.11 No Third-Party Beneficiaries.

This Agreement is for the sole benefit of the Parties, the Indemnitees and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties, the Indemnitees and such permitted successors and assigns, any legal or equitable rights hereunder.

13.12 Schedules.

Nothing in the Company Disclosure Schedule shall be adequate to disclose an exception to a representation or warranty made in this Agreement unless such schedule identifies the exception with particularity and describes the relevant facts in reasonable detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be adequate to disclose an exception to a representation or warranty made in this Agreement, unless the representation or warranty has to do with the existence of the document or such other item itself. No exceptions to any representations or warranties disclosed in the corresponding section of the Company Disclosure Schedule shall constitute an exception to any other representations or warranties made in this Agreement unless a specific cross-reference is made therein to such other representations or

warranties or it is reasonably apparent that such exception applies to such other representations or warranties. All schedules and exhibits attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if fully set forth herein.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Share Purchase Agreement on the date first written above.

THE PURCHASER:

VIPSHOP HOLDINGS LIMITED

By: /s/ Eric Ya Shen

Name: Eric Ya Shen

Title: CEO and Director

[Signature Page to Share Purchase Agreement]

THE SELLER:

OVATION ENTERTAINMENT LIMITED

By: /s/ Li Jing

Name: Li Jing

Title: Director

[Signature Page to Share Purchase Agreement]

THE COMPANY:

LEFENG.COM LIMITED

By: /s/ Li Jing

Name: Li Jing

Title: Director

[Signature Page to Share Purchase Agreement]

Exhibit A

Form of Shareholders Agreement

SCHEDULE 1
EXISTING SHAREHOLDERS

A. Particulars of Shareholders

1. Vipshop

a. Registered Office: at the offices of International Corporation Services Ltd., PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands

b. Address for Notices:

2. Ovation

a. Registered Office: at the offices of Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands

b. Address for Notices:

B. Share Ownership as of Date Hereof

Shareholder	Number of Shares	Percentage of Shares (fully diluted)
Vipshop	75	75%
Ovation	25	25%

SCHEDULE 2
RESERVED MATTERS

The Reserved Matters as provided in Section 5.5 include the following actions:

(a) dissolve or liquidate the Company or any Subsidiary of the Company;

(b) any amendment or change of the rights, preferences, privileges, or power of, or the restrictions provided for the benefit of, the Shares (excluding any issuance of Equity Securities by the Company, whether or not such Equity Securities have any rights, preference, privileges or power on more favorable terms than the Shares);

(c) sell or dispose of all or substantially all of the assets of the Company;

(d) merge, amalgamate or consolidate the Company with any other entity; and

(e) effect an IPO other than a Qualified IPO.

EXHIBIT A
JOINDER

Reference is made to the [transfer document], dated [ ] between [transferor] (the "Transferor") and the undersigned, pursuant to which the Transferor shall sell to the undersigned, and the undersigned shall purchase from the Transferor, [number of type of shares] of Cayman Co for consideration equal to [consideration]. It is a condition to the completion of such sale and purchase that the undersigned become a party to that certain Shareholders' Agreement, dated February 14, 2014, among, Lefeng.com Limited, Vipshop Holdings Limited and Ovation Entertainment Limited.

Accordingly, by execution of this joinder, the undersigned ratifies and shall become a party to the Shareholders' Agreement, and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Shareholders' Agreement as though an original party thereto and shall be deemed [a Shareholder/Vipshop/Ovation] (as defined in the Shareholders' Agreement) for all purposes thereunder. The undersigned authorizes this signature page to be attached to and made part of the Shareholders' Agreement.

The address of the undersigned for purposes of all notices under the Shareholders' Agreement is: [ ]

Exhibit D
Schedule of Transferred Domain Names

1. Lefeng.com
2. fengxiangbiao.com
3. imglefeng.com
4. lefeng.cn

Exhibit E
Calculation of Working Capital Shortage

Working capital Shortage = current liabilities - current assets

Current assets is equal to the sum of the following:

Cash	represents cash and cash equivalent
Accounts receivable	represents receivables due from customers generated from normal trading activities, recognized on a gross basis

Prepaid expenses	represents prepayment made during normal operation activities
Other receivables	represents receivables due from other parties resulted from normal operation activities
Inventories	represents merchandise purchased for normal trading purpose, stated at the lower of purchase cost (on a gross basis) or market value
Deferred tax assets - current portion	deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the financial statements, which will be realized within one year
Others	represents other current assets related to operating activities

Current liabilities is equal to the sum of the following (excluding in each case current liabilities based on any payment obligations of Shanghai Lefeng under Section 1.3.4, or its payment obligation under Section 11.8.4 with respect to VAT Invoices provided under Section 11.8.2)**:**

Accounts payable	represents payables due to suppliers generated from normal trading activities, recognized on a gross basis
Receipt in advance	represents prepayment made by customers generated from normal trading activities, recognized on a gross basis
Other payables	represents payables due to other parties resulted from normal operation activities, including Capital Expenditure Payables)
Payroll payable	represents payable related to payroll, bonuses and other employee benefits recognized on an accrual basis
Tax payable	represents taxes and surcharges payable due to tax authorities recorded in accordance with tax laws and regulations (for the avoidance of doubt, not considering the impact of the aggregate amount of the VAT Invoices delivered to Shanghai Lefeng in accordance with Section 11.8.2)
Deferred revenue	represents amounts received through online payments prior to the delivery of the products are recorded as deferred revenue and recognized as revenue when products are delivered to the customers on a gross basis
Deferred tax liabilities -	deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities

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current portion	and their reported amounts in the financial statements, which will be realized within one year
Others	represents other current liabilities related to operating activities

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Exhibit F
Capitalization Table

Immediately Prior to the Closing

Shareholders	Number of Shares	Percentage
Ovation Entertainment Limited	100	100%

Immediately After the Closing

Shareholders	Number of Shares	Percentage
Ovation Entertainment Limited	25	25%
Vipshop Holdings Limited	75	75%
Total	**100**	**100%**

乐蜂网
www.lefeng.com

Framework Supply Agreement

This Contract is executed on February 14, 2014 by and among:

Purchaser A (Party A1): Lafaso (Shanghai) Information Technology Co., Ltd
Purchaser B (Party A2): Vipshop (China) Co., Ltd

Vendor (Party B): Oriental Fashion (Shanghai) Multimedia Limited Company

Purchaser A and Purchaser B are hereinafter collectively referred to as the "Purchasers" or "Party A", and the Vendor and the Purchasers or Party A are hereinafter collectively referred to as the "Parties".

Considering that the Parties hereto agree to establish a long-term cooperation whereby Party B will supply commodities to Party A as agreed herein. In consideration whereof, upon amicable negotiations, the Parties agree as follows:

Article 1: Definitions

The terms used herein shall have the following meanings:

1.1 "Vendor Code" shall mean the transaction code assigned to Party B by Party A for convenience of transactions between the Parties, which will be widely used in the relevant documents and records between Party A and Party B and the internal documents and records of Party A, including, without limitation, the purchase order, receipt proof, Party B's delivery proof, Party B's statement for settlement, for identifying the transactions entered into between Party A and Party B hereunder. Except otherwise agreed between the Parties, all transactions incurred by Party B under this transaction code and confirmed by Party A shall be subject to the provisions of this Contract.

1.2 "SKU Code" shall mean commodity identification code used to identify the commodities transacted between the Parties. Each single article may be assigned one (and only one) SKU Code, which will be produced from Party A's relevant system and then provided to Party B, and widely used in the transaction documents during Party A's commodity sourcing, receiving, sales process, Party B's supply process and settlement process between the Parties.

1.3 "Lefeng Vendor System (http://vrm.lefeng.com)" shall mean the Internet backstage management system in which Party A effects business relations with its vendors. Upon the execution of this Contract by the Parties, Party A will send the user name and password exclusively used for Party B to log on this system to Party B's business contact mailbox and mobile phone, and Party B shall change the password the first time

it logs on the system. This Contract shall apply to all operations by Party B on this system; Party B shall properly keep the passwords and assume all consequences arising from its improper keeping or use of its passwords.

1.4 "Party B's Commodities", "Commodities" or "Goods" shall mean the cosmetics, garments, healthcare products, foods and such other commodities manufactured by Party B itself or its contracted third party manufacturers under Party B's own brands, including but not limited to JPlus, JSkin, JCare, JCode, Huanxing, as well as other commodities under its own brands that are developed, manufactured by Party B itself or its contracted third party manufacturers after the execution of this Contract.

1.5 "Party A's Platform" shall mean the websites of Lefeng and Vipshop, i.e. www.lefeng.com, and www.vip.com.

Article 2: Transaction Documents

2.1 This Contract is a general framework agreement between the Parties with respect to purchase of commodities, and this Contract, together with the Acknowledgement of Commodity Purchase, Basic Information of Vendors, Quotation of Commodity Offerings (Sample), Purchase Order (Sample) and such other written instruments confirmed by both Parties, including, without limitation, any valid purchase orders confirmed by both Parties through Lefeng Vendor System from time to time during the effective term hereof, shall constitute the documents on which the transactions between the Parties are based.

2.2 Except otherwise provided in the context, any references to "Party A" or the "Purchasers" and "Party B" or the "Vendor" in the transaction documents between the Parties shall mean the "Purchasers (Party A)" and the "Vendor (Party B)", respectively, as first above defined herein.

Article 3: Ordering and Receiving

3.1 For each transaction hereunder, a purchase order will be sent by Party A to Party B through Lefeng Vendor System, but such purchaser order will become a valid purchase order containing a purchase order number (a "Valid Purchase Order") only after it has been confirmed by Party B on Lefeng Vendor System.

3.2 Neither Party may replace any Commodities under a Valid Purchase Order without the consent of both Parties.

3.3 If Party B has physically provided Commodities for Party A and Party A has accepted the same, such transaction between the Parties shall be bound by this Contract, even though no Valid Purchase Order has been entered into as agreed herein.

3.4 The ordering cycle is 60 days, which means Party B shall deliver the Commodities to Party A as required in the Valid Purchase Order within 60 days after such Valid

Purchase Order is produced.

Article 4: Quality

4.1 The quality of the commodities sold by Party B to Party A shall comply with all of the following requirements:

1) the current and valid national, local, industrial or filed corporate standards, the higher of which shall prevail;

2) the quality standards agreed between the Parties; and

3) the quality of the samples provided by Party B and confirmed by Party A (if any).

4.2 At the time of delivery, Party B shall provide Party A with a quality test report with respect to the Commodities delivered, failing to do which Party A may select samples from the delivered Commodities and submit them to the testing authority for quality testing at the expenses of Party B.

Article 5: Labels and Packaging

5.1 Party B's Commodities shall bear such labels as deemed necessary for relevant category of Commodities by national or local requirements, including, without limitation, the product name, ingredients, net contents, information of manufacturer (including name, address, phone numbers, etc.), applicable product standards, date of manufacture, quality guarantee period, food QS logo, type, specifications, composition and content of raw materials, washing method, qualification certificate. At the time of delivery, Party B shall ensure that such necessary labels listed above are attached to the packages of the Commodities.

5.2 Party B shall provide the relevant proving documents of the other logos claimed on the packaging, such as international food and EMS certification, ISO international quality certification, green food, organic food certification and China Compulsory Product Certification (i.e. 3C certification).

5.3 Party B shall package the Commodities in a proper or other manner agreed between the Parties, and pre-print the commodity barcode on the external package of the Commodities in accordance with national or local requirements. The package of the Commodities delivered by Party B shall not be broken, tarnished, leaked or squeezed, and shall be solid enough to protect the relevant Commodities.

5.4 Party B shall clearly indicate the date of manufacture, safe use by date or expiry date at the distinct location of the external package of the Commodities which have a fixed period of use life.

5.5 Party B shall indicate warning logo or warnings written in Chinese on the external package of the Commodities, the improper use of which is easy to cause damage to the Commodity itself or may endanger human or property safety.

5.6 Where relevant product standards require that the quality grade of a product needs to be specified, Party B shall specify the same on the external package of the Commodity in accordance with such standards.

Article 6: Uninterrupted Supply

6.1 Party B shall retain sufficient inventory of the Commodities purchased by Party A to meet the demands of Party A (including its designated e-commerce platform participants). Except otherwise agreed between the Parties, the abovementioned "sufficient inventory" shall mean 30 days' sales volume calculated by Party A on the basis of the average sales volume of a given Commodity during the preceding 90 days (including the average sales of this Commodity achieved by its designated e-commerce platform participants).

6.2 Party B shall provide Party A with a 30-day prior written notice if the production or supply of the commodities supplied by Party B to Party A will be stopped, provided, however, that such stoppage of production or supply shall not affect the implementation of Party A's Valid Purchase Order; otherwise, Party B shall bear any losses thus incurred to Party A.

Article 7: Supply Price

7.1 Party B shall supply goods to Party A at 65% of the competitive retail price of Party B's Commodities (except that the supply price of the Commodities mentioned in Article 11.5 shall be subject to the provision of such Article 11.5)(the "Supply Price").

7.2 Party B will diligently cooperate with Party A in large scale promotional activities at Party A's Platform and/or other third-party e-commerce platforms. If Party B participates in such promotional activities, the specific promotional plan (including price discounts, other preferential measures and such other direct promotional fees, excluding the marketing expenses relating to the promotional activities) shall be determined by the Parties through negotiations, and each Party shall bear 50% of the corresponding promotional expenses. Party B may provide Party B's Commodities of the same value as the promotional fees it bears.

7.3 Except otherwise agreed between the Parties in writing, the Supply Price hereunder shall be "door-to-door" price, which means that such Supply Price shall have included the transportation costs to deliver Party B's Commodities to Party A's designated point of delivery.

7.4 The Supply Prices of the existing Party B's Commodities (which have been for sale as of the date of execution hereof) shall be determined by Party B, and a list of Supply

Prices of Party B's Commodities shall be provided to Party A. The Supply Prices of the Commodities newly developed by Party B during the effective term of this Contract shall be determined by the Parties through consultation.

7.5 Throughout the 2014 contract year, the Supply Prices of Party B's Commodities offered to Party A shall not be higher than the supply prices offered to the other clients of Party B (after rebates, allowances and such other commercial conditions are calculated and taken into account). In the event that the supply prices offered by Party B to a third party is lower than those offered to Party A, Party A shall be entitled to also enjoy this supply price and require Party B to refund the discrepancy.

Article 8: Inspection and Acceptance

8.1 Party A or its authorized person shall have the right to conduct a thorough or sampling inspection on the Commodities either at Party A's warehouse or other designated places according to its/his/her election.

8.2 Party A shall conduct two inspections on the commodities, with the first as the preliminary inspection, to check whether the information specified on the packaging boxes of the Commodities about the batch number, brand, name, specifications and quantity match the information contained in the corresponding Valid Purchase Order and Party B's delivery documents, and whether the packaging boxes are intact or not. After the first inspection, Party A will store the commodities to its warehouse. The packaging boxes will be opened for the second inspection within 48 hours after the commodities are stored in Party A's warehouses, to check whether there are any defects in the external packages and appearances of the commodities, whether the quantity and specifications of the Commodities match the relevant information contained in the corresponding Valid Purchase Order and Party B's delivery documents, whether the validity term of the Commodities is in compliance with the acceptance standards, and whether the commodities have obvious quality issues.

8.3 The inspections mentioned hereinabove shall not include the testing of the physical and chemical indicators, functions or such other invisible inner quality of the Commodities. Party A's inspection and acceptance of the Commodities shall not prejudice its right hereunder to return, or require Party B to take other measures on, the defected Commodities after Party A accepts or sells the Commodities.

8.4 In the event that the Commodities provided by Party B are inconsistent with Party A's requirements in respect of quantity, appearance, specifications, quality, etc., Party A shall raise objections within the time limit provided below:

8.4.1 the quantity of the Commodities shall be subject to the actual quantity received by Party A; in case Party A discovers that the quantity of Commodities fails to match that specified in Party B's delivery documents after opening the boxes for inspection, Party A shall raise objection within 48 hours after the second inspection;

8.4.2 in case the appearance or specifications of the Commodities fail to meet Party A's requirements, Party A shall raise objection within 48 hours after the second inspection;

8.4.3 in case the Commodities have obvious quality issues, Party A shall raise objection within the quality guarantee period or within 5 days upon the complaint of consumers; provided, however, that such time requirement for objection shall not apply if Party B knows or should know the Commodities are not in line with the requirements.

Article 9: Return and Replacement

9.1 Party A shall have the right to return to Party B the slow-moving Party B's Commodities, or require Party B to replace such Commodities with other Commodities, except for those whose remaining quality guarantee period is less than half. The slow-moving Party B's Commodities mean the remainder of Party B's Commodities that fail to be sold out after over 90 days upon the entry of the Commodities into Party A's warehouse.

Article 10: After-Sale Service

If a consumer discovers any quality issue in any of the Commodities after the purchase, Party A shall be entitled to compensate the consumer first, provided, however, that the amount of compensation must be approved by Part B in writing. After Party A compensates the consumer for his/her losses, the customer service staff will inform Party B about the plan and amount of such compensation, and Party B agrees that such amount of compensation as approved by Party B in writing shall be deducted from the amounts payable to Party B, and any shortfall (if any) shall be paid separately by Party B to Party A.

Article 11: Settlement

11.1 Party A and Party B shall settle the payment for the Commodities with respect to the supply hereunder every 30 days (Settlement Cycle), calculated from the delivery date specified on the warehouse entry form.

11.2 Prior to the 5th day of each month, the Parties shall confirm the quantity, variety and amount of Party B's supply of Commodities for the previous month. In case neither Party has disagreement with such information, Party B shall provide Party A with the invoice of the relevant amount. Party A shall make the payment to Party B within three working days upon its receipt of the invoice. For details of receiving account of Party B, please refer to Basic Information of Vendors as attached hereto.

11.3 At the settlement of each month, Party A may deduct from the settled payment such amounts as incurred in the previous month for compensation to consumers and/or returns due to quality issues.

11.4 Within 5 working days upon the end of each contract year, the Parties will carry out an annual settlement based on total sales value of Party B's Commodities achieved by Party A in the previous contract year, and Party B will give rebates to Party A (if applicable) based on the total sales value of Party B's Commodities (and Party B shall also refer to Article 12 hereof when calculating the total sales value and rebates/points reward) in the following ways:

a. Settlement method for year 2014:

No.	Total Sales Value (RMB)	Settlement Price	% of rebates	% of point rewards
1	below 900 million (excluded)	Supply Price		
2	above 900 million (included)—below 1.3 billion (excluded)	Supply Price	5% of total sales value	
3	above 1.3 billion (included)	Supply Price	5% of total sales value	3% of the part of sales value exceeding 1.3 billion

However, if the total sales value of Party B's Commodities achieved by Party A in 2014 fails to reach RMB 900 million, Party A must additionally purchase Party B's Commodities to the effect that the 2014 total sales value of Party B's Commodities calculated on the basis of the average weighted market retail price can reach RMB 900 million. Furthermore, the respective quantity of each of Party B's Commodities to be additionally purchased shall be determined according to the following formula: [(RMB 900 million - before-tax amount of actual sales value of Party B's Commodities achieved by Party A in 2014 (based on the management accounts)]=average weighted actual selling price of each Commodity in 2014 * the quantity of each of Party B's Commodities to be additionally purchased, and the unit price of each of Party B's Commodities to be additionally purchased = average weighted actual selling price of each Commodity in 2014 * 0.65. after Party A additionally purchases Party B's Commodities, Party B will grant Party A with a rebate equivalent to 5% of RMB 900 million, i.e. RMB 45 million. Party A shall complete the additional purchase and relevant payment by January 31, 2015, provided that such additional purchase will not be calculated into Party A's total sales value for 2015.

b. Settlement method for year 2015:

The Parties will make the settlement based on the growth rate of the total sales value of Party B's Commodities achieved by Party A in 2015, as compared with the actual total sales value of the previous contract year, with the details as follows:

No.	Growth rate of 2015 total sales value	Settlement Price	% of rebates	% of point rewards
1	below 45% (excluded)	Supply Price		
2	above 45% (included)—below 65% (excluded)	Supply Price	5% of total sales value	
3	above 65% (included)	Supply Price	5% of total sales value	3% of the part of sales value with the grow rate exceeding 65%

c. Settlement method for year 2016:

The Parties will make the settlement based on the growth rate of the total sales value of Party B's Commodities achieved by Party A in 2016, as compared with the actual total sales value of the previous contract year, with the details as follows:

No.	Growth rate of 2016 total sales value	Settlement Price	% of rebates	% of point rewards
1	below 35% (excluded)	Supply Price		
2	above 35% (included)—below 55% (excluded)	Supply Price	5% of total sales value	
3	above 55% (included)	Supply Price	5% of total sales value	3% of the part of sales value with the grow rate exceeding 55%

d. The Parties will, in the last quarter of each contract year, jointly discuss and determine the sales and marketing plan of Party B's Commodities in the following contract year.

11.5 The garment category of Party B's Commodities will be supplied by Party B at 75% of the competitive market retail price, and Party A will settle the payment according to this supply price.

11.6 Both Parties agree that any Commodities that are used for public service activities (e.g. the current Miao Embroidery and star charity sale, all the sales revenue of which will be donated to charitable organization) will be supplied to Party A at the market retail price of such Commodities, and Party A will settle the payment based on such price. The sales aforementioned in this Article 11.6 shall not be included in the total annual sales value of Party B's Commodities achieved by Party A. Both Parties agree that the total sales value of such public-interest Commodities at Party A's Platform or any third party platform shall not exceed RMB 2 million for each contract year.

11.7 Party A shall establish a team and a center exclusively dedicated to the operation of Party B's Commodities ("Operation Team for Party B's Commodities"), which will be

in charge of the matters with regard to the sale of Party B's Commodities at Party A's Platform or other platforms. Operation Team for Party B's Commodities will be placed at management level of Party A's group listed company, rather than the level of operation of Party A's Platform.

Article 12: Operation and Sale of Party B's Commodities at Other Platforms

12.1 Both Parties agree that Party B may authorize Party A to deal with the matters with regard to the operation and sale of Party B's Commodities at all the other online e-commerce platforms other than Party A's Platform ("Other Platforms"), for which a separate written document may be executed by the Parties to govern the details of such authorization.

12.2 to the extent that Party B authorizes Party A to deal with the matters with regard to the operation and sale of Party B's Commodities at Other Platforms, the total sales value of Party B's Commodities generated at Other Platforms shall be included in the total sales value of Party B's Commodities achieved by Party A in the corresponding year, and the Parties will make the settlement as agreed in Article 11.4 hereof.

Article 13: Acknowledgements and Undertakings

13.1 Party B hereby acknowledges and undertakes to Party A that:

13.1.1 it has the authority and right to execute and perform this Contract;

13.1.2 it ensures that the Commodities it supplies to Party A:

a. are free of any unreasonable danger to the safety of human body or property, and in compliance with the national and industrial standards that protect human health and safety of human and property;

b. have due functional performance they are intended to have, and have specified the defects in the functional performance of the Commodities;

c. are in line with the product standards applicable, or claimed applicable as specified on the package, to the Commodities, and are in line with the quality noted in the form of advertisement, product description and sample product; and

d. are all certified products produced from legitimate sources by authorized plants, and have in place product labels and descriptions as required by national standards; and

13.1.3 Party B will not sell Party B's Commodities on various online e-commerce platforms for so long as this Contract remains valid, provided, however, that Party B may sell Party B's Commodities through the channels other than online e-commerce platforms and Party B shall not be obliged to impose restrictions on which channel its customers may use to sell Party B's Commodities;

13.2 Party A hereby acknowledges and undertakes to Party B that:

13.2.1 to the extent that Party B's Commodities are advertised and promoted in relevant TV programs produced by Party B or its affiliates, Party A undertakes not to use, or

authorize any third party to use, in any form whatsoever, all or part of the contents of such TV programs and/or the portraits, images, figures, voices, etc. of any guests, hosts, players or juries acting in such TV programs without the written consents of Party B or its affiliates;

13.2.2 for so long as this Contract remains valid, Party A or its controlled affiliates will not engage in the research, development, manufacture (including OEM manufacture) and/or sale of any cosmetics in the same or similar category of Party B's Commodities ("Party A's Branded Commodities"); if at any time during the term of this Contract, Party B approves Party A to carry out any of the abovementioned business, Party A may only authorize Party B to engage the research, development and manufacture of Party A's Branded Commodities. The Parties will negotiate separately to determine the material terms (including gross margin distribution percentage) in respect of Party A's authorization of research, development, manufacture and/or sale of Party A's Branded Commodities.

Article 14: Other Conditions

14.1 The term of cooperation between the Parties hereunder shall be from the date of execution of this Contract to December 31, 2016. The date on which each contract year expires shall be December 31 of the corresponding year.

14.2 During the effective term of this Contract, both Parties shall jointly negotiate to determine the market promotional activities carried out by Party B for Party B's Commodities.

Article 15: Commodity Information

During the effective term of this Contract, Party B shall provide Party A with information relating to the Commodities, including, without limitation, the electronic images, product descriptions, pictures, product representation pictures and such other information (the "Commodity Information"). Party A may use such Commodity Information for purposes of selling the Commodities without prejudicing the provisions of Article 13.2.1, and Party B shall provide Party A with the updates and edits of such Commodity Information in a timely manner. Party B shall make sure that the Commodity Information it provides to Party A will not violate the relevant State laws and regulations, or infringe upon any third-party intellectual property right or such other relevant rights, and Party B will assume any relevant legal responsibilities in relation thereto.

Article 16: Intellectual Property

Party A and/or its affiliates shall own all intellectual properties with respect to the brands, domain name and trademarks of Lefeng website. Except otherwise provided herein, Party B shall not, in any form whatsoever, use in any advertising any elements that are identical or similar to any of the aforementioned contents without Party A's

written consent. Party B shall not file the core elements of any brands, domain names, etc. in which Party A and/or its affiliates owns prior rights, as registered trademarks or similar domain names, etc.

Party B and/or its affiliates shall own all intellectual properties with respect to the brands, trademarks, industrial designs and product information. Except otherwise provided herein, Party A shall not, in any form whatsoever, use in any advertising any elements that are identical or similar to any of the aforementioned contents without Party B's written consent. Party B shall not file the core elements of any brands, trademarks, industrial designs, product information, program name etc. in which Party B and/or its affiliates owns prior rights, as registered trademarks or similar domain names, etc.

Article 17: Confidentiality Obligation

Each Party shall have the duty to keep confidential the provisions of this Contract and its attachments, the performance hereof, and any business information it acquires from the other Party during the performance of this Contract (including, without limitation, the technology, design plans, formula, information of raw material suppliers or customers, price or financial information of the Parties) and shall only use such information for performance of this Contract, and shall not disclose or provide such information to any third party in any form whatsoever. The confidentiality obligation hereunder shall survive the termination of this Contract.

Article 18: Force Majeure

18.1 An event of "Force Majeure" shall mean any events that occur after the effectiveness of this Contract and prevent any Party from performing, or fully performing this Contract, which are uncontrollable, unforeseeable, unavoidable and insurmountable by either Party, including, without limitation, earthquakes, floods, fires and such other acts of God; wars, strikes, riots, public hygiene events, coup d'etat, etc.; Internet failure, hacker attack, etc.; changes of laws, regulations and state policies).

18.2 Either Party suffering an event of Force Majeure which fails to perform, or fully perform, this Contract shall notify such event to the other Party within two days upon the occurrence of such event (or, in case of notice failure due to extensive damage to public communications, within two days upon the public communications are recovered) and, within 10 days upon such occurrence, provide the proving documents evidence the occurrence and continuance of such event, and shall make all reasonable efforts to take measures or consult with the other Party to minimize or avoid to the maximum extent the damage caused by such event of Force Majeure.

Article 19: Brach and Indemnification

19.1 Fundamental Breach: either Party's material damage to the premises and basis on

which this Contract is based, which causes material losses to the other Party or renders the purposes of this Contract unachievable, shall constitute a fundamental breach hereunder, including, without limitation, the circumstances under which:

1) either Party exerts fraud or coercion on the other Party;

2) Party B provides counterfeit or inferior quality products, or conceals defects in the commodities;

3) Party A fails to make the payment in full amount or in a timely manner as agreed herein;

4) either Party does not have, or is deprived of, the capacity or authority to perform this Contract, or refuses to perform this Contract;

5) either Party provides fake information, or counterfeits or transforms relevant qualification proving documents;

6) either Party seriously infringes upon the other Party's legitimate rights and interests, and such other acts that invalidate or revoke this Contract.

Except otherwise provided herein, the non-defaulting Party in respect of such Fundamental Breach shall have the right to unilaterally cancel the purchase orders, terminate this Contract and require the defaulting Party to compensate for the actual losses thus suffered by the non-defaulting Party.

19.2 Ordinary Breach: the breaches other than Fundamental Breach shall be Ordinary Breach, for which the defaulting Party shall compensate for the actual losses thus suffered by the non-defaulting Party.

Article 20: Dispute Resolution

Any disputes arising from or in connection with this Contract shall be resolved through amicable negotiations between the Parties; in case the negotiations fail, the Parties agree to submit such disputes to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules in effect at the time of application for such arbitration.

Article 21: Miscellaneous

21.1 This Contract shall be made in duplicate, one for each Party, which shall be equally binding.

21.2 This Contract shall take effect as of the date first written above after duly executed by both Parties.

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[This page is the signature page of Framework Supply Agreement, with no text contained]

Party A1: Lafaso (Shanghai) Information Technology Co., Ltd
(Stamp)
/s/

Party B: Oriental Fashion (Shanghai) Multimedia Limited Company
(Stamp)
/s/

Party A2: Vipshop (China) Co., Ltd
(Stamp)
/s/

WING LUNG BANK

Loans Operations Centre
Tel: (852) 3518 5888
Fax: (852) 2868 0726
Email: loansopctr@winglungbank.com
www.winglungbank.com

IMPORTANT NOTICE:
THIS LETTER SETS OUT THE TERMS AND CONDITIONS UPON WHICH OUR BANK WOULD PROVIDE BANKING FACILITIES TO YOU. YOU ARE ADVISED TO READ AND UNDERSTAND SUCH TERMS AND CONDITIONS BEFORE ACCEPTING THIS LETTER, OR IF YOU CONSIDER NECESSARY, SEEK INDEPENDENT LEGAL ADVICE.

Our Ref: 140101U00002601-CK Date: 14 February 2014

Vipshop International Holdings Limited

Dear Sir(s),

We are pleased to offer to you the following facilities on the following terms:

1. THE FACILITIES

1.1 Term Loan Facility

Term Loan Limit:	USD50,000,000.00 (or its equivalent of HKD390,000,000.00)
Interest Rate:	USD: 1.8% above 3-months LIBOR HKD: 1.6% above 3-months LIBOR
Up-Front Fee:	0.6% of loan amount payable on loan drawdown date (non-refundable).
Interest Payment:	Accrued interest shall be payable quarterly in arrear and the last interest payment on the Final Maturity date together with outstanding loan amount.
Final Maturity:	12 months from the drawdown date or 30 days prior to expiry of the SBLC, whichever is earlier.
Drawdown:	In one lump sum within 60 days from the date of this Facility Letter.
Prepayment:	Partial repayment is not allowed: Early full repayment on the scheduled interest payment date and subject to 30 days prior written notice to the bank is allowed 'without penalty, otherwise, a penalty fee' of 0.2% on the repayment amount will be levied.
Repayment:	All amounts outstanding under the Facilities shall be repaid in one lump sum on the Final Maturity Date.

Disposal of loan proceeds is restricted to the approved loan purpose and under our strict control to wiring to designated party addressed in the acquisition agreement and will be subject to the final acquisition

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agreement and other supporting documents (if applicable) which shall be provided prior to loan drawdown.

Loan purpose is solely restricted to the equity acquisition of an overseas company. You shall furnish us a certified copy of the acquisition agreement, or other acceptable documents containing details of the acquisition no later than 3 working days before the loan drawdown for our review and acceptance.

You represent, declare and undertake to us that the utilization of any facility or use of proceeds drawn under this Facility letter do not and will not conflict with any law or regulation applicable to you (including without limitation those in force in the Mainland). The above representation and declaration deemed to be made by you by reference to the facts then existing during the period where the facilities or any part thereof remain outstanding.

You undertake that the loan usage and the flow of loan proceeds are fully comply with Hong Kong and Mainland legal and regulatory requirements. The loan proceeds must not be directly or indirectly channeled back to Mainland China.

The Facility is subject to our review at our absolute discretion from time to time.

2. SECURITY

The Facilities shall be secured by:

Irrevocable Standby letter(s) of Credit ("SBLC") for an amount not less than USD50,000,000.00 (or RMB SBLC with amount not less than 103% of USD/HKD equivalent of the loan amount) to be issued by China Merchants Bank Co., Limited, Guangzhou Branch in favour of Wing lung Bank Ltd., in a format acceptable to us, covering indebtedness including loan principal and accrued interests.

Top Up Requirement:	Once the exchange rate changes and the lVR ratio ~ 99% (from 97% at loan origination), you are

required to increase the value of SBlC amount or initiate early repayment to restore the lVR ratio to 97% or below within 5 days of our notice otherwise it will be an event of default and you have to repay all the outstanding amount immediately.

3. AVAILABILITY

No Facility may be utilized until we have received and found to be satisfactory:

(a) this letter duly accepted, together with the extract resolution of your company;

(b) the security documents set out in paragraph 2 above duly executed by all relevant parties; and

(c) such other documents and information as we may require.

4. OVERRIDING RIGHTS

Notwithstanding any other provisions of this letter or any other documents, all undrawn facilities are available at our discretion and may be cancelled by us without condition or notice. You shall, on demand by us at our discretion, pay to us (or as requested provide full cash cover for) all outstanding principal,

accrued interest and other amounts payable to us, whether actual or contingent, present or future. We may at any time vary, increase, reduce, suspend, cancel or replace the Facilities and any terms and conditions at our sole discretion, including the amount of any Facility, interest rates, fees and any security documents.

5. TERMS AND CONDITIONS FOR FACILITIES

The Facilities are subject to our Terms and Conditions for Facilities and, for trade finance facilities, our General Conditions - Trade Finance and, if applicable, Terms and Conditions for Facilities (Stockbrokers) (in each case, as amended by us from time to time). If there is any inconsistency between the foregoing documents and this letter, the terms of this letter shall prevail.

Please confirm your acceptance of the above by signing and returning to us the attached copy of this Letter within 60 days from the date of this Letter. Otherwise, this offer will automatically lapse.

Yours faithfully,

For Wing Lung Bank Limited

/s/ Authorized Signatory

We accept the Facilities and the above terms and conditions:

/s/ Eric Ya Shen
Borrower(s): Vipshop International Holdings Limited
Date: February 14, 2014

Exhibit 4.18

Execution Version

CREDIT AGREEMENT

Dated as of February 21, 2014

between

VIPSHOP INTERNATIONAL HOLDINGS LIMITED
as Borrower,

and

CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH
as Lender

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CREDIT AGREEMENT

This **CREDIT AGREEMENT** dated as of February 21, 2014 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement") between VIPSHOP INTERNATIONAL HOLDINGS LIMITED (the "Borrower"), and CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH (the "Lender").

W I T N E S S E T H

WHEREAS, the Borrower has requested the Lender, and the Lender has agreed, to provide a term credit facility in an aggregate principal amount of up to **$150,000,000** on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS

1.1 Definitions.

As used in this Credit Agreement, the following terms shall have the meanings specified below unless the context otherwise requires:

"Act" has the meaning ascribed to it in Section 7.12.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified.

"Assignment and Acceptance" means an assignment and acceptance entered into by the Lender and an assignee substantially in the form attached as Exhibit C hereto (with the consent of any party whose consent is required by Section 7.2(b)).

"Availability Period" means the three-month period that commences on the Closing Date.

"Bankruptcy Code" means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

"Borrower" means VIPSHOP INTERNATIONAL HOLDINGS LIMITED, a limited company organized under the laws of Hong Kong, together with its successors and permitted assigns.

"Borrowing Date" means the date on which a borrowing is requested as such term is defined in Section 2.1(b)(i).

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Hong Kong are authorized or required by law to close.

"Capital Lease" means any lease of Property the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Change of Control" means any Person or group of Person (in each case other than the parent of the Borrower) acting in concert gaining the Control of the Borrower.

"Closing Date" has the meaning ascribed to it in Section 3.1.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated thereunder as in effect from time to time.

"Commitment" means the obligation of the Lender to fund the Loan in an aggregate principal amount not to exceed the Committed Amount.

"Committed Amount" means an aggregate principal amount of up to $150,000,000.

"Compliance Certificate" means a certificate substantially in the form set out in Exhibit D hereto.

"Contractual Obligation" means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" in relation to any entity means either the direct or indirect ownership of more than 50% of the membership interest, share capital, or similar rights of ownership of the entity or the power to direct or cause the direction of the management and the policies of the entity whether through the ownership of the applicable ownership rights, contract or otherwise.

"Credit Documents" means this Credit Agreement, the Fee Letter, the Letter of Credit, the Promissory Note and any other documents executed by the Borrower in connection herewith.

"Default" means any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Deposit Account" means such term as defined in Section 5.13.

"Disposition" means with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollars" and "$" means the lawful currency of the United States of America.

"Dollar Equivalent" of a RMB amount as of a date of determination means the amount of Dollars such RMB amount can purchase at the prevailing exchange rate between the RMB and the Dollar as selected by the Lender for such date.

"Environmental Laws" means any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or

imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"Event of Default" means such term as defined in Section 6.1.

"Facility Fee" means the Lender's charge for making the credit facility available to the Borrower hereunder, payable by the Borrower to the Lender in an amount and in the manner as set forth in Section 2.8 hereunder.

"Fee Letter" means one or more fee letters dated the date hereof by and between the Borrower and the Lender with respect to the transactions contemplated hereby.

"GAAP" means generally accepted accounting principles in Hong Kong applied on a consistent basis and subject to Section 1.4 hereof.

"Governmental Authority" means any Federal, state, local or other foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guaranty Obligations" means, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or any Property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any

limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"Indebtedness" means, as to any Person, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments or upon which interest payments are customarily made, (iii) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (iv) all obligations, including without limitation intercompany items, of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six (6) months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (v) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (vii) all Guaranty Obligations of such Person, (viii) the principal portion of all obligations of such Person under Capital Leases, (ix) all obligations of such Person in respect of interest rate protection agreements, foreign currency exchange agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements and (x) the maximum amount of all letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed). The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner (except for any such Indebtedness with respect to which the holder thereof is limited to the assets of such partnership or joint venture).

"Interest Payment Date" means, as to any LIBOR Loan, the last day of each Interest Period for such Loan, the date of any prepayment and the Maturity Date. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the immediately succeeding Business Day, except that in the case of LIBOR Loans where the immediately succeeding Business Day falls in the immediately succeeding calendar month, then on the immediately preceding Business Day.

"Interest Period" means a period of three (3) months duration commencing in each case on the date of the borrowing (including extensions and conversions); provided, however, that (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the immediately succeeding Business Day (except that in the case of LIBOR Loans where the immediately succeeding Business Day falls in the immediately succeeding calendar month, then on the immediately preceding Business Day), (B) no Interest Period shall extend beyond the Maturity Date and (C) in the case of LIBOR Loans, where an Interest Period begins on a day for which

there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall, subject to clause (A) above, end on the last Business Day of such calendar month.

"L/C Minimum Amount" means a RMB amount which, when converted into Dollars at the applicable prevailing exchange rate between the RMB and the Dollar selected by the Lender for the Closing Date, shall at least be equal to (a) the sum of (i) the outstanding principal of the Loan, and (ii) the interest and fees due and payable by the Borrower to the Lender for one Interest Period, divided by (b) 95%.

"Lender" means China Merchants Bank Co., Ltd., New York Branch, together with its successors and permitted assigns.

"Letter of Credit" means one or more standby letters of credit which have an aggregate drawable amount not less than the L/C Minimum Amount issued by China Merchants Bank Co., Ltd., Guangzhou Branch in favor of the Lender to secure the Borrower's obligations to the Lender hereunder, which letters of credit shall have been issued in compliance with the laws and regulations applicable to the branch, and which letters of

credit should otherwise be satisfactory to the Lender in form and substance, as such letter of credit may be amended, extended, or replaced from time to time; provided that any such amendment, extension or replacement is subject to prior written consent by the Lender.

"LIBOR Loan" means any Loan bearing interest at a rate determined by reference to the LIBOR Rate.

"LIBOR Rate" means, with respect to any LIBOR Loan for any Interest Period applicable thereto, the rate appearing on Reuters Screen LIBOR01 (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 A.M., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then "LIBOR Rate" shall mean, with respect to any LIBOR Loan for any Interest Period applicable thereto, the arithmetic average, as determined by the Lender, of the rates per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) quoted by each Reference Bank at approximately 11:00 A.M. New York, New York time (or as soon thereafter as practicable) two (2) Business Days prior to the first day of such Interest Period for such LIBOR Loan for the offering by such Reference Banks to leading banks in the London interbank market of eurodollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of such LIBOR Loan; provided that if any Reference Bank does not furnish such information to the Lender on a timely basis the Lender shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

"LIBOR Rate Spread" means, for any LIBOR Loan for any applicable Interest Period, 1.50% per annum.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the Uniform Commercial Code as adopted and in effect in the relevant jurisdiction or other similar recording or notice statute, and any lease in the nature thereof).

"Loan" means, unless otherwise stated in this Credit Agreement, the principal amount of each borrowing under this Credit Agreement or the principal amount outstanding of that borrowing.

"Material Adverse Effect" means any event, development or circumstances that has had or could reasonably expected to have a material adverse effect on (i) the condition (financial or otherwise), operations, business, assets, liabilities or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform any obligation under the Credit Documents or (iii) the validity or enforceability of this Credit Agreement or any other Credit Document or the rights and remedies of the Lender under the Credit Documents.

"Material Subsidiary" means a Subsidiary, including its Subsidiaries, substantially all of whose voting Capital Stock is owned by the Borrower and/or the Borrower's other Subsidiaries and which meets all of the following criteria:

(i) the Borrower's and its other Subsidiaries' proportionate share of total assets (after intercompany eliminations) of such subsidiary exceeds 10% of the total assets of the Borrower and its Subsidiaries on a consolidated basis as of its most recently completed fiscal year; and

(ii) the Borrower's and its other Subsidiaries' proportionate share of or equity in the income from continuing operations before income taxes, extraordinary items and the cumulative effect of a change in accounting principle of such Subsidiary exceeds 10% of such income of the Borrower and its Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"Maturity Date" means, for each Loan, the earlier of (x) the first anniversary of its Borrowing Date, and (y) the date that is ten Business Days prior to the date on which any Letter of Credit securing the Obligations shall expire or terminate. Whenever such date is stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the immediately succeeding Business Day, except where the immediately succeeding Business Day falls in the immediately succeeding calendar month, then the due date shall be the immediately preceding Business Day.

"Non-Excluded Taxes" means such term as defined in Section 2.6.

"Notice of Borrowing" means the written notice of borrowing as referenced and defined in Section 2.1(b)(i) substantially in the form attached as Exhibit A hereto.

"Obligations" means the unpaid principal of, and the accrued and unpaid interest on, the Loan, all accrued and unpaid fees and expenses payable by the Borrower to the Lender and all other unsatisfied obligations of the Borrower arising under any of the Credit Documents, including without limitation any and all unsatisfied obligations of the Borrower to the Lender arising as a result of any payment of the Borrower to the Lender being avoided as the preference payment under the applicable insolvency law or any other similar contingent obligations of the Borrower to the Lender under any of the Credit Documents.

"Participant" means such term as defined in Section 7.2(c).

"Prohibited Person" shall have the meaning given to such term in the Trading with the Enemy Act, as amended, or the applicable foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended).

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Requirement of Law" means, as to any Person, the certificate of formation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case

applicable to or binding upon such Person or any of its material property.

"Responsible Officer" means the chief executive officer, president, chief financial officer or treasurer of the Borrower.

"RMB" means Renminbi, the official currency of the People's Republic of China.

"Subsidiary" means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (b) any partnership, limited liability company, association, joint venture or other entity in which such person directly or indirectly through Subsidiaries has more than 50% equity interest at the time. Unless otherwise specified, any reference to a Subsidiary is intended as a reference to a Subsidiary of the Borrower.

"Upfront Fee" means such term as defined in Section 2.9.

1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Credit Agreement shall have the defined meanings when used in the other Credit Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Credit Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to the Borrower not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words "hereof", "herein" and "hereunder" and words of similar import, when used in this Credit Agreement, shall refer to this Credit Agreement as a whole and not to any particular provision of this Credit Agreement, and Section, Schedule and Exhibit references are to this Credit Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

1.3 Computation of Time Periods.

For purposes of computation of periods of time hereunder, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

1.4 Accounting Terms.

Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lender hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Credit Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 5.2 hereof.

SECTION 2

THE CREDIT FACILITIES

2.1 Term Loan.

(a) Commitment. Subject to the terms and conditions of this Credit Agreement, the Lender agrees to make one or more term loans to the Borrower within the Availability Period such that (i) the aggregate of (a) the outstanding principal amount of such Loans and (b) the interest and fees due and payable with respect to such Loans for one Interest Period shall not exceed 95% of the Dollar Equivalent of the drawable amount of the Letters of Credit that secure the Borrower's Obligations under the Credit Agreement and are delivered to the Lender on or prior to the Borrowing Date of such Loans, and (ii) the aggregate principal amount of all the Loans will not exceed the Committed Amount. Amounts repaid or prepaid in respect of each Loan may not be reborrowed.

(b) Loan Borrowings.

(i) Notice of Borrowing. The Borrower shall request a Loan borrowing by written notice (or telephone notice promptly confirmed in writing) to the Lender not later than 11:00 A.M. (New York, New York time) two (2) business days prior to the date of the requested borrowing. Such request for borrowing shall be irrevocable, shall be made in a notice of borrowing in substantially the form of Exhibit A attached hereto (a "Notice of Borrowing"), and shall specify (A) that a Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day within the Availability Period) (the "Borrowing Date"), and (C) the aggregate principal amount to be borrowed.

(ii) Minimum Amounts. A Loan borrowing shall be in a minimum aggregate amount of $100,000 and integral multiples of $100,000 in excess thereof (or the remaining Committed Amount, if less).

(iii) Advances. The Lender will make a Loan borrowing available to the Borrower by crediting the account of the Borrower on the books of the office of the Lender specified in Section 7.1 with the amount requested in the Notice of Borrowing or by wire transferring such amount to a bank account designated by the Borrower pursuant to the wire instruction set forth in the Notice of Borrowing. The Lender at its option may make any Loan by causing any of its domestic or foreign branch or Affiliate to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Credit Agreement.

(c) Repayment. The Borrower hereby unconditionally promises to repay in full the principal amount of each Loan and the other Obligations outstanding, and not previously repaid, on its Maturity Date.

(d) Interest. Subject to the provisions of Section 2.2, each Loan shall bear interest at a per annum rate equal to the LIBOR Rate for the applicable Interest Period plus the LIBOR Rate Spread. The Borrower hereby unconditionally promises to pay to the Lender accrued interest on each Loan in arrears on each Interest Payment Date and on its Maturity Date.

(e) Evidence of Debt. The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from the Loans made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder. The entries made in the accounts maintained pursuant to this subsection shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Credit Agreement. The Lender may request that a Loan made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the order of the Lender (or, if requested by the Lender, to the Lender and its registered assigns) and substantially in the form of Exhibit B attached hereto. Thereafter, the Loan evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 7.2) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

2.2 Default Rate.

The Borrower hereby unconditionally promises to pay to the Lender interest on demand on all overdue principal and, to the extent permitted by law (after as well as before judgment), overdue interest in respect of each Loan and any other overdue amount payable hereunder or under the other Credit Documents at a rate 4% per annum greater than the rate which would otherwise be applicable.

2.3 Prepayments.

(a) Voluntary Prepayments. The Borrower may prepay the Loans, in whole or in part, at any time without any premium or penalty (subject to the break funding payments as set forth in Section 2.10 hereunder); provided that partial prepayments shall be in a minimum principal amount of $100,000 and multiples of $100,000 in excess thereof (or the remaining outstanding principal of all Loan, if less) and may only be made on the last day of an Interest Period. Any prepayment under this Credit Agreement shall be made together with accrued interest on the amount prepaid if such prepayment is made on Interest Payment Date; otherwise, only the principal amount shall be prepaid on the date of such prepayment and the accrued interest on the amount prepaid shall be paid on the next applicable Interest Payment Date.

(b) Notice. In the case of voluntary prepayments under subsection (a) hereof, the Borrower will give notice to the Lender of its intent to make such a prepayment by 11:00 A.M. (New York, New York time) three (3) Business Days prior to the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Loan or portion thereof to be prepaid.

2.4 Capital Adequacy.

If, after the Closing Date, the Lender has determined that the adoption or effectiveness of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any

change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender or its holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Lender's or its holding company's capital or assets as a consequence of its commitments or obligations hereunder to a level below that which the Lender or its holding company could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration the Lender's or its holding company's policies with respect to capital adequacy), then, upon notice from the Lender, the Borrower shall pay to the Lender such additional amount or amounts as will compensate the Lender or its holding company for such reduction. Each determination by the Lender of amounts owing under this Section shall, absent manifest error, be conclusive and binding on the Borrower. Notwithstanding the foregoing, the Lender agrees that, before giving any notice seeking a payment under this Section 2.4, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different office, branch or Affiliate of the Lender as the office, branch or Affiliate of the Lender having the commitments and obligations of the Lender hereunder if making such designation would avoid or reduce the amount of such reduction in its rate of return on its capital or assets and would not, in the reasonable judgment of the Lender, be otherwise disadvantageous to the Lender.

2.5 Requirements of Law.

If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to the Lender, or compliance by the Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made

subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender) (it being understood and agreed that matters set forth in the Consultation Paper issued by the Basel Committee on Banking Supervision of June 1999 shall not be treated as having been adopted or applied prior to the Closing Date):

(i) shall subject the Lender to any tax of any kind whatsoever with respect to the Loans made by it or change the basis of taxation of payments to the Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.6 (including Non-Excluded Taxes imposed solely by reason of any failure of the Lender to comply with its obligations under Section 2.6) and changes in taxes measured by or imposed upon the overall net income, or franchise tax (imposed in lieu of such net income tax), of the Lender or its applicable lending office, branch, or any affiliate thereof);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of the Lender; or

(iii) shall impose on the Lender any other condition (excluding any tax of any kind whatsoever);

and the result of any of the foregoing is to increase the cost to the Lender, by an amount which such Lender deems to be material, of making, continuing or maintaining the Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrower from the Lender, in accordance herewith, the Borrower shall promptly pay the Lender, upon its demand, any additional amounts necessary to compensate the Lender for such increased cost or reduced amount receivable; provided that, the Borrower shall not be under any obligation to pay to the Lender amounts otherwise owing under this Section 2.7 if the Lender shall not have delivered such written notice to the Borrower, within ninety (90) days following the later of (A) the date of occurrence of the event which forms the basis for such notice and request for compensation and (B) the date the Lender becomes aware of such event. Notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, shall be deemed to be a change in a Requirement of Law, regardless of the date enacted, adopted, issued or implemented. If the Lender becomes entitled to claim any additional amounts pursuant to this Section, it shall provide prompt notice thereof to the Borrower certifying (x) that one of the events described in this Section has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by the Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Section submitted by the Lender to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder. Notwithstanding the foregoing, the Lender agrees that, before giving any notice seeking a payment of additional amounts under this Section 2.5, the Lender will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different office, branch or Affiliate as the office, branch or Affiliate of the Lender making, continuing or maintaining the Loans hereunder or having the commitments and obligations hereunder resulting in such increased cost to the Lender or reduction in the amount receivable by the Lender hereunder if making such designation would avoid the need for, or reduce the amount of, such increased cost or would avoid or decrease the reduction in the amount receivable hereunder and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to the Lender.

2.6 Taxes.

Except as provided below in this subsection, all payments made by the Borrower under this Credit Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, (excluding net income taxes and franchise taxes imposed in lieu of net income taxes imposed on the Lender as a result of a present or former connection between the jurisdiction of the Governmental Authority imposing such tax and the Lender (except a connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Credit Agreement)) (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Non-Excluded Taxes"). If any Non-Excluded Taxes are required to be withheld from any amounts payable to the Lender hereunder, the amounts so payable to the

Lender shall be increased to the extent necessary to yield to the Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Credit Agreement. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Lender a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Lender the required receipts or other required documentary evidence, the Borrower shall indemnify the Lender for any taxes, interest or penalties that may become payable by the Lender as a result of any such failure. The agreements in this subsection shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

2.7 Place and Manner of Payments.

Except as otherwise specifically provided herein, all payments hereunder shall be made to the Lender in Dollars in immediately available funds, without offset, deduction, counterclaim or withholding of any kind, at its offices specified in Section 7.1 not later than 2:00 P.M. (New York, New York time) on the date when due. Payments received after such time shall be deemed to have been received on the immediately succeeding Business Day. The Lender may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrower maintained with the Lender (with notice to the Borrower). The Borrower shall, at the time it makes any payment under this Credit Agreement, specify to the Lender the Loans, fees or other amounts payable by the Borrower hereunder to which such payment is to be applied (and in the event that it fails so to specify, or if such application would be inconsistent with the terms hereof, the Lender shall apply the payment in such manner as the Lender may determine to be appropriate in respect of obligations owing by the Borrower hereunder subject to the terms of Section 2.3(a)). Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the immediately succeeding Business Day (subject to accrual of interest at non-default rates and fees for the period of such extension (but not any default interest on amounts as to which such due date shall have been extended)), except where the immediately succeeding Business Day falls in the immediately succeeding calendar month, then the due date shall be the

immediately preceding Business Day. Except as expressly provided otherwise herein, all computations of interest and fees shall be made on the basis of actual number of days elapsed over a year of three hundred and sixty (360) days. Interest shall accrue from and include the date of borrowing, but exclude the date of payment.

2.8 Facility Fee.

The Borrower shall pay to the Lender a Facility Fee in an amount equal to 0.30% per annum multiplied by the outstanding principal amount of each Loan. The Facility Fee is payable on each Interest Payment Date of such Loan. Any Facility Fee, once paid, is not refundable under any circumstances (including but not limited to circumstances in relation to any prepayment made by the Borrower pursuant to this Credit Agreement).

2.9 Upfront Fee.

The Borrower shall pay to the Lender an Upfront Fee, in an amount and in the manner as set forth in a Fee Letter. Any Upfront Fee, once paid, is not refundable under any circumstances (including but not limited to circumstances in relation to any prepayment made by the Borrower pursuant to this Credit Agreement).

2.10 Break Funding Payments.

In the event of (a) the payment of any principal of any Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), or (b) the failure to borrow or prepay any Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrower shall compensate the Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loans had such event not occurred, at the interest rate that would have been applicable to such Loans, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, for the period that would have been the Interest Period for such Loans), over (ii) the amount of interest which would accrue on such principal amount for such period at the then applicable LIBOR Rate for a period available in the London interbank market closest in length to such remaining period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

2.11 Extension.

Unless the Loans hereunder shall have been prepaid on or before the last date of an Interest Period, the outstanding Loans hereunder shall be automatically extended on the last date of an Interest Period for another Interest Period; provided that no Loan hereunder shall be extended beyond its Maturity Date.

SECTION 3

CONDITIONS PRECEDENT

3.1 Conditions to Initial Loan Advance.

This Credit Agreement, including the obligation of the Lender to make the Loans requested to be made by it, shall not become effective until the date (the "Closing Date") on which each of the following conditions is satisfied or provided for in form and substance reasonably acceptable to the Lender, or duly waived in writing by the Lender in accordance with Section 7.5:

(a) Executed Credit Documents. Receipt by the Lender of duly executed copies of this Credit Agreement, the Fee Letter, the Letters of Credit, the Promissory Note and the other Credit Documents.

(b) No Default; Representations and Warranties. Receipt by the Lender of an officer's certificate duly executed by an officer of the Borrower acceptable to the Lender, certifying that as of the Closing Date (i) there exists no Default or Event of Default, (ii) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects, and (iii) since the date of the most recent audited financial statements of the Borrower received by the Lender from the Borrower, there has not occurred, nor otherwise exist, an event or condition which has a Material Adverse Effect on the Borrower.

(c) Corporate Documents. Receipt by the Lender of the following:

(i) Charter Documents. A copy of the Certificate of Incorporation of the Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the jurisdiction of its incorporation and certified by an officer of the Borrower to be true and correct as of the Closing Date.

(ii) By-laws. A copy of the By-laws of the Borrower certified by an officer of the Borrower to be true and correct as of the Closing Date.

(iii) Resolutions. A copy of the resolution of the board of directors of the Borrower approving and adopting the Credit Documents to which it is a party, the transactions contemplated thereby and authorizing execution and delivery thereof, certified by an officer of the Borrower to be true and correct and in force and effect as of the Closing Date.

(iv) Incumbency. Receipt by the Lender of an incumbency certificate, including specimen signatures, of the authorized signatories of the Borrower authorized to execute the Credit Documents to which it is a party on behalf of the Borrower.

(d) Financial Statements. The Borrower shall have delivered or made available (including by electronic communication regarding public filings thereof) financial statements of the Borrower requested by the Lender for the past fiscal year, and such financial statements shall not, in the reasonable judgment of the Lender, reflect any material adverse change in the financial condition of the Borrower.

(e) Fees. The Lender shall have received all fees agreed to be paid, and all reasonable out-of-pocket expenses agreed to be paid for which invoices have been presented (including the reasonable fees and expenses of legal counsel), reasonably in advance of the Closing Date.

(f) Patriot Act/ "Know You Customer" Laws. At least two (2) Business Days before the Closing Date the Lender shall have received all documents and other information reasonably requested by it that is required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

(g) Other. Receipt by the Lender of such other documents, agreements or information which it may reasonably request.

3.2 Conditions to Each Loan Advance.

The obligation of the Lender to make any Loan is subject to satisfaction of the following conditions:

(a) The Lender shall have received (i) an appropriate Notice of Borrowing, (ii) the Letter of Credit securing the Borrower's Obligations with respect to such Loan, (iii) evidence of cash deposit to China Merchants Bank Co., Ltd., Guangzhou Branch from an Affiliate of the Borrower, and (iv) a copy of the letter of credit reimbursement agreement between the Letter of Credit applicant and China Merchants Bank Co., Ltd., Guangzhou Branch and of the pledge agreement pursuant to which the cash deposit is pledged to China Merchants Bank Co., Ltd., Guangzhou Branch to secure the obligations thereunder of the Letter of Credit applicant thereto;

(b) The representations and warranties set forth in Section 4 shall be true and correct in all material respects as of such date (except for those which expressly relate to an earlier date);

(c) No Default or Event of Default shall exist and be continuing either prior to or after giving effect to such Loan to be made; and

(d) (i) The aggregate principal amount of such Loan and all the other Loans plus the interest and fees due on all the Loans on the next following applicable Interest Payment Date shall not exceed 95% of the Dollar Equivalent of the drawable amount of the Letters of Credit that secure the Borrower's Obligations and are delivered to the Lender on or prior to the Borrowing Date of such Loan, and (ii) the aggregate principal amount of all the Loans will not exceed the Committed Amount.

The delivery of each Notice of Borrowing shall constitute a representation and warranty by the Borrower of the correctness of the matters specified in subsections (b) and (c) above.

SECTION 4

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender as follows:

4.1 Corporate Status.

The Borrower and each Material Subsidiary (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its material properties, to lease the material properties it operates as lessee and to conduct the business in which it is currently engaged and (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or in good standing could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.2 Power, Authorization; Enforceable Obligations.

The Borrower has the corporate power and authority to make, deliver and perform the Credit Documents to which it is a party and to obtain extensions of credit hereunder. The Borrower has taken all necessary organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party and to authorize the extensions of credit on the terms and conditions of this Credit Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with (a) any extension of credit hereunder when made (except for consents, authorizations, filings, notices or other acts required with respect to such extension of credit that have been obtained or made and are in full force and effect at the time of such extension of credit) or (b) the execution, delivery, performance, validity or enforceability of this Credit Agreement or any of the Credit Documents. Each Credit Document has been duly executed and delivered on behalf of the Borrower. This Credit Agreement constitutes, and each other Credit Document upon execution will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.3 No Legal Bar.

The execution, delivery and performance of this Credit Agreement and the other Credit Documents, the borrowings hereunder and the use of the proceeds thereof will not (a) conflict with or violate any (i) Requirement of Law or (ii) Contractual Obligation of the Borrower or any

Material Subsidiary (except in the case of this clause (a) to the extent any such violations could not, in the aggregate, reasonably be expected to have a Material Adverse Effect) and (b) result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation.

4.4 Liens; Indebtedness.

Neither the Borrower nor any of its Subsidiaries has outstanding any Lien except as permitted by Section 5.4.

4.5 Litigation.

As of the Closing Date, (a) except as disclosed in any public filings of the Borrower or its Subsidiaries prior to the date hereof, no material litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any Material Subsidiary or against any of their respective properties or revenues that could reasonably be expected to have a Material Adverse Effect and (b) no material litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any Material Subsidiary with respect to any of the Credit Documents or any of the transactions contemplated hereby or thereby.

4.6 Taxes.

Each of the Borrower and each Material Subsidiary has filed or caused to be filed all Federal, state and other material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than (i) where failure to file such returns or pay, discharge or otherwise satisfy such taxes, fees or other charges could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect and (ii) any taxes, fees or other charges the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or such Material Subsidiary).

4.7 Governmental and Other Approvals.

No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other regulatory body is required for the due execution, delivery and performance by the Borrower of this Credit Agreement, except for any authorization, order, approval, notice, filing or other action (i) that is not yet required to be obtained, made or taken or (ii) that has duly been obtained, made or taken and is (x) in full force and effect and (y) sufficient for the purposes hereof, or except where the failure to satisfy any of the foregoing could not reasonably be expected to have a Material Adverse Effect.

4.8 Use of the Loans.

The proceeds of the Loans will be used to finance acquisitions and for general corporate purposes, including working capital advances; provided, that no portion of the proceeds of any Loan will be used to purchase or otherwise acquire, whether in a single transaction or a series of related transactions, a majority of the voting stock or other ownership interest of a Person or all or substantially all of the Property of a Person if such purchase or acquisition is against the recommendation of, or otherwise opposed by, the board of directors or other governing body of such Person. No part of the proceeds of any Loan hereunder will be used for the purpose of purchasing or carrying Margin Stock or to extend credit to others for such purpose, in violation of Regulation U or Regulation X issued by the Board of Governors of the Federal Reserve System or Section 7 of the Securities Exchange Act of 1934, as amended.

4.9 Environmental Compliance.

Each of the Borrower and its Subsidiaries is in substantial compliance with all applicable federal, state and local environmental laws, regulations and ordinances governing its business, properties or assets with respect to discharges into the ground and surface water, emissions into the ambient air and generation, storage, transportation and disposal of waste materials or process by-products, except such noncompliances as are not likely to have a Material Adverse Effect.

4.10 Investment Company Act; Other Regulations.

The Borrower is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

4.11 Foreign Assets Control Regulations, Etc.; OFAC Compliance.

Neither the execution and delivery of this Credit Agreement or the other Credit Documents by Borrower nor the use of the proceeds of any Loan, will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) of the Anti-Terrorism Order or any enabling legislation or Executive Order relating to any of the same. Without limiting the generality of the foregoing, neither the Borrower nor any of their respective Subsidiaries (a) is or will become a blocked person described in Section 1 of the Anti-Terrorism Order or (b) engages or will engage in any dealings or transactions or be otherwise associated with any such blocked person.

None of the Borrower or any Subsidiary thereof is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001), and/or any other list maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders or otherwise subject to any sanction imposed pursuant to an OFAC implemented regulation.

SECTION 5

COVENANTS

So long as any of the Commitment is in effect and, in any event, until payment in full and discharge of all Obligations to the Lender, including payment of all principal and interest on the Loans, the Borrower shall comply, and shall cause each Subsidiary, to the extent applicable, to comply, with the following covenants:

5.1 Corporate Existence.

The Borrower shall, and shall cause each of its Subsidiaries to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; *provided* that the foregoing shall not prohibit any merger or consolidation permitted under Section 5.5.

5.2 Reports, Certificates and Other Information.

The Borrower shall furnish to the Lender:

(A) as soon as available and in any event within one hundred and twenty (120) days after the end of each fiscal year of the Borrower, the audited balance sheet of the Borrower as at the end of such fiscal year and the statements of income, cash flows and common shareholders' equity of the Borrower for such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail and accompanied by a report or opinion (which shall not be qualified by reason of any limitations imposed by the Borrower) of a registered independent public accounting firm of recognized national standing selected by the Borrower, which shall be prepared in accordance with generally accepted auditing standards relating to reporting, to the effect that such financial statements present fairly, in accordance with GAAP consistently applied (except for changes in which such accountants concur), the financial condition of the Borrower as at the end of such fiscal year and its results of operations and the cash flows for such fiscal year;

(B) as soon as available and in any event within ninety (90) days after the end of each quarterly period (other than the last quarterly period) in each fiscal year of the Borrower, the condensed balance sheet of the Borrower as at the end of such quarterly period and the condensed statements of income and cash flows of the Borrower for that part of the fiscal year ended with such quarterly period, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified by a principal financial officer of the Borrower subject to normal year-end adjustments;

(C) immediately upon a senior officer in the Borrower's finance department becoming aware of (i) the existence of a Default or an Event of Default; and (ii) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including, without limitation, (a) any dispute, litigation, investigation, proceeding

or suspension between the Borrower or any of its Subsidiaries and any Governmental Authority; (b) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any of its Subsidiaries, including pursuant to any applicable environmental law; (c) any litigation, investigation or proceeding affecting the Borrower in which the amount involved exceeds $500,000, or in which injunctive relief or similar relief is sought, in the cases of subclauses (ii) (a) through (c) which could reasonably be expected to have a Material Adverse Effect; and (iii) any development or event that has had or could reasonably be expected to have a Material Adverse Effect.

(D) promptly after the sending or filing thereof, copies of all reports which the Borrower may from time to time furnish its stockholders.

At any reasonable time and from time to time, upon ten (10) Business Days' prior written notice, the Borrower shall permit the Lender or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of and visit the properties of the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries, in each case to the extent regarding this Credit Agreement, (i) with any of the Borrower's senior officers or any of the Borrower's officers within the Borrower's finance department and (ii) with the Borrower's registered independent public accounting firm, in the presence of one or more officers of the Borrower if so requested by the Borrower (it being understood that information obtained by the Lender pursuant to this Section shall be kept confidential except to the extent any such information becomes public or is required to be disclosed by law or requested to be disclosed by any Governmental Authority); provided that none of the Lender and the agents and representatives thereof shall be entitled to examine or make copies of or abstracts from the records of the Borrower or any Subsidiary if the Borrower shall be advised by counsel, in good faith, that the examination, copying or abstracting of such information or material could result in a waiver of any attorney-client privilege relating to such information or material or otherwise compromise the Borrower's or a Subsidiary's position in any litigation, investigation or other legal proceeding to which the Borrower or any Subsidiary is a party or is subject.

5.3 Compliance Certificate.

The Borrower shall supply a Compliance Certificate to the Lender with each set of its financial statements delivered pursuant to Section 5.2. Each Compliance Certificate supplied by the Borrower shall be signed by the Chief Financial Officer of the Borrower.

5.4 Liens.

The Borrower shall not create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien upon any of its properties, whether now owned or hereafter acquired, other than:

(i) Liens for taxes or other governmental charges, (A) which are either not yet delinquent or the amount, applicability or validity of which are being contested in good faith by the Borrower or any Subsidiary by appropriate means or (B) which do not in the

aggregate materially impair the value or use of their respective properties and assets in the conduct of their respective businesses;

(ii) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance, social security and other similar laws and which do not in the aggregate materially impair the value or use of their respective properties and assets in the conduct of their respective businesses; and

(iii) Liens arising and continuing in the ordinary course of business (but not related to Indebtedness) which are incidental to the businesses of the Borrower and its Subsidiaries (including, without limitation, carriers', lessors', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens) and which do not in the aggregate materially impair the value or use of their respective properties and assets in the conduct of their respective businesses.

5.5 Mergers and Consolidations.

The Borrower shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly, merge or consolidate with any Person, except that, if after giving effect thereto no Default or Event of Default would exist, this Section 5.5 shall not apply to (a) any merger or consolidation of the Borrower with any one or more Persons (including any Subsidiary), so long as the successor entity (if other than the Borrower) (i) is a Person organized and duly existing under the law of any state of the United States and (ii) assumes, in form reasonably satisfactory to the Lender, all of the obligations of the Borrower under this Credit Agreement, (b) any merger or consolidation of a Material Subsidiary with another Subsidiary, provided that the continuing Person shall be a Material Subsidiary, and (c) any merger or consolidation of a Material Subsidiary with another Person if after giving effect thereto the survivor is no longer a Material Subsidiary and the assets of such Material Subsidiary could have been Disposed of pursuant to the provisions of Section 5.16 if such transaction were treated as a Disposition of the assets of such Material Subsidiary. In the event of any merger or consolidation of or by the Borrower in which the Borrower is not the surviving entity, the surviving entity of such merger or consolidation shall deliver to the Lender all information reasonably necessary to comply with the identification requirements of the Act (as defined in Section 7.12).

5.6 Payment of Obligations and Taxes.

The Borrower shall, and shall cause each Subsidiary to pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its obligations (including, without limitation, obligations with respect to material taxes) of whatever nature, except that neither the Borrower nor any Subsidiary shall be required to pay, discharge or otherwise satisfy any such obligation or taxes (i) whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary has provided adequate reserves in accordance with GAAP or (ii) where failure to pay, discharge or otherwise satisfy such obligation could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.7 Insurance.

The Borrower shall, and shall cause each Subsidiary to, maintain insurance, which may include self-insurance, in such amounts and covering such risks as is consistent with sound business practice; provided that the Borrower and each Subsidiary may self-insure the risks of damage to its Properties and other losses resulting from named and other windstorms and related causes without establishing any reserve relating to such retained risks.

5.8 Compliance with Laws.

The Borrower shall, and shall cause each of its Subsidiaries to, comply in all material respects with the requirements of all federal, state and local laws, rules, regulations, ordinances and orders (including, without limitation, environmental laws) applicable to or pertaining to their Properties or business operations except where the necessity of compliance therewith is contested in good faith by appropriate proceedings or where the failure to comply is not likely to either (i) have a Material Adverse Effect or (ii) result in a Lien upon any of their Property.

5.9 Maintenance of Properties, Etc.

The Borrower shall, and shall cause each of its Subsidiaries to, maintain and preserve all of their Properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear expected, to the extent that failure to maintain any of such Property would be reasonably likely to have a Material Adverse Effect.

5.10 Change in the Nature of Business.

The Borrower shall not, and shall not permit any of its Subsidiaries to, engage, in any material respect, in a business other than the manufacturing and provision of such products and services as the Borrower and its Subsidiaries currently manufacture and provide or products and services that are similar to the services and products currently provided and activities related and complementary to any of the foregoing.

5.11 Ownership of Subsidiaries.

The Borrower shall at all times, directly or indirectly own, beneficially and of record, except as permitted by Section 5.5, 100% of each class of issued and outstanding common stock of each Material Subsidiary.

5.12 Transactions with Affiliates.

The Borrower will not, nor will it cause or permit any of its Subsidiaries to, enter into any transaction of any kind with any Affiliate of the Borrower of (i) any shares, interests, participations or other equivalent of Capital Stock (if any such Subsidiary is a corporation), (ii) any equivalent ownership interests (if any such Subsidiary is other than a corporation) and (iii) any warrants, rights or options to purchase any of the foregoing) in other than arm's-length transactions with Affiliates that are otherwise permitted hereunder; provided, that the Borrower and its Subsidiaries may enter into transactions that are not on an arm's-length basis with such

Affiliates so long as the fair market value of any such transaction does not exceed $100,000 at any time.

5.13 Maintenance of the Minimum Equivalent Amount.

(A) For so long as any of the Obligations is outstanding, if at any time such Obligations are in excess of 97% of the Dollar Equivalent of the remaining undrawn amount of all Letters of Credit, the Lender shall have a right to issue a margin call (a "Margin Call") to the Borrower, requiring the Borrower to promptly (i) deposit or cause to be deposited an amount in U.S. dollars (as calculated and determined by the Lender) in a bank account opened and maintained in the name of the Borrower at the office of the Lender (the "New York Deposit Account"), or (ii) deposit or cause an Affiliate of the Borrower acceptable to the Lender (the "Account Holder") to deposit an amount in RMB (as calculated and determined by the Lender) in a bank account opened and maintained in the name of the Borrower or the Account Holder at a branch or office of the Lender located in China designated by the Lender (the "China Deposit Account", and each of the New York Deposit Account and China Deposit Account, a "Deposit Account" and together the "Deposit Accounts"), such that the outstanding Obligations hereunder will be no more than 95% of the Dollar Equivalent of the sum of the undrawn amount of all Letters of Credit and the balance in the applicable Deposit Account. The Borrower hereby covenants that upon its receipt of a Margin Call from the Lender, it will promptly, but in any event within three (3) Business Days, wire transfer, or cause the Account Holder to wire transfer, the additional deposit in the amount required by the Lender to the applicable Deposit Account.

(B) With respect to the New York Deposit Account, the Borrower hereby pledges and grants to the Lender a first priority security interest in the New York Deposit Account and all the funds that may be credited thereto from time to time to secure its Obligations to the Lender.

(C) With respect to the China Deposit Account, (x) the Borrower shall, or shall cause the Account Holder of such account to, as the case may be, pledge and grant to the Lender a first priority security interest in the Deposit Account and all the funds that may be credited thereto from time to time to secure the Borrower's Obligations to the Lender and (y) to the extent required by laws of China to establish, perfect, preserve and protect the security interest in the China Deposit Account and the funds credited thereto in favor of the Lender, the Borrower shall, or shall cause the Account Holder to, as the case may be, at the expense of the Borrower or the Account Holder, make, execute, endorse, acknowledge, file and/or deliver to the Lender the security agreements, financing statements, transfer endorsements, powers of attorney, certificates, account control agreements, registration or approval by Governmental Authorities with respect to foreign exchange control and other assurances or instruments and take such further steps relating to the China Deposit Account as the Lender may require. Furthermore, the Borrower shall, or shall cause the Account Holder to, as the case may be, deliver to the Lender such opinions of counsel and other related documents as may be requested by the Lender to assure itself that this Section 5.13 has been complied with.

(D) The documents or instruments related the security interest in the Deposit Account and the funds credited thereto shall have been duly recorded or filed in such manner and in such places to the extent required by law to establish, perfect, preserve and protect the security interest

in favor of the Lender required to be granted pursuant to this Section 5.13 and all taxes, fees and other charges payable in connection therewith shall have been paid in full.

The Borrower agrees that each action required by clause (B) through (D) of this Section 5.13 shall be completed as soon as possible, but in no event later than ten (10) days after such action is requested to be taken by the Lender.

5.14 Foreign Assets Control Regulations.

The Borrower shall not use the proceeds of any Loan in any manner that will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or the Anti-Terrorism Order of any enabling legislation or Executive Order relating to any of the same. Without limiting the foregoing, the Borrower will not permit itself or any of its Subsidiaries to (a) become a blocked person described in Section 1 of the Anti-Terrorism Order or (b) knowingly engage in any dealings or transactions or be otherwise associated with any person who is known by the Borrower or who (after such inquiry as may be required by Applicable Law) should be known by the Borrower to be a blocked person. (2) Each member or other direct or indirect principal of Borrower shall be at all times during the term of the Loans an entity or person which (a) is (as whose principals shall be) a reputable entity or person of good character and in good standing as reasonably determined by the Lender, (b) is creditworthy and not adverse to the Lender in any pending litigation or arbitration in which the Lender is also a party, (c) is not a Prohibited Person, and (d) is in good standing in its state or country or organization.

5.15 Inspection of Property; Books and Records; Discussions.

The Borrower shall and shall cause each of its Material Subsidiaries to (a) keep proper books of records and account in which full, true and correct (in all material respects when taken as a whole) entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) from time to time, but not to exceed once in any twelve month period, during normal business hours and on reasonable prior notice, permit representatives of any Lender to visit and inspect any of its properties (subject to such physical security requirements as the Borrower or the applicable Material Subsidiary may require) and examine and make abstracts from any of its books and records (except to the extent that such

access is restricted by law or by a bona fide non-disclosure agreement not entered into for the purpose of evading the requirements of this Section 5.15) and to discuss the business, operations, properties and financial and other condition of the Borrower and the Material Subsidiaries with officers and employees of the Borrower and the Material Subsidiaries and with their independent certified public accountants; provided, however, that during the occurrence and continuance of an Event of Default, the Borrower shall and shall cause each of its Material Subsidiaries to permit representatives of any Lender to engage in the activities permitted in clause (b), above at any reasonable time and as often as may reasonably be desired.

5.16 Disposition of Property.

The Borrower shall not, directly or indirectly, Dispose of, in one transaction or a series of transactions, all or substantially all of its business or property, whether now owned or hereafter acquired. For the avoidance of doubt, it is understood and agreed that this Section 5.16 shall not relieve the Borrower from complying with Section 5.12.

5.17 Clauses Restricting Subsidiary Distributions.

The Borrower shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly, enter into or suffer to exist or become effective (including by way of amendment, supplement or other modification of an agreement existing on the Closing Date) any consensual encumbrance or restriction on the ability of any Material Subsidiary of the Borrower to make payments, directly or indirectly, to its shareholders by way of dividends, repayment of loans or intercompany charges, or other returns on investments that is more restrictive than any such encumbrance or restriction applicable to such Material Subsidiary on the Closing Date; provided that this Section 5.17 shall not apply to (a) limitations or restrictions imposed by law or in regulatory proceedings or (b) financial covenants contained in any agreement or indenture requiring compliance with financial tests or ratios, so long as such financial covenants could not reasonably be expected to impair the Borrower's ability to repay the Obligations as and when due.

5.18 Proceeds of Bond Offering

The proceeds of any bond offering conducted by the Borrower or any of its Affiliates prior to the Maturity Date hereunder shall be used to repay the Obligations hereunder.

SECTION 6

EVENTS OF DEFAULT

6.1 Events of Default.

Each of the following occurrences shall constitute an "Event of Default" under this Credit Agreement:

(A) any representation or warranty made or deemed made by the Borrower herein or in any other Credit Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Credit Agreement or any such other Credit Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made;

(B) the Borrower shall fail to pay

(i) any principal of any Loan as and when the same shall become due and payable in accordance with the terms hereof, or

(ii) any interest on any Loan, any fees, any costs and expenses or other Obligation as and when the same shall become due and payable in accordance with the terms hereof, and such failure shall continue unremedied for more than three (3) days;

(C) the Borrower shall fail to pay when due, whether by acceleration or otherwise, one or more evidences of Indebtedness (other than the Loans hereunder) having an aggregate unpaid balance of more than $100,000, and such failure shall continue for more than the period of grace, if any, applicable thereto and shall not have been waived;

(D) (i) the Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 5.1, 5.4, 5.5, 5.10, and 5.12 of this Credit Agreement on its part to be performed or observed or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Credit Agreement or any other Credit Document on its part to be performed or observed, and such failure shall continue unremedied for a period of thirty (30) days after (I) the Borrower shall have received notice of such failure from the Lender or (II) a senior officer in the finance department of the Borrower shall have knowledge of such failure, which ever shall first occur;

(E) the Borrower or any Material Subsidiary shall (i) apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of the Borrower or such Subsidiary or any of their respective properties or assets, (ii) generally fail or admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts, (vi) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against the Borrower or such Material Subsidiary in an involuntary case under the Bankruptcy Code or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(F) a proceeding or case shall be commenced, without the application or consent of the Borrower or any Material Subsidiary, in any court of competent jurisdiction seeking (i) its liquidation, reorganization, dissolution or winding-up or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian or liquidator of the Borrower or such Material Subsidiary or of all or any substantial part of its assets or (iii) similar relief in respect of the Borrower or such Material Subsidiary under any law relating to bankruptcy, insolvency, reorganization,

winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days;

(G) any final judgment, final consent decree or final order for the payment of money (or for the performance of any remedial action or other services that would result in the expenditure of funds by the Borrower or any of its Subsidiaries) shall be rendered

against the Borrower or any of its Subsidiaries by any federal, state or local court or administrative agency and the same shall fail to be discharged, stayed or bonded for a period of sixty (60) days after such final judgment, final consent decree or final order for the payment of money (or, in the case of performance obligations, shall fail to be performed in the manner and at the times required in such final judgment, final consent decree or final order or shall fail to otherwise be discharged, stayed or bonded, in any such case, for a period of sixty (60) days after the performance of such obligations is required); provided that no occurrence described in this subsection (H) shall constitute an Event of Default unless the aggregate outstanding liability of the Borrower and its Subsidiaries which has resulted from all such occurrences shall exceed $500,000 (or its equivalent in any other currency); or

(H) a Change of Control shall have occurred.

6.2 Rights and Remedies.

In the case of an Event of Default described in subsection (E) or (F) of Section 6.1 relating to the Borrower or a Material Subsidiary, the Commitment of the Lender shall be immediately terminated and the Loans, including all interest thereon, and all other Obligations shall be immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower. In the case of any other Event of Default, and in any such event (other than an event described in subsection (E) or subsection (F) of Section 6.1 relating to the Borrower or a Material Subsidiary), the Lender may, by notice to the Borrower (i) terminate forthwith the Commitment of the Lender and/or (ii) declare the Loans, including all interest thereon, and all other Obligations to be forthwith due and payable, whereupon the Loans and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower. In case of any Event of Default, the Lender shall have the right to (A) make a drawing under any and all Letters of Credit and apply the proceeds of such drawings toward the discharge of the Obligations and/or (B) exercise any rights or remedies available to the Lender under the Credit Documents or at law or equity. For the avoidance of doubt, notwithstanding anything to the contrary in the Credit Documents, the Lender shall have the right to make a drawing under any Letter of Credit and apply the proceeds of such drawing toward the discharge of the Obligations relating to any borrowing under this Credit Agreement.

SECTION 7

MISCELLANEOUS

7.1 Notices.

Except as otherwise expressly provided herein, all notices and other communications shall have been duly given and shall be effective (i) when delivered, (ii) when transmitted via confirmed telecopy (or other confirmed facsimile device) to the number set out below (provided, however, that notices regarding Defaults and Events of Default or amounts owing under Sections

2.4, 2.5, or 2.6 may not be given by telecopy), (iii) the Business Day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service for next day delivery, or (iv) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, return-receipt requested, in each case to the respective parties at the address set forth below:

if to the Borrower:

VIPSHOP INTERNATIONAL HOLDINGS LIMITED
Address: Unit 2209 22/F
Wu Chung House
213 Queen's Rd East Wanchai
Hong Kong
Telephone: (0852) 39737795
Fax: [·]

if to the Lender

CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH
Address: 535 Madison Avenue, 18th Floor
New York, New York 10022
Telephone: +1 212 593 2679
Fax: +1 212 753 1319

provided that any notice, request or demand to or upon the Lender shall not be effective until received.

Unless and until the Lender is notified in writing by the Borrower to the contrary, the Borrower hereby authorizes the Lender to rely on any notices in respect of the making, extension, conversion or continuation of the Loans given by any Responsible Officer or any designee of a Responsible Officer of which the Lender is notified in writing. Notices by the Borrower in respect of the making, extension, conversion or continuation of the Loans may be given telephonically, and the Borrower agrees that the Lender may rely on any such notices made by any person or persons which the Lender in good faith believes

to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Lender a written confirmation of any telephonic notice, if such confirmation is requested by the Lender. Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Lender; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Lender. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Information required to be delivered pursuant to Sections 5.2 shall be deemed to have been delivered on the date on which the Borrower provides notice to the Lender that such information has been posted on the SEC website on the Internet at sec.gov/edaux/searches.htm,

on the Borrower's IntraLinks site at intralinks.com or at another website identified in such notice and accessible by the Lender without charge.

7.2 Benefit of Agreement.

(a) Generally. This Credit Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that the Borrower may not assign and transfer any of its interests without prior written consent of the Lender; provided further that the rights of the Lender to transfer, assign or grant participations in its rights and/or obligations hereunder shall be limited as set forth in this Section 7.2, provided, however, that nothing herein shall prevent or prohibit the Lender from (i) pledging or assigning its Loan hereunder to a Federal Reserve Bank in support of borrowings made by the Lender from such Federal Reserve Bank, or (ii) granting assignments or participations in the Lender's Loan and/or Commitments hereunder to its parent company and/or to any of its Affiliate.

(b) Assignments. (i) The Lender may, upon obtaining the consent of the Borrower and to assign all of its rights and obligations hereunder pursuant to an Assignment and Acceptance to another bank or financial institution; provided that (A) no such consent shall be unreasonably withheld or delayed and (B) no such consent shall be required with respect to any assignment by the Lender to its Affiliate and no such consent shall be required from the Borrower after the occurrence and during the continuation of any Event of Default. Any assignment hereunder shall be effective upon execution by all necessary parties of the applicable Assignment and Acceptance. The assigning Lender will give prompt notice to the Borrower of any such assignment. Upon the effectiveness of any such assignment (and after notice to the Borrower as provided herein), the assignee shall become a "Lender" for all purposes of this Credit Agreement and the other Credit Documents and, to the extent of such assignment, the assigning Lender shall be relieved of its obligations hereunder to the extent of the Loans and Commitment components being assigned.

(ii) Subject to acceptance and recording thereof pursuant to paragraph (a)(iii) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Credit Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Credit Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Credit Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.5, 2.7, 2.8 and 7.4 in respect of the period that it was a Lender). Any assignment or transfer by the Lender of rights or obligations under this Credit Agreement that does not comply with this Section 7.2 shall be treated for purposes of this Credit Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iii) The Borrower shall maintain a register at one of its offices (the "Register") on which it will record the Commitments from time to time of each of the Lender and each repayment in respect of the principal amount and stated interest of such Commitments

of each Lender. Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations under this Credit Agreement. The entries in the Register shall be conclusive absent manifest error, and the Borrower and the Lender shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Credit Agreement. No assignment shall be effective for purposes of this Credit Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Participations. (i) The Lender may sell, transfer, grant or assign participations in all or any part of its interests and obligations hereunder to one or more banks or other entities (each a "Participant"); provided that (i) the selling Lender shall remain the "Lender" for all purposes under this Credit Agreement (the selling Lender's obligations under the Credit Documents remaining unchanged) and the Participant shall not constitute a Lender hereunder, (ii) no such Participant shall have, or be granted, rights to approve any amendment or waiver relating to this Credit Agreement or the other Credit Documents except to the extent any such amendment or waiver would (A) reduce the principal of or rate of interest on or fees in respect of any Loan in which the Participant is participating, or (B) postpone the date fixed for any payment of principal (including extension of the Maturity Date or the date of any mandatory prepayment), interest or fees in which the Participant is participating and (iii) sub-participations by the Participant (except to an affiliate, parent company or affiliate of a parent company of the Participant) shall be prohibited. In the case of any such participation, except as contemplated in clause (ii) of the proviso of the first sentence of this Section, the Participant shall not have any rights under this Credit Agreement or the other Credit Documents (the Participant's rights against the selling Lender in respect of such participation to be those set forth in the participation agreement with the Lender creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest acquired pursuant to this Section 7.2(c) (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Credit Agreement notwithstanding any notice to the contrary.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Credit Agreement to secure obligations to a Federal Reserve Bank.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes in the form attached as Exhibit B hereto.

7.3 No Waiver; Remedies Cumulative.

No failure or delay on the part of the Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between or among the parties hereto shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have. No notice to or demand on any party hereto in any case shall entitle any such party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Lender to take any other or further action in any circumstances without notice or demand.

7.4 Payment of Expenses and Taxes.

The Borrower agrees (a) to pay or reimburse the Lender for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Credit Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Lender and filing and recording fees and expenses; provided, however, the Borrower shall only be liable for the fees and expenses of one counsel for the Lender, from time to time, in connection with the preparation, execution, delivery and administration of this Credit Agreement and the other Credit Documents, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Lender shall deem appropriate, (b) to pay or reimburse the Lender for all its reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Credit Agreement, the other Credit Documents and any such other documents, including the reasonable fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to the Lender, (c) to pay, indemnify, and hold the Lender harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Credit Agreement, the other Credit Documents and any such other documents other than any net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Lender as a result of the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Credit Agreement or any other Credit Document), and (d) to pay, indemnify, and hold the Lender and its officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Credit Agreement, the other

Credit Documents and any such other documents, including any of the foregoing relating to the use of proceeds of any Loan or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower or any of its Subsidiaries or any of their properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against the Borrower under any Credit Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery that arise as a result of such Indemnitee's status as a Lender, or an officer, director, employee, affiliate, agent or controlling person thereof, with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee, except to the extent that such claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 7.4 shall be payable not later than ten (10) days after written demand therefor, and such demand shall set forth in reasonable detail the basis for and calculation of any such amounts claimed as owing by the Borrower. Statements payable by the Borrower pursuant to this Section 7.4 shall be submitted to the Borrower at the address of the Borrower set forth in Section 7.1, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Lender. The agreements in this Section 7.4 shall survive repayment of the Loan and all other amounts payable hereunder and the termination of this Credit Agreement.

7.5 Amendments, Waivers and Consents.

Neither this Credit Agreement nor any other Credit Document nor any of the terms hereof or thereof may be amended, changed, waived, discharged or terminated unless such amendment, change, waiver, discharge or termination is in writing signed by the Lender and the Borrower. Any such waiver and any such amendment, supplement or modification shall be binding upon the Borrower and the Lender and all future holders of the Loans. In the case of any waiver, the Borrower and the Lender shall be restored to their former position and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver, except to the extent expressly provided therein, shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

7.6 Adjustments; Set-off.

If (i) an Event of Default has occurred and is continuing and (ii) the Lender has declared the Loans to be immediately due and payable pursuant to Section 6.2, or the Loans have become immediately due and payable without notice as otherwise provided herein, then the Lender or any of its Affiliates, is

hereby authorized by the Borrower at any time and from time to time, to the extent permitted by applicable law, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply all deposits (general or special, time or

demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender or any of its Affiliates, to or for the account of the Borrower against any obligations of the Borrower to the Lender now or hereafter existing under this Credit Agreement, regardless of whether any such deposit or other obligation is then due and payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether the Lender shall have made any demand for payment under this Credit Agreement. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender or any of its Affiliates; provided that any failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lender under this subsection are in addition to any other rights and remedies which it may have. For the avoidance of doubt, nothing in this Section shall impair the right of the Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness in respect of the Loans.

7.7 Counterparts.

This Credit Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Credit Agreement by facsimile or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Credit Agreement.

7.8 Headings.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Credit Agreement.

7.9 Survival of Indemnification.

All indemnities set forth herein, including, without limitation, in Sections 2.5, 2.7, 2.8 2.11 and 7.4 shall survive the execution and delivery of this Credit Agreement, and the making of the Loans, the repayment of the Loans and other obligations and the termination of the Commitments hereunder; provided, however, that payment of any such amounts shall be subject to the limitations, if any, regarding requirements for notice set out in such Sections.

7.10 Governing Law; Submission to Jurisdiction, Venue, Waiver of Jury Trial.

(a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES). ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE WHICH ARE LOCATED IN THE COUNTY OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS

AGREEMENT OR ANY OTHER CREDIT DOCUMENT, EACH OF HOLDINGS AND THE BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURTS LACK PERSONAL JURISDICTION OVER THE BORROWER, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN ANY OF THE AFOREMENTIONED COURTS, THAT SUCH COURTS LACK PERSONAL JURISDICTION OVER HOLDINGS OR THE BORROWER. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO HOLDINGS OR THE BORROWER AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. EACH OF HOLDINGS AND THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER CREDIT DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE LENDER OR THE HOLDER OF ANY NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST HOLDINGS OR THE BORROWER IN ANY OTHER JURISDICTION.

(b) THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

7.11 Confidentiality.

The Lender agrees to keep confidential all information provided to it by or on behalf of the Borrower pursuant to or in connection with this Credit Agreement and to use such information solely in connection with evaluating, administering, structuring and/or approving the credit facility contemplated

hereby; provided that nothing herein shall prevent the Lender from disclosing any such information (a) to the Lender or any affiliate thereof, solely for the purpose

of evaluating, administering, structuring and/or approving the credit facility contemplated hereby, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty (or any professional advisor to such counterparty) to any Swap Agreement with respect to this Credit Agreement, the Loans or the Commitments, or to any credit insurance provider in connection with insuring and/or approving the credit facility contemplated hereby, (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, solely for the purpose of evaluating, administering, structuring and/or approving the credit facility contemplated hereby, (d) upon the request or demand of any Governmental Authority having regulatory or oversight jurisdiction over the Lender, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law; provided that it agrees to use commercially reasonable efforts (to the extent practicable or legally permissible) to notify the Borrower reasonably in advance thereof to permit the Borrower the opportunity to contest such disclosure, (f) if requested or required to do so in connection with any litigation or similar proceeding; provided that it agrees to use commercially reasonable efforts (to the extent practicable or legally permissible) to notify the Borrower reasonably in advance thereof to permit the Borrower the opportunity to contest such disclosure, (g) that has been publicly disclosed other than as a result of a breach of this Section 7.11, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Credit Document.

7.12 **USA Patriot Act Notice.** The Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law on November 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act.

7.13 **Severability**.

Any provision of this Credit Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.14 **Entirety**.

This Credit Agreement and the other Credit Documents represent the entire agreement of the Borrower and the Lender with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

7.15 **Survival of Representations and Warranties**.

All representations and warranties made by the Borrower herein shall survive the execution of this Credit Agreement and the making of the Loans hereunder.

7.16 **Fiduciary Relationship**.

The Borrower, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower, its Subsidiaries and their Affiliates, on the one hand, and the Lender and its Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Lender or its Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

[*Remainder of Page Intentionally Left Blank and Signature Page Follows*]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

VIPSHOP INTERNATIONAL HOLDINGS LIMITED

as the Borrower

by /s/ Eric Ya Shen
Name: Eric Ya Shen
Title: CEO and Chairman

CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH
as the Lender

by /s/ Cynthia Fotheringham For Kevin Ding
Name: Cynthia Fotheringham
Title: Senior Credit Analyst

by /s/ Chengyue Jiao
Name: Chengyue Jiao
Title: General Manager

EXHIBIT A

FORM OF NOTICE OF BORROWING

China Merchants Bank Co., Ltd., New York Branch,
535 Madison Avenue, 18th Floor
New York, New York 10022
Attn: Kevin Ding

Ladies and Gentlemen:

The undersigned, **VIPSHOP INTERNATIONAL HOLDINGS LIMITED** (the "Borrower"), refers to the Credit Agreement dated as of February 21, 2014 (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), between the Borrower, China Merchants Bank Co., Ltd., New York Branch, as the Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives notice that it requests a Loan borrowing pursuant to the provisions of Section 2.1(b) of the Credit Agreement and in connection herewith sets forth below the terms on which such borrowing is requested to be made:

(A) Borrowing Date
(which shall be a Business Day)

(B) The proposed borrowing is a Term Loan.

(C) Principal Amount of
Borrowing

(D) Interest rate basis 3-Month LIBOR.

(E) Letter of Credit Number

(F) Wire Instructions:

(i) Bank Name:
(ii) Bank Address:
(iii) Bank Account Number:
(iv) Bank Account Name:
(v) Swift Code:

In accordance with the requirements of Section 3.1, the Borrower hereby reaffirms the representations and warranties set forth in the Credit Agreement as provided in such Section, and confirms that the condition referenced in such Section is satisfied as of the date hereof.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Borrowing Date:

(A) the representations and warranties contained in the Credit Agreement and in the other Credit Documents are and will be true and correct in all material respects, before and after giving effect to the borrowing being requested hereunder and to the application of the proceeds thereof, as though made on such date, unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date;

(B) no Default or Event of Default has occurred and is continuing, or would result from such borrowing being requested hereunder or from the application of the proceeds thereof; and

(C) the condition set forth in Section 3.2 of the Credit Agreement will be met on the date of the Borrowing Date and immediately after giving effect thereto.

Very truly yours,

VIPSHOP INTERNATIONAL HOLDINGS LIMITED

by _____
Name:
Title:

EXHIBIT B

FORM OF PROMISSORY NOTE

$150,000,000 New York, New York
February 21, 2014

FOR VALUE RECEIVED, **VIPSHOP INTERNATIONAL HOLDINGS LIMITED,** a Hong Kong corporation (the "Borrower"), hereby promises to pay to **CHINA MERCHANTS BANK CO., LTD, NEW YORK BRANCH** or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the Payment Office (as defined in the Credit Agreement referred to below) initially located at 535 Madison Avenue, 18th Floor, New York, New York 10022 on the Maturity Date (as defined in the Credit Agreement) the principal sum of ONE HUNDRED AND FIFTY MILLION DOLLARS ($150,000,000) or, if less, the unpaid principal amount of the Loans (as defined in the Credit Agreement) made by the Lender pursuant to the Credit Agreement, payable at such times and in such amounts as are specified in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount of each Loan made by the Lender in like money at said office from the date hereof until paid at the rates and at the times provided in Section 2.1 of the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, dated as of February 21, 2014, among the Borrower and China Merchants Bank Co., Ltd., New York Branch, as the Lender (as amended, restated, modified and/or supplemented from time to time, the "Credit Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Credit Agreement). As provided in the Credit Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Maturity Date, in whole or in part.

In case an Event of Default (as defined in the Credit Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

VIPSHOP INTERNATIONAL HOLDINGS LIMITED

By: _____

Name:
Title:

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between **CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH** (the "Assignor") and **[NAME OF ASSIGNEE]** (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims,

suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: China Merchants Bank Co., Ltd., New York Branch

2. Assignee: [NAME OF ASSIGNEE]

3. Borrower(s): VIPSHOP INTERNATIONAL HOLDINGS LIMITED

4. Credit Agreement: CREDIT AGREEMENT dated as of February 21, 2014 (as the same may be amended, restated or otherwise modified from time to time) between VIPSHOP INTERNATIONAL HOLDINGS LIMITED as the Borrower and China Merchants bank Co., Ltd. as the Lender.

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6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
Term Commitment/Loan	$ [·]	$ [·]	[·]%

Effective Date: , 20

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

CHINA MERCHANTS BANK CO., LTD., NEW YORK BRANCH

By: _____
Title:

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, and (iv) it has received a copy of the Credit Agreement, together with

copies of the most recent financial statements delivered pursuant to Section 5.2 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Lender; and (b) agrees that (i) it will, independently and without reliance on the Assignor, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Borrower shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT D

FORM OF COMPLIANCE CERTIFICATE

To: China Merchants Bank Co., Ltd., New York Branch (the “Lender”)

From: VIPSHOP INTERNATIONAL HOLDINGS LIMITED (the “Borrower”)

Dated: [·]

Dear Sirs

US$150,000,000 Credit Agreement
dated February 21, 2014 (as the same may be amended, restated or otherwise modified from time to time) (the “Agreement”) between the Borrower and the Lender

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2. We confirm that (i) no Default or Event of Default has occurred or is continuing; and (ii) there shall not have occurred, nor otherwise exist, an event or condition which has a Material Adverse Effect on the Borrower.

VIPSHOP INTERNATIONAL HOLDINGS LIMITED
as the Borrower

by _____
Name:
Title:

Exhibit 4.19

EXECUTION COPY

SHARE PURCHASE AND SUBSCRIPTION AGREEMENT

by and among

OVATION ENTERTAINMENT LIMITED

EACH OF THE PERSONS LISTED IN EXHIBIT A HERETO

MS. YUAN LI

and

VIPSHOP HOLDINGS LIMITED

February 21, 2014

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SHARE PURCHASE AND SUBSCRIPTION AGREEMENT

THIS SHARE PURCHASE AND SUBSCRIPTION AGREEMENT (this "Agreement") is made as of February 21, 2014, by and among **Vipshop Holdings Limited**, an exempted company incorporated in the Cayman Islands (the "Purchaser"), **Ovation Entertainment Limited**, an exempted company incorporated in the Cayman Islands (the "Company"), the Persons indicated on Exhibit A hereto (each a "Seller", and collectively, the "Sellers"), Ms. Yuan Li (the "Guarantor" and together with the Sellers, the "Seller Parties"). The Purchaser, the Company, the Sellers and the Guarantor are referred to herein collectively as the "Parties" and individually as a "Party." Capitalized terms used herein, but not defined herein, are defined in Article XI below.

WHEREAS, the authorized share capital of the Company consist of, immediately prior to the Closing, (i) 500,000,000 ordinary shares with a par value of $0.0001 each (the "Ordinary Shares"), of which 24,055,232 are issued and outstanding. The Ordinary Shares are collectively referred to as the "Company Shares."

WHEREAS, the Guarantor is the sole beneficial owner of the entire share capital of Chic Group Limited.

WHEREAS, upon the terms and subject to the conditions set forth herein, the Purchaser desires to acquire from each Seller and, and each Seller desires to sell to the Purchaser, the number of Company Shares set forth opposite such Seller's name on Exhibit A (the "Acquired Shares" of such Seller); and the Purchaser desires to subscribe for from the Company, and the Company desires to authorize, issue and allot to the Purchaser, 1,707,321 shares, with the rights and preferences as set forth in the Restated Articles (as defined below)] (the "Subscribed Shares").

NOW, THEREFORE, in consideration of the premises and of the mutual representations, warranties and covenants which are to be made and performed by the respective Parties, the receipt and sufficiency of which are hereby acknowledged, each of the Parties hereto, intending to be legally bound, hereby agrees as follows:

ARTICLE I

PURCHASE AND SUBSCRIPTION TRANSACTIONS

1.1 Purchase and Sale of Acquired and Subscribed Shares.

1.1.1 On the basis of the representations, warranties, covenants and other agreements contained herein and in the other Transaction Documents, and subject to the terms and conditions of this Agreement, at the Closing, the Purchaser shall purchase from each Seller, and each Seller shall sell, assign, transfer and convey to the Purchaser, free and clear of all Encumbrances, all of the Acquired Shares of such Seller for an aggregate consideration as set forth in Section 1.2.1.

1.1.2 On the basis of the representations, warranties, covenants and other agreements contained herein and in the other Transaction Documents, and subject to the terms and conditions of this Agreement, at the Closing, the Purchaser shall subscribe for and purchase from the Company, and the Company shall authorize, issue and allot to the Purchaser, free and clear of all Encumbrances, all of the Subscribed Shares for an aggregate consideration as set forth in Section 1.2.2.

1.2 Considerations for Acquired and Subscribed Shares.

1.2.1 The aggregate consideration to be paid by the Purchaser to each Seller for the Acquired Shares of such Seller pursuant to this Agreement shall consist of an aggregate amount in cash equal to $8.786 per share multiplied by the number of the Acquired Shares of such Seller (the "Acquisition Price" of such Seller).

1.2.2 The aggregate consideration to be paid by the Purchaser to the Company for the Subscribed Shares pursuant to this Agreement shall consist of an aggregate amount in cash equal to $15,000,522.306 (the "Subscription Price", together with the aggregate Acquisition Price of the Sellers, the "Total Purchase Price").

1.3 Closing.

1.3.1 The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Kirkland & Ellis, 26/F Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong, at 10:00 a.m., Hong Kong Time, on the date when all of the conditions to the Closing set forth in Article VII (other than those to be satisfied at the Closing) have been satisfied or waived in accordance with the terms herein, or at such other time or place as is mutually agreeable to the Parties. The date and time of the Closing are referred to herein as the "Closing Date."

1.3.2 On or prior to the date that is the tenth (10th) Business Day after the Closing Date (the "Payment Due Date"), the Purchaser shall pay to each Seller such Seller's Acquisition Price, and pay to the Company the Subscription Price, in each case by wire transfer of immediately available funds to a bank account designated before the Closing Date by such Seller or the Company (as the case may be), upon which each Seller and the Company shall deliver to the Purchaser a cross-receipt for such payment. If the Purchaser fails to pay any portion of such amount on or prior to the Payment Due Date, the Purchaser shall pay interest on the overdue sum from the Payment Due Date to the actual date of payment at a rate of 0.05% per day.

1.3.3 At the Closing, (i) each Seller will deliver to the Purchaser free and clear of Encumbrances, one or more certificates representing the Acquired Shares of such Seller, duly endorsed in blank or accompanied by share powers or other instruments of transfer duly executed in blank, and bearing or accompanied by all requisite share transfer stamps; and (ii) the Company will issue and allot to the Purchaser as fully paid up, non-assessable, free and clear of Encumbrances, the Subscribed Shares, and deliver to the Purchaser one or more certificates representing the Subscribed Shares and shall submit the Restated Articles for registration with the Registrar of Companies in the Cayman Islands.

1.4 Withholding. Notwithstanding any other provision in this Agreement, the Purchaser (and any other Person that has any withholding obligation with respect to any payment made pursuant to this Agreement) shall be entitled to deduct and withhold from the payments to be made pursuant to this Agreement an amount or amounts equal to any Taxes required to be deducted and withheld with respect to the making of such payments under any applicable provision of law. To the extent that amounts are so withheld and deducted pursuant to this Section 1.4, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by such Person in respect of which such deduction and withholding was made; provided that such Person withholding such amounts shall provide the Seller with relevant evidence on payment by such Person of the relevant Taxes.

ARTICLE II

REPRESENTATIONS AND WARRANTIES REGARDING THE SELLER PARTIES

As a material inducement to the Purchaser to enter into this Agreement and to purchase the Acquired Shares from the Sellers and the Subscribed Shares from the Company in accordance with the terms hereof, except as set forth in the disclosure schedule delivered by the Company to the Purchaser on the date hereof (the "Company Disclosure Schedule"), each Seller hereby represents and warrants severally but not jointly to the Purchaser (and, in the case of Chic Group Limited as a Seller, such Seller and the Guarantor represent and warrant jointly and severally to the Purchaser) as of the date hereof and as of Closing that:

2.1 Organization. Such Seller is validly existing and in good standing under the laws of its jurisdiction of incorporation. Such Seller has the corporate power and authority to carry on its business as it is now conducted and to own, lease and operate all of its properties and assets.

2.2 Authority. Such Seller (in the case of Chic Group Limited, each of the Seller and the Guarantor) has full power, authority and legal capacity to enter into this Agreement and the other agreements contemplated hereby to which such Seller or such Guarantor is a party and to perform his, her or its obligations hereunder and thereunder.

2.3 Execution and Delivery of Valid and Binding Agreements. This Agreement has been duly executed and delivered by such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor), and this Agreement constitutes, and the other agreements contemplated hereby to which such Seller or such Guarantor is a party, when executed and delivered by such Seller and such Guarantor in accordance with the terms thereof shall each constitute, a valid and binding obligation of such Seller and such Guarantor, enforceable in accordance with its terms, subject to the effect of bankruptcy, or other similar laws and to general principles of equity (whether considered in proceedings at law or in equity).

2.4 No Breach. The execution and delivery by such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) of this Agreement and the other agreements contemplated hereby to which such Seller or such Guarantor is a party, and the fulfillment of and compliance with the respective terms hereof and thereof by such Seller and such Guarantor, does not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon assets of such Seller or such Guarantor or Encumbrance upon the Company Shares pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any third party or any court or administrative or governmental body or agency pursuant to, (a) any law, statute, rule or regulation to which such Seller or such Guarantor is subject, (b) the memorandum and articles of association of such Seller, or (c) any agreement, instrument, order, judgment or decree to which such Seller or such Guarantor is subject.

2.5 Title to Acquired Shares. Such Seller is the record owner and beneficial owner of all the issued and outstanding Acquired Shares of such Seller. The Acquired Shares of such Seller were duly issued and fully paid up and non-assessable. On the Closing Date, such Seller will transfer to the Purchaser (in accordance with Section 1.3 hereof) good and marketable title to the Acquired Shares of such Seller free and clear of all Encumbrances. Except for the issued and outstanding Ordinary Shares indicated as held by the Sellers in Section 3.2.1 of the Company Disclosure Schedule and the registered capital held by the Guarantor in Beijing Commerce and Beijing Media, none of the Sellers and the Guarantor own or have direct or indirect interest in any other Share Capital of any Group Company or is a party to any option, warrant, right, contract, call, put or other agreement or commitment providing for the acquisition or disposition of any Share Capital of any Group Company

(other than this Agreement). None of the Sellers and the Guarantor is a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any Share Capital of any Group Company, except for the Control Documents and the Shareholders Agreement.

2.6 Litigation. There are no actions, suits, claims, proceedings, orders or investigations (including, without limitation, any condemnation, expropriation or similar proceedings) (collectively, "Legal Proceedings") pending or threatened against or affecting such Seller (in the case of Chic Group Limited, either such Seller or the Guarantor), at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could adversely affect the performance of such Seller or such Guarantor under this Agreement, the other agreements contemplated hereby to which such Seller or such Guarantor is a party or the consummation of the transactions contemplated hereby or thereby.

2.7 Compliance with Laws.

2.7.1 Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not violated any law, ordinance, code, rule or any governmental regulation or requirements relating to the operation of any Group Company's business or otherwise relating to the Company Shares (including applicable laws of the United States such as the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 et seq (the "FCPA")), and such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not received any notice of, and no claims have been filed, against such Seller Party alleging any such violation.

2.7.2 Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has completed all necessary filings or registrations, obtained all necessary approvals, or complied with any rules or regulations of the State Administration of Foreign Exchange ("SAFE") and

paid all Taxes required to be paid by such Seller Party and such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not received any notice of, and no claims have been filed, against such Seller Party alleging any such violation or failure to pay.

2.7.3 Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not taken any act that will cause the Purchaser (or its Affiliates, including after the Closing, the Company) to violate the FCPA or any applicable anti-corruption law. Without limiting the foregoing, Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not paid or authorized the payment of any money (or other property) or corporate fraud, or offered, given a promise to give, or authorized the giving of anything of value, to any government official or agent in any country, state, province, city, region or otherwise, to any political party or official thereof or to any candidate for political office for any unlawful contribution, gift, entertainment or other unlawful expenses relating to a political activity, or for the purpose, or with the effect, of (i) (A) influencing any act or decision of such government official, political party, party official, or candidate in his or its official capacity, (B) inducing such governmental official or agent, political party, party official or candidate to do or omit to do any act in violation of the lawful duty of such government official, political party, party official or candidate, or (C) securing any improper advantage, or (ii) inducing such government official or agent, political party, party official, or candidate to use his or its influence with any governmental authority to affect or influence any act or decision of such Governmental Authority, in order to assist such Person in obtaining or retaining business for or with, or directing business to such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor), the Group Companies or their respective Affiliates.

2.7.4 Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) is not currently a government official, officer, agent or employee of a non-U.S. government or government-owned enterprise (wholly or partially owned) or any agency, department or instrumentality thereof or political party or public international organization or a

candidate for non-U.S. government or political office or is an agent, officer, or employee of any entity owned by a non-U.S. government ("Non-U.S. Official").

2.7.5 Prior to and until the Closing Date, the Acquired Shares of such Seller were held by such Seller for its own account, not as a nominee or agent.

2.7.6 Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) has not, whether on its behalf or on behalf of any Group Company, at any time made any payments for political contributions or made any bribes, kickback payments or other illegal payments.

2.8 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement or any of the other agreements contemplated hereby based on any arrangement or agreement to which such Seller (in the case of Chic Group Limited, either such Seller or the Guarantor) is a party or to which such Seller Party is subject. Such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) shall pay, and hold the Company and the Purchaser harmless against, any liability, loss or expense (including reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

ARTICLE III

REPRESENTATIONS AND WARRANTIES REGARDING THE GROUP COMPANIES

As a material inducement to the Purchaser to enter into this Agreement and to purchase the Acquired Shares from the Sellers and the Subscribed Shares from the Company in accordance with the terms hereof, except as set forth in the Company Disclosure Schedule, the Company hereby represents and warrants to the Purchaser as of the date hereof and as of the Closing that:

3.1 Organization and Corporate Power.

3.1.1 Section 3.1.1 of the Company Disclosure Schedule contains (i) a complete and accurate list of each Person in which any Group Company owns or holds the right to acquire any Share Capital, and (ii) a complete and accurate list for each Group Company of its name, its jurisdiction of incorporation or organization and its capitalization (including the identity of each shareholder or equity holder and the number of shares or other equity interests held by each such shareholder or equity holder).

3.1.2 The Company is an exempted company duly organized, validly existing and in good standing under the laws of the Cayman Islands. Each Group Company is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation set forth on Section 3.1.1 of the Company Disclosure Schedule. Each Group Company has full corporate power and authority to conduct its businesses as it is now being conducted, to own or use its properties and assets that each purports to own or use and to perform its obligations under the contracts to which each is a party. Each Group Company is duly qualified to do business as an organization, and is in good standing, under the laws of each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

3.1.3 The Company has delivered to the Purchaser correct and complete copies of the certificates of incorporation, the memorandum and articles of association (or analogous governing documents), business licenses, certificates of approval (as applicable) of each Group Company, which documents reflect all amendments made thereto at any time before the date hereof. Such documents are in full force and effect and will remain in full force and effect following the transactions contemplated by this Agreement, except as amended by the

Restated Articles. Correct and complete copies of the minute books containing the records of meetings of the shareholders and boards of directors (or analogous parties), the share certificate books and the share record books (or equivalent documents) of each Group Company have been furnished to the Purchaser. No Group Company is in default under or in violation of any provision of its memorandum or articles of association (or analogous governing documents) in any material respect.

3.2 Share Capital and Related Matters.

3.2.1 Section 3.2.1 of the Company Disclosure Schedule sets forth the authorized Share Capital of each Group Company, the name of each Person holding any such Share Capital (including any options, warrants or other rights to purchase any equity securities or Share Capital, but excluding options granted under the Company's existing share incentive plan(s)) and any securities convertible or exchangeable into any equity securities or Share Capital of any Group Company and the amount and type of such securities held by such Persons as of the date hereof. The Company has delivered to the Purchaser a true, accurate and complete list of outstanding options issued under the Company's existing share incentive plan(s), including the name of each person holding such options, the number of underlying shares of such options, and the exercise price and vesting periods thereof. When issued at the Closing, the Subscribed Shares will be duly issued and fully paid up and non-assessable. Immediately after the Closing, the Acquired Shares and Subscribed Shares will be held beneficially and of record by the Purchaser free and clear of all Encumbrances. Except as contemplated under the Control Documents, no Group Company has outstanding any shares or securities convertible or exchangeable for any Share Capital or other ownership interest or containing any profit participation features, nor does any Group Company have outstanding any rights or options to subscribe for or to purchase its Share Capital or other ownership interest or any shares or securities convertible into or exchangeable for its Share Capital or other ownership interest or any share appreciation rights or phantom share plans. No Group Company is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Share Capital or other ownership interest or any warrants, options or other rights to acquire its Share Capital.

3.2.2 There are no statutory or contractual preemptive rights, rights of first refusal or similar rights or restrictions with respect to the offer, sale or issuance of any Acquired Shares or Subscribed Shares hereunder. The Company has not violated any applicable securities or other laws in connection with the offer, sale or issuance of any of its Share Capital, and the offer and sale of the Acquired Shares and the issuance and sale of the Subscribed Shares hereunder do not require any registration or any other filing under any applicable securities or other laws. There are no agreements between the shareholders of the Company with respect to the voting or transfer of the Company's Share Capital or with respect to any other aspect of the Company's affairs.

3.2.3 Neither any Group Company nor any Affiliate, representative, officer, employee, director or agent of any Group Company is a party to or is bound by any agreement (other than this Agreement) with respect to any Acquisition Proposal.

3.2.4 No Person who holds any Share Capital (including options, warrants, convertible securities or otherwise) in the Company has or shall have the right, and neither the Purchaser nor any Group Company has or shall have the obligation, to convert or otherwise transfer such Share Capital in the Company into Share Capital of any Group Company or Affiliates (including, after the Closing, the Purchaser) as a result of the transactions contemplated by this Agreement.

3.2.5 All Share Capital (whether registered or otherwise) of each Group Company has been fully paid in accordance with the terms of the applicable investment

documents, the articles of association (or equivalent documents) of each such Group Company and applicable law (including, if applicable, PRC law), as evidenced by true and complete copies of capital verification reports or other equivalent documents certifying to such effect issued by a certified accountant and by the accounting firm employing such accountant.

3.3 Indebtedness. No Group Company has any Indebtedness.

3.4 No Breach; Authorization; Execution & Enforceability.

3.4.1 The execution and delivery by the Company of this Agreement and any other Transaction Documents to which it is a party, and the fulfillment of and compliance with the respective terms thereof by the Company do not and will not, (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon the assets of the Company or Encumbrance upon the Company's Share Capital (including any of the Company Shares) pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) require any permit, authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency pursuant to, (a) any law, statute, rule or regulation to which any Group Company is subject, (b) the memorandum and articles of association of the Company, or (c) any instrument, contract, lease, license, order, judgment, decree or other agreement to which any Group Company is subject.

3.4.2 Each Group Company possesses full power and authority to execute and deliver each Transaction Document to which it is a party and any and all instruments necessary or appropriate in order to fully effectuate the terms and conditions of each such Transaction Document and to perform and consummate the transactions contemplated hereby and thereby.

3.4.3 Each Group Company's execution, delivery and performance of each Transaction Document to which it is a party has been duly and validly authorized by all necessary action on the part of such Group Company and such Group Company's stockholders. Each Transaction Document to which a Group Company is a party has been duly and validly executed and delivered by such Group Company and constitutes, or upon its execution and delivery will constitute, a valid and legally binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.4.4 There are no Legal Proceedings pending or threatened against or affecting any Group Company, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could adversely affect the performance of the Company under this Agreement, the other agreements contemplated hereby to which any Group Company is a party or the consummation of the transactions contemplated hereby or thereby.

3.4.5 None of the Seller Parties is a party to or bound by any agreement with respect to any Acquisition Proposal (other than this Agreement) and each of the Seller Parties has terminated all discussions with any third party (other than the Purchaser), if any, regarding any Acquisition Proposal.

3.5 Management Accounts.

The Company has delivered to the Purchaser the unaudited consolidated balance sheets as of, and the unaudited statements of income and cash flows of the Group Companies for the

twelve months ended, December 31, 2013 (the "Management Accounts"). The Management Accounts have been prepared in accordance with PRC GAAP, applied on a consistent basis, and shows a true and fair view of the state of affairs, assets and liabilities, financial position and profit or loss of the Group Companies as of December 31, 2013 and for the periods covered thereby and are not affected by any unusual or non-recurring items not covered therein. Each Group Company maintains and, for all periods covered by the Management Accounts, has maintained (i) books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of such Group Company and (ii) a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with PRC GAAP.

3.6 Absence of Undisclosed Liabilities.

No Group Company has any obligation or liability (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to the Company, whether due or to become due and regardless of when asserted) arising out of transactions entered into at or prior to the date hereof (including without limitation any indemnification obligation or liability arising out of transactions entered into at or prior to the date hereof in connection with the disposal of any assets or shares in any Subsidiary), or any action or inaction at or prior to the date hereof, or any state of facts existing at or prior to the date hereof (including any oral agreements), other than: (i) liabilities incurred in the Ordinary Course, and (ii) liabilities set forth in the Management Accounts.

3.7 Products and Services Warranty.

All products and services licensed, sold or delivered by the Group Companies have been in conformity in all material respects with all applicable contractual commitments and all express and implied warranties, and no Group Company has any liability (or has received written notice of any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against it giving rise to any such liability) for replacement thereof or other damages in connection therewith, other than replacements or damages in the Ordinary Course. No products licensed, sold or delivered and no services rendered by any Group Company are subject to any guarantee, warranty or other indemnity beyond the applicable industry standard terms and conditions of such sale or service.

3.8 No Material Adverse Effect.

Since the Latest Balance Sheet Date, there has occurred no fact, event or circumstance which has had, or could reasonably be expected to have, a Material Adverse Effect, and each of the Group Companies has conducted its business only in the Ordinary Course.

3.9 Absence of Certain Developments.

3.9.1 Except as expressly contemplated by this Agreement, since the Latest Balance Sheet Date, no Group Company has:

(a) issued or otherwise sold any notes, bonds or other debt securities or any Share Capital or other equity securities or any securities convertible, exchangeable or exercisable into any Share Capital or other equity securities;

(b) borrowed any amount or incurred or become subject to any Indebtedness or other liabilities, except current liabilities incurred in the Ordinary Course and liabilities under contracts entered into in the Ordinary Course;

(c) discharged or satisfied any Lien or paid any obligation or liability, other than current liabilities paid in the Ordinary Course;

(d) declared, set aside or made any dividend, payment or distribution of Cash or other property to any of the holders of its Share Capital with respect to such share or purchased, redeemed or otherwise acquired, directly or indirectly, any Share Capital or any outstanding rights or securities exercisable or exchangeable for or convertible into its Share Capital or other equity securities (including, without limitation, any warrants, options or other rights to acquire its Share Capital);

(e) mortgaged or pledged any of its properties or assets or subjected them to any Encumbrances;

(f) sold, assigned, leased, licensed or transferred any of its tangible assets, except in the Ordinary Course, or canceled any debts or claims in aggregate exceeding $100,000;

(g) sold, assigned, leased, licensed, transferred or otherwise encumbered any Intellectual Property Rights or other intangible assets other than in the Ordinary Course, or disclosed any material proprietary confidential information to any Person, or abandoned or permitted to lapse any Intellectual Property Rights or other intangible asset;

(h) delayed or postponed the payment, or modified the payment terms, of any accounts or commissions payable or any other liability or obligations or agreed or negotiated with any party to extend the payment date of any accounts or commissions payable or accelerated the collection of any notes, accounts or commissions receivable other than in the Ordinary Course;

(i) made capital expenditures in an amount materially less than the budgeted amount of capital expenditures for such period or made capital expenditures or commitments for capital expenditures that aggregate in excess of $100,000;

(j) made any charitable contributions or pledges;

(k) suffered any damage, destruction or loss or waived any rights of material value, whether or not in the Ordinary Course, exceeding in the aggregate $100,000 (whether or not covered by insurance);

(l) made any loans or lending to, Investment in, or guarantees for the benefit of, any Person or taken steps to incorporate any Subsidiary;

(m) made any change in any method of accounting or accounting policies, other than those required by US GAAP or PRC GAAP and disclosed in writing to the Purchaser;

(n) except as contemplated under the Restructuring, entered into any employment contract (written or oral) or changed the employment terms for any director, officer or senior manager or made or granted any bonus (including any one-time bonus) or any wage, salary or compensation increase to any director, officer or senior manager, or made or granted any increase in any employee benefit plan or arrangement, or amended or terminated any existing employee benefit plan, incentive arrangement or other benefit covering any of the employees of any Group Company or adopted any new employee benefit plan, incentive arrangement or other benefit covering any of the employees of any Group Company;

(o) entered into any contract, agreement or arrangement outside of the Ordinary Course;

(p) amended its memorandum and articles of association or other organizational documents;

(q) made or changed any Tax election, changed any annual accounting period, adopted or changed any accounting method, filed any amended Tax Return, entered into any agreement with any taxing authority, settled any Tax claim or assessment relating to any Group Company, surrendered any right to claim a refund of Taxes, consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any Group Company, or took any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of any Group Company for any period ending after the Closing Date or decreasing any Tax attribute of any Group Company existing on the Closing Date;

(r) (i) entered into any transaction other than the transactions contemplated under the Transaction Documents or in the Ordinary Course, or (ii) materially changed any business practice;

(s) suffered any material adverse change in its business, customers or customer relations, suppliers or supplier relations;

(t) organized any new Subsidiary or branch, or acquired any Share Capital, shares or equity interests in the business, of any other company

(u) adopted a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, or other reorganization; or

(v) agreed, resolved or otherwise committed, whether orally or in writing, to do any of the foregoing.

3.10 Assets.

Each Group Company has good and marketable title to, or a valid leasehold interest in, or a valid license to use, the properties and assets, tangible or intangible, used by any Group Company free and clear of all Encumbrances, except for inventory disposed of in the Ordinary Course since the Latest Balance Sheet Date and except for Permitted Liens. All of the equipment and other tangible assets (whether owned or leased) of any Group Company are in good condition and are fit for use in the Ordinary Course. As of the Closing, each Group Company shall own, or have a valid leasehold interest in, or a valid license to use, all the assets and rights necessary for the conduct of the Company's and each Group Company's respective businesses as presently conducted.

3.11 Real Property.

3.11.1 Leased Properties. Section 3.11.1 of the Company Disclosure Schedule sets forth a list of all of the leases, licenses and subleases of real property to which any Group Company is a party to or bound by (each a "Lease" and, collectively, the "Leases") and each leased, licensed and subleased parcel of real property in which any Group Company has a leasehold or subleasehold interest (the "Leased Real Property"). Each Group Company holds a valid and existing leasehold or subleasehold interest under each of the Leases. With respect to each Lease listed on Section 3.11.1 of the Company Disclosure Schedule: (a) there are no disputes, oral agreements or forbearance programs in effect as to such Lease and no Group Company has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in such Lease; (b) the Lease is legal, valid, binding, enforceable and in full force and effect and will continue to be so on substantially identical terms immediately following the Closing; (c) neither any Group Company nor any other party to any Lease is in breach or default, and no event has occurred which, with notice or lapse of time or both, would constitute a breach or default or permit termination, modification or acceleration under the Lease or sublease; (d) such Lease has not been amended or modified in any respect; (e) neither any Group Company nor any Seller has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered

any interest in the leasehold, license agreement or subleasehold; (f) all buildings, improvements and other property leased, licensed or subleased thereunder are supplied with utilities and other services necessary for the operation thereof (including gas, electricity, water, telephone, sanitary and storm sewer, and access to public roads); (g) if required by applicable law or regulation, all of Leases required to be set forth on Section 3.11.1 of the Company Disclosure Schedule have been registered with the competent lease registration authority in the jurisdiction in which such Leases are entered

into in accordance with applicable laws and regulations and (h) the transactions contemplated by this Agreement will not require the consent of any landlord, licensor or sublandlord or the Company will provide such consent prior to the Closing.

3.11.2 Owned Real Property. Section 3.11.2 of the Company Disclosure Schedule sets forth a complete and correct legal description of each parcel of real property in which any Group Company holds legal or equitable title (the "Owned Real Property"). The Company and another Group Company, as the case may be, hold good and marketable fee simple title to the Owned Real Property free and clear of any Encumbrances other than Permitted Liens. The Owned Real Property and the Leased Real Property (collectively, the "Real Property") constitutes all of the real property owned, leased, occupied or otherwise utilized by the Group. No activity of any Group Member on the Real Property encroaches upon the property of any Person or easements or rights-of-way in favor of any Person in any material respect. No Group Member has received written notice of any pending or contemplated condemnation or eminent domain proceeding affecting the Real Property and, to the knowledge of the Company, no such condemnation or eminent domain proceedings are threatened.

3.11.3 Current Use. There is no known violation of any covenant, condition, restriction, easement, agreement or order of any governmental authority having jurisdiction over any Real Property that affects such real property or the use or occupancy thereof. No damage or destruction has occurred with respect to any of the Real Property that, individually or in the aggregate, has had or resulted in, or will have or result in, a significant adverse effect on the operation of the business of any Group Company. No current use by any Group Company of any Real Property is dependent on a nonconforming use or other approval from a governmental authority, the absence of which would limit the use of any of the properties or assets in the operation of any Group Company's business.

3.11.4 Condition and Operation of Improvements. To the knowledge of the Company, all buildings and all components of all buildings, structures and other improvements included within the Real Property (the "Improvements") are in good condition and repair and are adequate to operate such facilities as currently used. All utilities and other similar systems serving the Real Property are installed and operating and are sufficient to enable the Real Property to continue to be used and operated in the manner currently being used and operated.

3.12 Tax Matters.

3.12.1 Each Group Company has filed or caused to be filed on a timely basis all Tax Returns required to be filed by or with respect to such Group Company, and all such Tax Returns have been prepared in compliance with all applicable laws and regulations and are true and accurate in all material respects. No reporting position was taken on any such Tax Return which has not been disclosed to the appropriate Tax authority or in such Tax Return, as may be required by law. All records relating to such Tax Returns or to the preparation thereof required by applicable laws to be maintained by each Group Company have been duly maintained. All Taxes due and payable by any Group Company have been timely paid in full (whether or not such Taxes are shown or required to be shown on a Tax Return) and each Group Company has duly and timely withheld and fully paid over to the appropriate taxing authority all Taxes which it was required to withhold in connection with any amounts paid or owed to any employee, independent contractor, shareholder, creditor or other third party. No Group Company is currently the beneficiary of any extension of time within which to file any Tax Return. No claim

has ever been made by an authority in a jurisdiction where any Group Company does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of any Group Company.

3.12.2 No PRC (including any subdivision, municipality, province or locality of the PRC), U.S. federal, state, local, or other non-U.S. Tax audits or administrative or judicial Tax Proceedings are pending or being conducted with respect to any of the Group Company. No Group Company has received from any PRC (including any subdivision, municipality, province or locality of the PRC), U.S. federal, state, local, or non-U.S. taxation authority (including jurisdictions where the Group Companies have not filed Tax Returns) any (i) written notice indicating an intent to open an audit or other review or Proceeding, (ii) request for information related to Tax matters or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Taxing authority against any Group Company.

3.12.3 No Group Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

3.12.4 No Group Company is a party to or bound by any Tax allocation or sharing agreement. No Group Company (i) has been a member of an Affiliated Group filing a consolidated Tax Return, or (ii) has any liability for the Taxes of any Person (other than any Group Company) as a result of any Group Company being part of or owned by, or ceasing to be party of or owned by, any affiliated, combined, consolidated, unitary or other similar group prior to the Closing, as a transferee or successor, by contract or otherwise.

3.12.5 The unpaid Taxes of any Group Company (i) did not, as of the Latest Balance Sheet Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth in the Management Accounts, and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of such Company in filing its Tax Returns. Since the Latest Balance Sheet Date, no Group Company has incurred any liability for Taxes arising from any transactions outside of the Ordinary Course.

3.12.6 No Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) agreement with any taxing authority executed on or prior to the Closing Date, (iii) installment sale or open transaction disposition made on or prior to the Closing Date, or (iv) prepaid amount received on or prior to the Closing Date.

3.12.7 No Group Company is resident for Tax purposes or has a branch, permanent establishment, agency of other taxable presence in any jurisdiction other than its jurisdiction of organization.

3.12.8 The prices and terms for the provision of any property or services undertaken by the Group Companies are arm's length for purposes of the relevant transfer pricing laws, and all related material documentation required by such laws has been timely prepared or obtained and, if necessary, retained.

3.12.9 The Group Companies have complied with all statutory provisions, rules, regulations, orders and directions in respect of any value added or similar Tax on consumption, has promptly submitted accurate returns, maintains full and accurate records, and has never been subject to any interest, forfeiture, surcharge or penalty and is not a member of a group or consolidation with any other company for the purposes of value added Taxation.

3.12.10 No Group Company has granted any power of attorney with respect to any matters related to Taxes that is currently in force.

3.12.11 Section 3.12.11 of the Company Disclosure Schedule contains details of any concession, agreements (including agreements for the deferred payment of any Tax liability) or other formal or informal arrangement with any taxation authority relating to the Group Companies.

3.12.12 All Tax credits (including without limitation Tax refunds and rebates) and Tax holidays enjoyed by any Group Companies established under the laws of the PRC under applicable laws since its establishment have been in compliance with all applicable laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable laws published by relevant Governmental Authority. Neither any Seller Party nor any Group Company has received any notice in relation to or is aware of any event that may result in repeal, cancellation, revocation, or return of any such Tax credits or Tax holidays.

3.12.13 No Group Company has been a party to or otherwise knowingly involved in any transaction or series of transactions which, or any part of which, is intended to avoid, or unlawfully reduce or delay any Tax, including but not limited to using or presenting any invalid, untrue or false invoices or receipts to claim for deduction of business expenses for Tax purposes.

3.12.14 The Purchaser and its Affiliates will not be required to include in taxable income under Code Section 951 for any taxable period (or portion thereof) ending after the Closing Date a material amount of income arising from transactions or events occurring in a taxable period (or portion thereof) ending on or prior to the Closing Date.

3.12.15 Section 3.12.15 of the Company Disclosure Schedule correctly sets forth each entity classification election that has been made pursuant to Section 301.7701-3 of the U.S. Treasury Regulations with respect to the Group Companies, and with respect to each such election, the effective date thereof, the classification elected pursuant thereto, and whether such election was effective on such entity's date of formation.

3.12.16 The Company (i) is classified as a corporation for U.S. federal income Tax purposes, (ii) has been so classified since the date of its inception, and (iii) has not taken any actions or filed any elections inconsistent with such classification.

3.12.17 No Group Company is or ever has been a "passive foreign investment company" within the meaning of Code Section 1297(a) or a "controlled foreign corporation" within the meaning of Code Section 957(a). No Group Company holds, or at any time has held, a "United States real property interest" within the meaning of Code Section 897(c)(1). No Group Company has, or at any time has had, an investment in "United States property" within the meaning of Code Section 956(b). No Group Company is, or any time has been, engaged in the conduct of a trade or business within the United States within the meaning of Code Section 864(b), 882(a) or 887(b).

3.13 Contracts and Commitments.

3.13.1 Except as expressly contemplated by this Agreement, no Group Company is a party to or bound by any of the following written or oral Contracts (the "Material Contracts") other than the Material Contracts listed in Section 3.13.1 of the Company Disclosure Schedule and the Restructuring Contracts:

(a) any Contract involving payment obligations (contingent or otherwise) in excess of, RMB1,000,000 individually or in the aggregate per annum;

(b) any Contract relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Share Capital;

(c) any Contract requiring the consent of any party thereto upon a change in control of any Group Company, containing any provision which could result in a modification of any rights or obligations of any party thereunder upon a change in control of any Group Company or which would provide any party any remedy (including rescission or liquidated damages) in the event of a change in control of any Group Company;

(d) any Contract involving the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a material business (other than in the Ordinary Course) with a contract value in excess of RMB1 million;

(e) any Contract involving the waiver, compromise, or settlement of any material Legal Proceeding;

(f) any Contract involving the ownership or lease of, title to, use of, or any leasehold or other interest in any real property;

(g) any Contract under which such Group Company is obligated or will become obligated to make any severance payment or bonus compensation payment by reason of this Agreement or the consummation of the transactions contemplated hereunder;

(h) any Contract under which such Group Company has advanced or loaned monies to any other Person or otherwise agreed to advance, loan or invest any funds other than any disbursement in the Ordinary Course;

(i) any Contract for Indebtedness, pledging or otherwise placing of a Lien on any asset or group of assets of the Group or any material letter of credit arrangements;

(j) any Contract for the license of any Intellectual Property Rights of any Group Company other than in the Ordinary Course;

(k) any Contract pursuant to which such Group Company has granted a power of attorney, agency or similar authority to a third party other than in the Ordinary Course;

(l) any Contract prohibiting such Group Company from freely engaging in any business or competing anywhere in the world;

(m) any Contract involving the establishment, contribution to, or operation of a partnership, joint venture, franchise or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person;

(n) any Contract with a Governmental Entity;

(o) Contract involving any Affiliate Transactions; or

(p) Contract which contains restrictions with respect to payment of dividends or any other distribution in respect of its Share Capital, partnership interests or membership interests.]

3.13.2 Section 3.13.1 of the Company Disclosure Schedule contains a true and complete list of all the Material Contracts. All of the Material Contracts set forth on Section

3.13.1 of the Company Disclosure Schedule are valid, binding and enforceable in accordance with their respective terms and shall be in full force and effect without penalty in accordance with their terms upon consummation of the transactions contemplated hereby. Each Group Company has performed all obligations required to be performed by it under such Contracts and is not in material default under or in material breach of, nor in receipt of any claim of default or breach under, any Contract to which such Group Company is subject; no event has occurred which it is foreseeable with the passage of time or the giving of notice or both could result in a default, breach or event of noncompliance by any Group Company under any contract, agreement or instrument to which any Group Company is subject; no Group Company has a present expectation or intention of not fully performing all such obligations on a timely basis; no Seller Party has any knowledge of any breach or anticipated breach by the other parties to any contract, agreement, instrument or commitment to which any Group Company is a party; and no Group Company is a party to any contract or commitment that might reasonably be expected to have a Material Adverse Effect.

3.13.3 The Purchaser has been supplied with or provided access to a true and correct copy of each of the written Material Contracts set forth on Section 3.13.1 of the Company Disclosure Schedule, together with all amendments, waivers or other changes thereto.

3.14 Intellectual Property Rights and IT Infrastructure.

3.14.1 Section 3.14.1 of the Company Disclosure Schedule contains a true, complete and correct list of all of the following that are owned by the Group Companies: (i) patented or registered Intellectual Property Rights, (ii) pending patent applications and applications for registration of other Intellectual Property Rights, (iii) computer software material to the conduct of the business of the Group Companies (other than licenses for commercially available, off-the-shelf software with a replacement cost and/or annual license fee of less than $150,000), (iv) trade or corporate names and Internet domain names, and (v) material unregistered trademarks and service marks.

3.14.2 The Group Companies own all right, title and interest in and to, or have the right to use pursuant to a valid and enforceable license set forth on Section 3.14.1 of the Company Disclosure Schedule, free and clear of all Liens, all Intellectual Property Rights used in or held for use or necessary to operate the business of any Group Company as currently conducted and as currently proposed to be conducted. The registered Company Intellectual Property Rights owned by the Group Companies are valid, enforceable and subsisting, and no loss, other than by expiration of patents at the end of their respective statutory terms, of any of the Company Intellectual Property Rights is threatened or pending. All of the licenses set forth on Section 3.14.1 of the Company Disclosure Schedule are in full force and effect and no default exists on the part of any Group Company or, to the knowledge of the Company, on the part of any other parties thereto. All commercially reasonable, customary or necessary action, including the payment of all fees and taxes (to the extent applicable), have been taken to maintain and protect the Intellectual Property Rights.

3.14.3 (i) There are no claims against any Group Company that were either made within the past five years or are presently pending contesting the validity, use, enforceability, ownership or registrability of any of the Company Intellectual Property Rights owned by any Group Company, and to the knowledge of the Company, there is no reasonable basis for any such claim, (ii) no Group Company has infringed, misappropriated or otherwise conflicted with, and the operation of the business of any Group Company as currently conducted does not infringe, misappropriate or otherwise conflict with, any Intellectual Property Rights of any other Persons and no Group Company has any knowledge of any facts or circumstances that indicate a likelihood of the foregoing, (iii) no Group Company or Seller Party has received any notices (including cease-and-desist letters or offers to license) alleging infringement or misappropriation of, or other conflict with, any Intellectual Property Rights of any other Person,

except to the extent Losses arising from any such infringement, misappropriation or conflicts are indemnified by Section 5.2.1(b)(iv) to the knowledge of the Company, no other Person is infringing, misappropriating or otherwise conflicting with any of the Company Intellectual Property Rights. The transactions contemplated by this Agreement will not impair the right, title or interest of any Group Company in and to the Company Intellectual Property Rights and the Company Systems, and all of the Company Intellectual Property Rights and the Company Systems will be owned or available for use by the Group Companies immediately after the Closing on terms and conditions identical to those under which the Group Companies owned or used the Company Intellectual Property Rights and the Company Systems immediately prior to the Closing. To the knowledge of Company, no current or former employee, consultant, director or officer of any Group Company has disclosed to any Third Party or otherwise used any confidential

information of such Group Company except in the course of their employment or engagement with such Group Company and at the direction of such Group Company.

3.14.4 The Group Companies own all right, title and interest in and to the Intellectual Property Rights authored, developed or otherwise created by each current and former employee, consultant, director and officer of the Group Companies, without any restrictions or obligations owed to such employee, consultant or officer with respect to such Group Company's use or ownership of such Intellectual Property Rights. Without limiting the generality of the foregoing sentence, all author's and moral rights in any such Intellectual Property Rights have been waived.

3.14.5 The Group Companies are in compliance with (i) all applicable data protection or privacy laws governing the collection or use of personal information and (ii) any privacy policies or related policies, programs or other notices that concern any Group Company's collection or use of personal information.

3.15 Government Licenses and Permits.

All permits, licenses, franchises, certificates (excluding good standing certificates), approvals, registrations, accreditations and other authorizations of domestic and foreign governments or agencies or other similar rights owned, possessed or used by the Group Companies in the conduct of their business and the ownership of their properties (collectively, the "Licenses") are in full force and effect and contain no materially burdensome restrictions or conditions and will remain in full force and effect without such restrictions or conditions following the consummation of the transactions contemplated by this Agreement. The Licenses constitute all permits, licenses, franchises, certificates, approvals, registrations, accreditations and other authorizations necessary for the conduct of the business of the Group Companies. To the knowledge of the Company, no regulatory body is considering modifying, suspending or revoking any of the Licenses. Each Group Company is in compliance with the terms and conditions of the Licenses in all material respects and has received no notices that it is in violation of any of the terms or conditions of such Licenses or alleging the failure to hold or obtain any permit, license, franchise, certificate, approval or authorization. Each Group Company has taken all necessary action to maintain valid such Licenses. No loss, termination, expiration or revocation of any License is pending or to the knowledge of the Company, threatened, other than expiration in accordance with the terms thereof and all of such Licenses shall be owned or available for use by the any Group Company on substantially identical terms immediately following the Closing.

3.16 Litigation, etc.

There are no Legal Proceedings pending or threatened against or affecting any Group Company or any assets any Group Company (or pending or threatened against or affecting any of the officers, directors, members, partners, managers or employees of any Group Company with respect to his, her or its business or proposed business activities), or pending or threatened by any Group Company against any third party, at law or in equity, or before or by any governmental department,

commission, board, bureau, agency or instrumentality (including, without limitation, any actions, suits, proceedings or investigations with respect to the transactions contemplated by this Agreement); no Group Company is subject to any arbitration proceedings under collective bargaining agreements or otherwise or any governmental investigations or inquiries; and there is no basis for any of the foregoing. The foregoing includes, without limitation, actions pending or threatened involving the prior employment of any employee of any Group Company, the Group Companies' use in connection with their respective businesses of any information or techniques allegedly proprietary to any such employee's former employers or such employee's obligations under any agreements with former employers. The Group Companies are fully insured with respect to each of the matters set forth on Section 3.16 of the Company Disclosure Schedule. No Group Company or its assets are subject to any judgment, order or decree of any court or other governmental agency, and neither any Group Company nor any Seller Party has received any opinion or memorandum or legal advice from legal counsel to the effect that the any Group Company is exposed, from a legal standpoint, to any liability which may be material to any business of such Group Company.

3.17 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon any Group Companies.

3.18 Insurance.

Section 3.18 of the Company Disclosure Schedule contains a description of all insurance policies maintained by any Group Company with respect to its properties, assets or business. Each such insurance policy (i) is legal, valid, binding and enforceable and in full force and effect and (ii) will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated by this Agreement. No Group Company is in default with respect to its obligations under any insurance policy maintained by it and has not been denied insurance coverage. Section 3.18 of the Company Disclosure Schedule also sets forth a list of all claims, if any, made by any Group Company during the past three years against an insurer in respect of coverage under an insurance policy and there have been neither denials of claims nor reservation of rights letters with regard to such claims. No Group Company has any self-insurance or co-insurance programs, and the reserves set forth in the Management Accounts are adequate to cover all of the Group Companies' anticipated liabilities with respect to any such self-insurance or co-insurance programs.

3.19 Employees.

3.19.1 Section 3.19.1 of the Company Disclosure Schedule sets forth a true, complete and correct list of all key employees employed by any Group Company (the "Key Employees") and their positions.

3.19.2 To the knowledge of the Company, neither any executive nor any key Employee or any group of Employees has any plans to terminate his or her employment with such Group Company.

3.19.3 Each Group Company has complied in all material respects with all laws relating to the employment of labor (including, without limitation, provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social welfare benefits and the payment or withholding of payroll or similar taxes for employees, or any other applicable law or regulation concerning the employees of any Group Company); no Group Company has failed to contribute or make payment to pension insurance, occupational injury insurance, medical insurance,

maternity insurance, unemployment insurance, the social insurance premiums, housing funds or other statutory welfare funds for the benefit of each of its employees

in full and on time as required by applicable law; and neither any Group Company nor any Seller Party is aware of any present or threatened, or has ever experienced any historical, labor relations problems (including, without limitation, any union organization activities, threatened or actual strikes or work stoppages or material grievances).

3.19.4 Neither any Group Company nor, to the knowledge of the Company, any Employee is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreements relating to, affecting or in conflict with the present or proposed business activities of any Group Company. Neither any Group Company nor any Seller has received any notice alleging that any violation of any such agreements has occurred. Section 3.19.4 of the Company Disclosure Schedule contains a correct and complete list of all key Employees which have executed and delivered to the Group Company any (i) agreement providing for the nondisclosure by such Person of any confidential information of such Group Company or (ii) agreement providing for the assignment or license by such Person to such Group Company of any Company Intellectual Property Rights (an "Inventions Agreement"). No current employee or consultant of any Group Company has excluded works or inventions made prior to his or her employment with such Group Company from any Inventions Agreement between such Group Company and such Person.

3.20 Employee Benefits Matters.

3.20.1 Section 3.20.1 of the Company Disclosure Schedule sets forth an accurate and complete list of each employee benefit plan, program or arrangement at any time maintained, sponsored or contributed to by any Group Company. Each such item listed on Section 3.20.1 of the Company Disclosure Schedule is referred to herein as a "Plan" and collectively as the "Plans."

3.20.2 There are no pending or threatened actions, suits, investigations or claims with respect to any Plan (other than routine claims for benefits) which could result in material liability to any Group Company.

3.20.3 Each of the Plans and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance with their terms and in compliance with the applicable laws. With respect to each Plan, all required payments, premiums, contributions, distributions and reimbursements for all periods ending prior to or as of the Closing Date have been made or properly accrued.

3.20.4 Each Plan which is subject to health care continuation requirements has been administered in compliance with such requirements. No Plan provides medical or life or other welfare benefits to any current or future retired or terminated employee (or any dependent thereof) of any Group Company other than as required pursuant to applicable laws.

3.20.5 With respect to each Plan, any Seller Party or the Company has provided the Purchaser with true, complete and correct copies of (to the extent applicable) all documents pursuant to which the Plan is maintained, funded and administered (including the Plan and trust documents, any amendments thereto, the summary Plan descriptions and any insurance contracts or service provider agreements).

3.21 Compliance with Laws.

3.21.1 No Group Company has violated any law, ordinance, code, rule or any governmental regulations, rules, circulars, notices or requirements relating to the operation of its respective business, the maintenance and operation of its properties and assets and the payment of any dividend or other distribution in respect of any equity interest of any Group Company (including applicable laws of the United States such as the FCPA, U.S. Bank Secrecy Act, and USA PARIOT Act of 2011, and applicable laws, regulations, rules, circulars or notices of the

PRC such as applicable SAFE rules and Circular 698 [2009] No. 698 issued by the State Administration of Taxation of the PRC on December 10, 2009 ("Circular 698")), and neither any Group Company nor any Seller Party has received any notice of, and no claims have been filed, against any Group Company alleging any such violation. To the knowledge of the Company, no Group Company has sold, or facilitated the sale of, any products or goods that infringe any Person's Intellectual Property Rights or in connection with which Tax (including custom duties) has not been paid in accordance with applicable laws.

3.21.2 Neither any Group Company nor any of its respective Affiliates, directors, officers, employees, or agents has taken any act that will cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to violate the FCPA or any applicable anti-corruption law. Without limiting the generality of the foregoing, neither any Group Company nor any director, officer, agent, employee, or any other Person associated with or acting for or on behalf of the foregoing, has offered, paid, promised to pay, or authorized the payment of any money or corporate fraud, or offered, given a promise to give, or authorized the giving of anything of value, to any government official, to any political party or official thereof or to any candidate for political office for any unlawful contribution, gift, entertainment or other unlawful expenses relating to a political activity, or for the purpose of (i) (A) influencing any act or decision of such government official, political party, party official, or candidate in his or its official capacity, (B) inducing such government official, political party, party official or candidate to do or omit to do any act in violation of the lawful duty of such government official, political party, party official or candidate, or (C) securing any improper advantage, or (ii) inducing such government official, political party, party official, or candidate to use his or its influence with any governmental authority to affect or influence any act or decision of such Governmental Authority, in order to assist such Person in obtaining or retaining business for or with, or directing business to any Group Company.

3.21.3 Neither any Group Company nor any of its respective Affiliates, directors, officers, employees, representatives, or agents is currently a Non-U.S. Official. Further, as of the date of execution of this Agreement, no Non-U.S. Official or any agency, department, political party, public international organization, or instrumentality thereof is associated with, or presently owns an interest, whether direct or indirect, in any Group Company or has any legal or beneficial interest in any such Person or the payments to be made by the Purchaser hereunder.

3.21.4 Neither any Group Company nor any of its respective Affiliates, directors, officers, employees, representatives, or agents nor any person acting on behalf of any of the foregoing, has made a promise to make anything of value ("Payment") (i) to or for the use or benefit of any Non-U.S. Official; (ii) to any other person either for an advance or reimbursement, if it knows or has reason to know that any part of such Payment will be directly or indirectly given or paid by such other person, or will reimburse such other person for Payments previously made, to any Non-U.S. Official; or (iii) to any other person or entity, the payment of which would violate, or implicate any of the Purchaser or its Affiliates in the violation of, the laws or regulations of the United States or any other governmental entity having jurisdiction over the activities being carried out by the Purchaser.

3.21.5 Each Group Company has effective disclosure controls and procedures and an internal accounting controls system that is sufficient to provide reasonable assurances that violations of applicable anti-corruption laws have been and will be prevented, detected and deterred.

3.21.6 No Group Company (nor any Seller Party on behalf of any Group Company) has at any time made any payments for political contributions or made any bribes, kickback payments or other illegal payments.

3.21.7 No part of the funds used by any Group Company or its Affiliates have been or will be, directly or indirectly derived from, or related to, any activity that contravenes domestic or applicable international laws and regulations, including anti money laundering laws and regulations, or would cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to be in violation of any anti-money laundering or other laws in any jurisdiction, including the United States. No payment by any of the parties hereunder (whether pursuant to their indemnification obligations or otherwise) shall cause the Purchaser or any of its Affiliates (including, after the Closing, the Company) to be in violation of any anti money laundering laws and regulations of the PRC, the United States or any other relevant jurisdiction applicable to its business or operations.

3.22 Affiliate Transactions.

3.22.1 Except those between the members of the Group Companies, no employee, officer, director, or Affiliate of the Group Companies, or any Person in the Family Group of any of the foregoing (each, a "Company Affiliate") (i) is a party to any agreement, contract, commitment, arrangement, or transaction with any Group Company or that pertains to the business of the Group Companies other than any employment, non-competition, confidentiality or other similar agreements between any Group Company and any Person who is an officer, director or employee of the Group Companies (each, an "Affiliate Agreement"); or (ii) owns, leases, or has any economic or other interest in any asset, tangible or intangible, that is used by any Group Company in carrying out its business (together with the Affiliate Agreements, collectively the "Affiliate Transactions").

3.22.2 As of the Closing, except those between the members of the Group Companies, there will be no outstanding or unsatisfied obligations of any kind (including inter-company accounts, notes, guarantees, loans, or advances) between any Group Company, on the one hand, and a Company Affiliate on the other hand, except to the extent arising out of the post-Closing performance of an Affiliate Agreement that is in writing and is set forth on Section 3.22.2 of the Company Disclosure Schedule (and a true, complete and correct copy of which has been provided to the Purchaser). With respect to any Affiliate Agreement set forth on Section 3.22.2 of the Company Disclosure Schedule, (i) the terms and conditions of any such Affiliate Agreement are no less favorable to any Group Company than could have been obtained from an unrelated Third Party, and (ii) such Affiliate Agreement was negotiated and entered into on an arms-length, commercially reasonable basis.

3.23 Suppliers and Customers.

Section 3.23 of the Company Disclosure Schedule accurately sets forth a list of the top ten logistics service provider of the Company and a list of top ten OEMs of the Company by U.S. dollar or RMB (or other applicable currency) volume for the past twelve months ending December 31, 2013. No material supplier, vendor or service provider of any Group Company (including, without limitation, any supplier, vendor or service provider referenced above) has given notice to any Seller Party or any Group Company that it intends to stop or materially decrease the rate of, or materially and adversely change the terms (whether related to payment, price or otherwise) with respect to, paying any commissions to such Group Company or supplying materials, products or services to such Group Company (whether as a result of the transactions contemplated by this Agreement or otherwise). No material customer of any Group Company (including, without limitation, any customer referenced above) has given any Seller Party or any Group Company notice that it intends to stop or materially decrease the rate of, buying services, materials or products from such Group Company (whether as a result of the transactions contemplated by this Agreement or otherwise). To the knowledge of the Company, the consummation by each Group Company of the transactions contemplated by this Agreement will not adversely affect the relationship of the Group Companies with any of such customers and suppliers.

3.24 Officers and Directors; Bank Accounts.

Section 3.24 of the Company Disclosure Schedule lists all directors of the Group Companies.

3.25 [Reserved].

3.26 Privacy and Security.

3.26.1 Without limiting the generality of Section 3.21.1, each Group Company (i) has taken commercially reasonable steps to prevent the violation by any Group Company of the rights of any person or entity with respect to Personally Identifiable Information provided under applicable laws, including PRC, U.S. and state laws, rules and regulations, including all rights respecting (x) privacy generally, (y) the obtaining, storing, using or transmitting of Personally Identifiable Information of any type, whether via electronic means or otherwise, and (z) spyware and adware (clauses (x)-(z), including, without limitation, as "Privacy Rights") and (ii) complies with applicable governing industry standards and such Group Company's policy in effect as of the date hereof. For purposes of this Agreement, the term "Personally Identifiable Information" means data in control of any Group Company that would enable such Group Company to identify or locate a particular person, including but not limited to name, address, telephone number, electronic mail address, personal identification number, social security number, bank account number or credit card number; provided, however, that data shall not be Personally Identifiable Information for purposes of this Agreement if no Group Company (x) intentionally

collects or intentionally receives any such data or (y) actually uses any such data to identify the identity or location of, or identify or locate, a particular person as a result of any receipt of such data.

3.26.2 Each Group Company: (i) takes commercially reasonable steps to protect the confidentiality, integrity and security of their software, databases, systems, networks and Internet sites and all information stored or contained therein or transmitted thereby from unauthorized or improper access, modification, transmittal or use; and (ii) does not use in connection with the provision of their products or services or intentionally collect or intentionally receive any of the following types of Personally Identifiable Information about individuals (other than personnel records for their own employees maintained in the Ordinary Course and in compliance with all applicable laws): social security numbers or credit card numbers.

3.27 Disclosure.

Neither this Agreement nor any of the exhibits, schedules, attachments, written statements, documents, certificates or other items prepared and supplied to the Purchaser by or on behalf of the Group Companies with respect to the transactions contemplated hereby contain any untrue statement of a material fact or omit a material fact necessary to make any statement contained herein or therein not misleading. There is no fact which the Group Companies have not disclosed to the Purchaser in writing and of which any of the Group Companies or their respective officers, directors or executive employees is aware, which has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING THE PURCHASER

As a material inducement to the Sellers and the Company to enter into this Agreement and to sell the Acquired Shares and Subscribed Shares to the Purchaser in accordance with the terms hereof, the Purchaser hereby represents and warrants to the Seller Parties and the Company on and as of the date hereof that:

4.1 Organization; Power and Authority.

The Purchaser is a company duly organized, validly existing and in good standing under the laws of the Cayman Islands. The Purchaser possesses all requisite power and authority necessary to carry out the transactions contemplated by this Agreement.

4.2 Authorization; No Breach.

The execution, delivery and performance of this Agreement and the other agreements contemplated hereby to which the Purchaser is a party have been duly authorized by the Purchaser. This Agreement constitutes, and each of the other agreements contemplated hereby to which the Purchaser is a party, when executed and delivered in accordance with the terms thereof, will constitute, a valid and binding obligation of the Purchaser, enforceable in accordance with its terms. The execution and delivery by the Purchaser of this Agreement does not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon the Purchaser's assets pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency pursuant to, the organizational documents of the Purchaser, or any law, statute, rule or regulation to which the Purchaser is subject, or any agreement, instrument, order, judgment or decree to which the Purchaser is subject.

4.3 Litigation.

There are no Legal Proceedings pending or, to the best of the Purchaser's knowledge, threatened against or affecting the Purchaser, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would adversely affect the Purchaser's performance under this Agreement or the other agreements contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

4.4 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon the Purchaser. The Purchaser shall pay, and hold the Sellers and the Company harmless against, any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

ARTICLE V

SURVIVAL; INDEMNIFICATION

5.1 Survival of Representations and Warranties.

All of the representations and warranties set forth in this Agreement or in any writing delivered by the Purchaser, the Group Companies or the Seller Parties in connection with this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (regardless of any investigation, inquiry or examination made by or on behalf of, or any knowledge of, or the acceptance of any certificate or opinion by or on behalf of, any Party).

5.2 Indemnification.

5.2.1 Indemnification Obligations of the Seller Parties.

(a) Subject to the limitations set forth in Section 5.2.2 and Section 5.2.3, each Seller shall, severally but not jointly, indemnify the Purchaser, the Purchaser's Affiliates and each of their respective officers, directors, employees, agents, representatives, successors and assigns (each an "Indemnitee"), and save and hold each of them harmless from and against, and pay on behalf of or reimburse each of them as and when incurred for, all Losses which such Indemnitee may suffer, sustain or become subject to as a result of:

(i) any breach of any representation or warranty made by such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) in Article II of this Agreement or in any related schedule or exhibit attached to this Agreement (determined in each case without giving effect to any "knowledge," "material" or "Material Adverse Effect" qualifiers, or qualifiers of similar import, therein);

(ii) any nonfulfillment or breach of any covenant, agreement or other provision by or in respect of such Seller (in the case of Chic Group Limited, each of such Seller and the Guarantor) under this Agreement; and

(iii) any PRC Taxes imposed on the Purchaser or any of its Affiliates as a result of the failure by such Seller to timely pay any Taxes in connection with any Circular 698 Return or any other required payment under any Tax Return required to be filed or otherwise paid by such Seller.

(b) Subject to the limitations set forth in Section 5.2.2 and Section 5.2.3, the Company shall indemnify the Indemnitees, save and hold each of them harmless from and against, and pay on behalf of or reimburse each of them as and when incurred for, all Losses which such Indemnitee may suffer, sustain or become subject to as a result of:

(i) any breach of any representation or warranty made in Article III of this Agreement or in any related schedule or exhibit attached to this Agreement (determined in each case without giving effect to any "knowledge," "material" or "Material Adverse Effect" qualifiers, or qualifiers of similar import, therein);

(ii) any nonfulfillmlent or breach of any covenant, agreement or provisions by or in respect of any Group Company under this Agreement;

(iii) except to the extent sufficient provisions or reserves have been made in the Management Accounts, the non-payment of any Taxes of the Group Companies for (A) all taxable periods ending on or before the Closing Date for any taxable period that includes (but does not end on) the Closing Date ("Pre-Closing Tax Period"), or (B) in respect of or attributable to transactions or events occurring, or contracts or agreements entered into by any Group Company, on or prior to the Closing Date, whether such Taxes arise before or after the Closing Date, in each case when such Taxes are due;

(iv) the sale of any product prior to the Closing Date by any Group Company that infringes any

Intellectual Property Right of any Person or with respect to which Tax (including custom duties) failed to be paid in accordance with applicable laws;

(v) any indemnification made by the Company in satisfaction of any claim brought under or in connection with the Share Purchase Agreement or any transaction contemplated thereunder;

(vi) the portion of any dividends or distribution made to the shareholders of the Company out of the proceeds received by the Company from the Purchaser under the Share Purchase Agreement (the "Disposal Proceeds"), exceeding the Disposal Proceeds net of (i) all Taxes that the Company is required to pay on the Disposal Proceeds pursuant to Circular 698; and (ii) other costs and expenses incurred by the Company in connection with the negotiation, execution and performance of the Share Purchase Agreement and the transactions contemplated thereunder.

5.2.2 Survival Date. Any Seller Party and the Company will not be liable with respect to any claim made pursuant to Section 5.2.1 above for the breach of any representation or warranty contained in Article II and/or Article III of this Agreement unless written notice of a possible claim for indemnification with respect to such breach is given by an Indemnitee to such Seller Party and/or the Company:

(a) with respect to claims arising under any representation or warranty contained in Section 3.12 (Tax Matters), Sections 3.14.1 through 3.14.4 (Intellectual Property Rights) or Section 3.21 (Compliance with Laws, but excluding Section 3.21.1), on or before the date which is ninety days after the expiration of the applicable statute of limitations (including any extension or waivers thereof) for any claim that any Person may make against a Group Company or a Indemnitee in connection with such representation or warranty; and

(b) with respect to claims arising under any other representation or warranty contained in Article II or Article III, on or before the date which is two years after the Closing (such date as set forth in clause (a) or (b) of this Section 5.2.2, as applicable, with respect to each applicable Section of Article II and Article III is referred to herein as its "Survival Date");

it being understood that so long as written notice is given on or prior to the applicable Survival Date with respect to any claim, the Seller Parties or the Company shall be required to indemnify the Indemnitees for all Losses that the Indemnitees may suffer with respect to such claim through the date of the claim, the end of the survival period and beyond.

5.2.3 Limitations.

(a) With respect to any claim for indemnification being made by an Indemnitee against any Seller pursuant to Section 5.2.1(a), such Seller shall not have any obligation to indemnify any Indemnitee from and against any Losses unless the Indemnitees collectively have suffered Losses in excess of US$100,000 (the "Seller Deductible"), in which case such Seller shall be liable for all amounts related to such Loss(es) (including the amounts otherwise constituting the Seller Deductible).

(b) With respect to any claim for indemnification being made by an Indemnitee pursuant to Section 5.2.1(b), the Company shall not have any obligation to indemnify any Indemnitee from and against any Losses unless the Indemnitees collectively have suffered Losses in excess of

US$500,000 (the "Company Deductible"), in which case the Company shall be liable for all amounts related to such Loss(es) (including the amounts otherwise constituting the Company Deductible).

(c) With respect to any claim for indemnification being made by the Indemnitees for a breach of any representation or warranty contained in Article II by a Seller (in the case of Chic Group Limited, such Seller and the Guarantor), the aggregate liabilities of such Seller (in the case of Chic Group Limited, such Seller and the Guarantor), for all such claims shall not exceed an amount equal to 100% of the Acquisition Prices of such Seller; and with respect to any claim for indemnification being made by the Indemnitees for a breach of any representation or warranty contained in Article II other than a Seller Fundamental Representation by a Seller (in the case of Chic Group Limited, such Seller and the Guarantor), the aggregate liabilities of such Seller (in the case of Chic Group Limited, such Seller and the Guarantor), for all such claims shall not exceed an amount equal to 50% of the Acquisition Prices of such Sellers.

(d) With respect to any claim for indemnification being made by the Indemnitees for a breach of any representation or warranty contained in Article III, the liabilities of the Company for all such claims shall not exceed an amount equal to 100% of the Subscription Price; and with respect to any claim for indemnification being made by the Indemnitees for a breach of any representation or warranty contained in Article III other than a Company Fundamental Representation, the aggregate liabilities of the Company for all such claims shall not exceed an amount equal to 50% of the Total Purchase Price.

(e) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Section 5.2.3) shall not apply to any claim based on fraud or willful misconduct of any Seller Party or the Company.

5.2.4 Indemnification Obligations of the Purchaser. The Purchaser shall indemnify and hold harmless each Seller and the Company from and against all Losses which such Seller or the Company may suffer, sustain or become subject to as the result of (i) any breach of any representation or warranty made by the Purchaser in this Agreement or (ii) any breach of any covenant made by or in respect of the Purchaser under this Agreement. The Purchaser will not be liable with respect to any claim for breach of any representation or warranty of the Purchaser contained in this Agreement unless written notice of a possible claim with respect to such breach is given by such Seller or the Company to the Purchaser on or before the ninetieth day following the Closing Date.

5.2.5 Defense of Claims. If any Party seeks indemnification under this Section 5.2 (the "Indemnified Party"), such Party shall give written notice (an "Indemnification Notice") to the other applicable Party (it being understood that the Purchaser need only deliver notice to the Company) (the "Indemnifying Party") of the facts and circumstances giving rise to the claim.

(a) Claims Between or Among the Parties. Following the Purchaser's, any Seller's or the Company's notice, as applicable, of any Indemnification Notice, the applicable Parties shall meet in person or via teleconference as soon as reasonably practicable following delivery of an Indemnification Notice in order to resolve or settle such claim (if it relates to a claim for money damages). If the applicable Parties are unable to resolve or settle such claim for money damages within ten Business Days (unless an extension is agreed to in writing between such Seller or the Company, as applicable, and the Purchaser), then the claim shall be determined as set forth in Section 12.1.

(b) Third-Party Claims. If any Legal Proceeding shall be brought or asserted by any third party (a "Third Party Proceeding") which, if adversely determined, would entitle the Indemnified Party to indemnity pursuant to this Section 5.2, the Indemnified Party shall within thirty days notify

the Indemnifying Party of the same in writing, specifying in detail the basis of such claim and the facts pertaining thereto and attaching a copy of any summons, complaint or other pleading served upon the Indemnified Party; provided that the failure to so notify an Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent such failure shall have materially harmed the Indemnifying Party. The Indemnifying Party may, in its discretion and at its sole expense, elect to assume and control the defense of such Third Party Proceeding, provided that:

(i) the Indemnifying Party must consult with the Indemnified Party with respect to the handling of such Third Party Proceeding and the Indemnifying Party must employ counsel satisfactory to the Indemnified Party;

(ii) the Indemnifying Party must (A) furnish the Indemnified Party with evidence to the Indemnified Party's satisfaction that the Indemnifying Party is and will be able to satisfy any such liability and (B) agree in writing to be fully responsible for all Losses relating to such claims and provide full indemnification to the Indemnified Party for all Losses relating to such claim;

(iii) the Indemnifying Party must not settle, compromise or cease to defend any claim or action without the express written consent of the Indemnified Party, which consent may be withheld for any reason or no reason, if (A) pursuant to or as a result of such settlement, compromise or cessation, injunctive or other

equitable relief will be imposed against the Indemnified Party, (B) if settlement, compromise or cessation does not expressly and unconditionally release the Indemnified Party from all Losses with respect to such Third Party Claim, with prejudice, or (C) such settlement, compromise or cessation would involve any admission of liability, responsibility, culpability or guilt on the part of the Indemnified Party or which has any collateral estoppel effect on the Indemnified Party;

(iv) the Indemnifying Party shall not be entitled to assume control of any Third Party Proceeding and shall pay the fees and expenses of counsel retained by the Indemnified Party if (A) the Third Party Proceeding relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks non-monetary or other injunctive or equitable relief against the Indemnified Party, (C) the claim relates to the Intellectual Property Rights of the Indemnified Party, (D) the claim involves a claim to which the Indemnified Party reasonably believes would be materially detrimental to or materially injure the Indemnified Party's reputation or customer or supplier relations, (E) is one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (F) involves a claim which, upon petition by the Indemnified Party, the appropriate court, arbitration or other body determines that the Indemnifying Party failed or is failing to vigorously prosecute or defend. With respect to the actions, lawsuits, investigations, proceedings and

other claims that are the subject of this Section 5.2.5(b)(iv), the Indemnifying Party shall have the right to retain its own counsel (but the expenses of such counsel shall be at the expense of the Indemnifying Party) and participate therein, and no Indemnifying Party shall be liable for any settlement of any such action, proceeding or claim without its written consent (which consent shall not be unreasonably withheld); and

(v) in the event any Third Party Proceeding shall be brought or asserted which, if adversely determined, would not entitle the Indemnified Party to full indemnity pursuant to this Section 5.2, by reason of the limitations set forth in Section 5.2.3 or otherwise, the Indemnified Party may elect to participate in a joint defense of such Third Party Proceeding (a "Joint Defense Proceeding"), the Indemnifying Party shall pay for the expenses of such joint defense and the employment of counsel shall be satisfactory to the Indemnified Party.

If the Indemnifying Party is permitted to assume and control the defense of a Third Party Proceeding and elects to do so, it shall provide notice thereof to the Indemnified Party within thirty days after the Indemnified Party has given notice of the matter. The Indemnified Party shall have the right to employ counsel separate from counsel employed by the Indemnifying Party in any such action and to participate in the defense thereof, but the fees and expenses of such counsel employed by the Indemnified Party shall be at the expense of the Indemnified Party unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel, or (iii) the Legal Proceeding is a Joint Defense Proceeding. Notwithstanding anything to the contrary above, this Section 5.2.5 shall not apply to any claim or action relating to Taxes.

5.2.6 Payments.

(a) Subject to Section 5.2.6(b), any payment pursuant to a claim for indemnification shall be made by wire transfer or delivery of other immediately available funds to the account(s) designated by the Indemnified Party(ies) no later than thirty days after receipt by the Indemnifying Party(ies) of written notice from the Indemnified Party(ies) stating the amount of the claim, unless the claim is subject to defense as provided in Section 5.2.5 above, in which case payment shall be made not later than five days after the amount of the claim is finally determined. Any payment required under this Section 5.2 which is not made when due shall bear interest at the maximum allowable rate permitted by applicable usury laws (not to exceed 18%). Interest on any such unpaid amount shall be compounded monthly, computed on the basis of a 360-day year and shall be payable on demand. In addition, such Party shall reimburse the other Party for any and all costs or expenses of any nature or kind whatsoever (including but not limited to all attorneys' fees) incurred in seeking to collect such Losses. All payments and related calculations of amounts due therefor of any amounts by any Person pursuant to this Article V shall, unless otherwise agreed to by the Purchaser, the Sellers and the Company in writing, be made in U.S. dollars based on U.S. dollar/RMB exchange rate as of the applicable payment date.

(b) With respect to any payment to be made by the Company pursuant to a claim for indemnification under Section 5.2.1(b)(v), in lieu of making such payment, the Company shall issue to the Purchaser, for no additional consideration, such number of Ordinary Shares as equal to the quotient of (i) the sum of such payment plus any interest that may be accrued thereon pursuant to Section 5.2.6(a) above), divided by (ii) a per share price equal to $8.786 (subject to appropriate adjustment for share splits, share dividends, combinations, recapitalizations and similar events).

5.2.7 Other Indemnification Provisions. Each Seller Party hereby agree that he, she, or it will not make any claim for indemnification against any Group Company or any Affiliate of any Group Company by reason of the fact that such Seller Party was a shareholder, director, officer, employee or agent of any such entity or is or was serving at the request of any such entity as a partner, trustee, director, officer, employee or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses or expenses) with respect to any action, suit, proceeding, complaint, claim or demand brought by an Indemnitee against such Seller Party (if such action, suit, proceeding, complaint, claim or demand arises under this Agreement). Each Seller Party hereby acknowledge that he, she or it will have no claims or right to contribution or indemnity from any Group Company with respect to amounts paid by such Seller Party pursuant to this Section 5.2.

5.2.8 Adjustment For Tax Purposes. All payments made pursuant to this Section 5.2 shall be treated as an adjustment to the Total Purchase Price for Tax purposes unless otherwise required by applicable laws.

5.3 Remedies.

The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory, equitable or common law remedy that any Party may have with respect to a breach of the provisions hereof, any other agreement or contract or the transactions contemplated by this Agreement; provided that the foregoing indemnification provisions are the sole remedy that any Party may have with respect to a breach of any representation and warranty contained in Article II, Article III or Article IV of this Agreement. Subject to the proviso in the immediately preceding sentence, the Purchaser, each Seller Party and the Company have and retain all other rights and remedies existing in their favor at law or equity, including, without limitation, any actions for specific performance and/or injunctive or other equitable relief (without posting a bond or other security) to enforce or prevent any violations of any provision of this Agreement.

ARTICLE VI

PRE-CLOSING COVENANTS AND AGREEMENTS

6.1 Further Assurances.

Subject to the terms of this Agreement, each party hereto shall use its commercially reasonable efforts to take all actions and do all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the conditions set forth in Article VII).

ARTICLE VII

CLOSING CONDITIONS

7.1 Conditions Precedent to Each Party's Obligations. The obligations of the Purchaser, the Sellers and the Company under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction or waiver (if permitted by applicable laws and, in any event, in each party's sole discretion), at or prior to the Closing, of all of the following conditions:

7.1.1 Injunction. There shall be no effective injunction, writ or preliminary restraining order of any nature issued by a Government Entity of competent jurisdiction to the effect that the transactions contemplated by this Agreement may not be consummated as provided in this Agreement.

7.1.2 Legal Prohibition. No law, judgment or order shall have been enacted, promulgated, entered or enforced by any court or Government Entity which would prohibit, materially restrict, impact or delay implementation of the transactions contemplated under this Agreement.

7.1.3 Government Entity Consents. All consents, authorizations, waivers or approvals of any Government Entity as may be required to be obtained in connection with the execution, delivery or performance of this Agreement, the failure to obtain of which would prevent the legal and valid consummation of the transactions contemplated hereby, shall have been obtained.

7.1.4 Transaction Documents. Each of the Transaction Documents (excluding the Restated Articles) shall have been executed and delivered by each party thereto at the Closing; and the Restated Articles shall have been duly adopted by shareholders of the Company.

7.2 Additional Conditions Precedent to Obligations of the Purchaser. The obligations of the Purchaser under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all of the following conditions, any one or more of which may be waived in writing by the Purchaser:

7.2.1 Accuracy of Representations and Warranties; Performance of Covenants. The representations and warranties of the Seller Parties set forth in Article II and the Group Companies set forth in Article III (A) that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, and (B) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects, in each case, as of the date hereof and as if made on and as of the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time other than the Closing Date, which need only be true and correct as of such other date or time). Each of the Group Companies and the Seller Parties shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing.

7.2.2 No Material Adverse Effect. No fact, event or circumstance shall have occurred which has had or could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and no material change in any relevant laws, regulations or policies in any of the jurisdictions or sectors in which any Group Company does business (whether coming into effect prior to, on or after the Closing Date) shall have occurred that could reasonably be expected to materially and adversely affect any Group Company since the Latest Balance Sheet Date.

7.2.3 Closing Certificate. The Purchaser shall have received at the Closing a certificate dated as of the Closing Date and validly executed by a director or officer of the Company, certifying the fulfillment of the conditions set forth in Section 7.2.1 and Section 7.2.2.

7.2.4 Consents and Approvals. The Group Companies shall have made all filings and shall have obtained all permits, authorizations, consents and approvals required to be obtained by the Group Companies for the Closing and shall have delivered true, complete and correct copies of such to the Purchaser.

7.2.5 Corporate Procedures. The Company and the Sellers shall have duly attended to and carried out all corporate procedures that are required under the laws of its place of incorporation or establishment to effect its execution, delivery and performance of each Transaction Document to which it is a party and the transactions contemplated thereby, and shall have provided true, complete and correct copies of all relevant resolutions (and all attachments thereto) from such procedures to the Purchaser.

7.2.6 Good Standing Certificates. Each Group Company shall have delivered to the Purchaser evidence to the satisfaction of the Purchaser that each Group Company is validly existing and in good standing.

7.2.7 Register of Members. The Company shall have delivered to the Purchaser a copy of the register of members of the Company, certified by a duly authorized director of the board of directors or the registered agent of the Company to be true, complete and correct copies thereof, and reflecting the Purchaser holding 6,348,390 Ordinary Shares at the Closing.

7.2.8 Register of Directors. The Company shall have delivered to the Purchaser a copy of the register of directors of the Company, certified by a duly authorized director of the board of directors or the registered agent of the Company to be true, complete and correct copies thereof, and reflecting Mr. Eric Ya Shen being elected as a member of the board of directors of the Company at the Closing.

7.2.9 Legal Opinions. The Purchaser shall have received legal opinions from: (i) Han Kun Law Offices, the Company's PRC legal counsel; (ii) Global Law Offices, the Purchaser's PRC legal counsel, and (iii) Maples & Calder, the Company's Cayman Islands legal counsel, each dated as of the Closing Date in form and substance satisfactory to the Purchaser.

7.3 Additional Conditions Precedent to Obligations of the Company and the Seller. The obligations of the Sellers and the Company under this Agreement to consummate the transactions contemplated hereby will be subject to the satisfaction, at or prior to the Closing, of all the following conditions, any one or more of which may be waived in writing by the Sellers and the Company:

7.3.1 Accuracy of Representations and Warranties; Performance of Covenants. The representations and warranties of the Purchaser set forth in Article IV shall be true and correct (disregarding for these purposes all qualifications and exceptions contained therein regarding materiality) as of the date hereof and as if made on and as of the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time other than the Closing Date, which need only be true and correct as of such other date or time), except in the case of this clause (ii) where the failure of such representations and warranties to be so true and correct has not prevented or materially delayed the ability of the Purchaser to effect the Closing and to consummate the transactions contemplated by this Agreement. The Purchaser shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing.

7.3.2 Closing Certificate. The Sellers and the Company shall have received at the Closing a certificate dated as of the Closing Date and validly executed by a director or officer of the Purchaser, certifying the fulfillment of the conditions set forth in Section 7.3.1.

ARTICLE VIII

TERMINATION

8.1 Terminations. This Agreement may be terminated at any time prior to the Closing:

8.1.1 by the Purchaser, the Sellers or the Company in writing and without liability of any Party on account of such termination (provided that the terminating party is not otherwise in material default or material breach of this Agreement), if the Closing shall not have occurred on or before March 31, 2014;

8.1.2 by the Purchaser, if any Seller Party or the Company materially breaches any of his, her or its representations, warranties or covenants contained herein such that the conditions set forth in Section 7.2.1 would not be satisfied, without liability of the Purchaser on account of such termination (provided that (i) the Purchaser is not otherwise in material default or material breach of this Agreement and (ii) if such breach is curable by such breaching Person, the Purchaser may not terminate this Agreement under this Section 8.1.2 unless such breach remains uncured for ten

Business Days after written notice of such breach is given to any Seller Party or the Company by the Purchaser); or

8.1.3 by any Seller or the Company, if the Purchaser materially breaches any of its representations, warranties or covenants contained herein such that the conditions set forth in Section 7.3.1 would not be satisfied, without liability of any Group Company or Seller Party on account of such termination (provided that (i) none of the Company and the Seller Parties is otherwise in material default or material breach of this Agreement and (ii) if such breach is curable by such breaching Person, the Company and the Seller Parties may not terminate this Agreement under this Section 8.1.3 unless such breach remains uncured for ten Business Days after written notice of such breach is given to the Purchaser by any of the Company and the Seller Parties).

8.2 Effect of Termination.

If any party terminates this Agreement pursuant to, and in accordance with, Section 8.1, this Agreement shall forthwith become void and of no further force and effect, except for provisions of Section 5.2 (Indemnification), Section 5.3 (Remedies), Section 10.1 (Press Release and Announcements), Section 10.5 (Expenses), Article XII (Miscellaneous), and this Section 8.2 which shall survive such termination indefinitely, provided that nothing in Section 8.1 or this Section 8.2 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or impair the right of any party to compel specific performance by another party of its obligations under this Agreement.

ARTICLE IX

TAX MATTERS

9.1 Cooperation on Tax Matters.

9.1.1 The Seller Parties and the Company will (i) retain all of its books and records with respect to Tax matters pertinent to the Company Shares and the Group Companies relating to any Pre-Closing Tax Period until the expiration of the statute of limitations with respect to such Tax period (including, to the extent notified by the representative of the Purchaser, as the case may be, of any extensions thereof), and abide by all

record retention agreements entered into with any taxing authority, and (ii) give the Purchaser reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the Purchaser so requests, allow the Purchaser to take possession of such books and records.

9.1.2 Without limiting the Seller Parties' obligations under Section 9.3, the Purchaser, the Seller Parties and the Company, will, upon request from each other, use their reasonable best efforts to obtain any certificate or other document from any governmental authority or any other Person that may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, without limitation, with respect to the transactions contemplated hereby).

9.2 Transfer Taxes.

All federal, state, national, provincial, municipal, local or non-U.S. or other excise, sales, use, transfer (including real property transfer), stamp, documentary, filing, recordation and other similar Taxes that may be imposed or assessed on any Seller as a result of the sale of the Acquired Shares, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties ("Transfer Taxes"), shall be borne by such Seller. Each party shall promptly pay all Transfer Taxes for which it is responsible pursuant to this Section 9.2.

9.3 Circular 698 Tax Matters.

9.3.1 Filing of Circular 698 Returns. Within the period required by Circular 698, each Seller and its Affiliates shall timely file, or cause to be timely filed, all information and Tax Returns that are due under PRC law (including, without limitation, pursuant to Circular 698) in connection with the transactions hereunder or which are otherwise required in connection with any internal restructuring done by such Seller or its Affiliates prior to the date hereof (the "Circular 698 Returns"), and such Circular 698 Returns shall be true, accurate and complete in all respects. Each Seller shall provide the final draft of such Circular 698 Returns to the Purchaser for its review prior to filing such Circular 698 Returns and shall obtain the Purchaser's consent if such Circular 698 Returns do not allocate 100% of the proceeds received by such Seller from the transactions contemplated under this Agreement to Dongfang Huanyue (Beijing) Multimedia & Technology Co., Ltd.(□□□□□□□□□□□□□□□□□□□), Dongfang Fengxing (Shanghai) Life and Multimedia Co., Ltd. (□□□□□□□□□□□□□□□□□□□) and Lefeng (Shanghai) Information Technology Co., Ltd . Within ten days of filing the Circular 698 Returns, each Seller shall provide the Purchaser with final, accurate copies of all such Circular 698 Returns that were filed.

9.3.2 Assessment and Payment of Circular 698 Taxes. Each Seller shall provide the Purchaser with accurate copies of any official assessments of the PRC Tax authorities with respect to its Circulate 698 Returns within ten days of receipt thereof, and such Seller shall pay, or cause to be timely paid, all Taxes due and payable with respect to such official assessments.

9.3.3 Seller Tax Contests. Each Seller shall notify the Purchaser within ten days upon receipt by it or any of its Affiliates of notice of any pending or threatened PRC Tax audit, assessment or other review affecting the Circular 698 Returns (a "Seller C698 Claim"), and it shall (i) keep the Purchaser informed on the status of any such Seller C698 Claim, and (ii) provide the Purchaser with copies of all written correspondence with respect to such Seller C698 Claim.

9.4 Compliance with Chinese SAFE Regulations. Each Seller Party and the Company covenants and agrees that it shall (i) as soon as commercially practicable following the date hereof (but in any event prior to or contemporaneously with filing any Circular 698 Return), submit the application for the registration required by Circular 75 issued by SAFE on October 21, 2005, titled "Notice Regarding Certain Administrative Measures on Financing and Inbound Investments by PRC Residents Through Offshore Special Purpose Vehicles," effective as of November 1, 2005, or any successor PRC law, rule or regulation, in relation to each Seller's acquisition or sale of the Company Shares and/or the Company's issuance of the Company Shares subject to the terms of this Agreement, and (ii) use its best efforts to complete such registration as soon as practicable thereafter.

ARTICLE X

ADDITIONAL AGREEMENTS

10.1 Press Releases and Announcements.

Except as otherwise required by applicable laws, press releases related to this Agreement or the transactions contemplated hereby, or other announcements to the employees, customers, suppliers, vendors or service providers of the Company will be issued solely by the Purchaser or its Affiliates. Notwithstanding the foregoing, in the event that any Seller Party or the Company is required by applicable laws to issue a press release or otherwise make an announcement related to the foregoing, such Seller Party or the Company shall notify the Purchaser in advance and provide the Purchase with the opportunity to review such press release or announcement and shall

limit the disclosure therein to that required by applicable laws (except to the extent otherwise agreed by the Purchaser).

10.2 Further Transfers.

Each Seller Party will execute and deliver such further instruments of conveyance and transfer and take such additional actions as the Purchaser may reasonably request to effect, consummate, confirm and/or evidence the transfer of the Acquired Shares to the Purchaser and any other transactions contemplated hereby.

10.3 [Reserved].

10.4 Confidentiality.

10.4.1 Each Party undertakes to the other Parties that it shall not reveal, and that it shall use its commercially reasonable efforts to procure that its respective directors, equity interest holders, officers, employees, agents, counsel and advisors (collectively, "Representatives") who are in receipt of any Confidential Information do not reveal, to any third party any Confidential Information without the prior written consent of the Company or the concerned Party, as the case may be. The term "Confidential Information" as used in this Section 10.4 means (a) any information concerning the organization, structure or business of any Party; (b) the terms of this Agreement and the terms of any of the other Transaction Documents, and the identities of the Parties and their respective Affiliates; and (c) any other information or material prepared by a Party or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information.

10.4.2 The provisions of Section 10.4.1 shall not apply to:

(a) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of a Party or any of its/his/her Representatives in violation of this Agreement;

(b) disclosure by a Party to a Representative or an Affiliate, provided that such Representative or Affiliate (i) is under a similar obligation of confidentiality or (ii) is otherwise under a binding professional obligation of confidentiality;

(c) disclosure, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, to the extent required under the rules of any stock exchange on which the shares of a Party or its Affiliate are listed or by applicable laws or governmental regulations or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement; provided that no prior notice to any Party shall be required to be given under this Section 10.4.2(c) with respect to any dispute arising out of or relating to a Transaction Document; or

10.5 Expenses.

Except as otherwise specifically provided herein, each Party hereto shall pay all of its own fees, costs and expenses (including, without limitation, fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred in connection with the negotiation of this Agreement and the other agreements contemplated hereby, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby (whether consummated or not).

10.6 Waivers of Breaches.

Each Seller hereby unconditionally and irrevocably waives, and shall procure all Affiliates of such Seller to waive, any and all past and present breach and defaults by, or any past or present claim they may have against, the Company or any other Group Company under any transactions or dealings between any Group Company on one side and such Seller or any Affiliate of such Seller on the other side.

ARTICLE XI

DEFINITIONS; CROSS-REFERENCES TO OTHER DEFINED TERMS

11.1 Definitions.

When used in this Agreement, the following terms have the meanings set forth below:

"Acquisition Proposal" means any proposal or offer to acquire all or a substantial part of the business or properties of the Company or any Share Capital of any Group Company, whether by merger, tender offer, exchange offer, sale of assets or similar transaction involving the Company, divisions or operating or principal business units.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"Affiliated Group" means any affiliated, combined, consolidated, unitary or other similar group that has filed a consolidated return for income Tax purposes for a period during which any Group Company was a member.

"Beijing Commerce" means Dongfang Fengxing (Beijing) Commerce & Trade Co., Ltd.

"Beijing Huanyue" means Dongfang Huanyue (Beijing) Multimedia & Technology Co., Ltd.

"Beijing Media" means Dongfang Fengxing (Beijing) Medium & Culture Co., Ltd.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Hong Kong or the PRC are required or authorized by law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

"Cash" means all cash, cash equivalents and marketable securities classified as a current asset on the Company's balance sheet.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Company Fundamental Representations" means the representations and warranties contained in Sections 3.1 (Organization and Corporate Power, but excluding Section 3.1.3), and 3.2 (Share Capital and Related Matters), 3.4 (No Breach; Authorization; Execution & Enforceability)

"Company Intellectual Property Rights" means all of the Intellectual Property Rights owned, used or held for use by any Group Company, including all of the Intellectual Property Rights set forth on Section 3.14.1 of the Company Disclosure Schedule.

"Contract" means any agreement, contract or other binding obligation.

"Control Documents" means (a) the following agreements by which Beijing Huanyue controls Beijing Commerce: (i) Exclusive Option Agreement by and among Beijing Huanyue, Beijing Commerce and the shareholders of Beijing Commerce, (ii) Share Pledge Agreement by and among Beijing Huanyue, Beijing Commerce and the shareholders of Beijing Commerce, (iii) Power of Attorney by each of the shareholders of Beijing Commerce, and (iv) Exclusive Business Cooperation Agreement by and between Beijing Huanyue and Beijing Commerce, each of which is dated as of January 7, 2011; and (b) the following agreements by which Beijing Huanyue controls Beijing Media: (i) Exclusive Option Agreement by and among Beijing Huanyue, Beijing Media and the shareholders of Beijing Media, (ii) Share Pledge Agreement by and among Beijing Huanyue, Beijing Media and the shareholders of Beijing Media, (iii) Power of Attorney by each of the shareholders of Beijing Media, and (iv) Exclusive Business Cooperation Agreement by and between Beijing Huanyue and Beijing Media, each of which is dated as of February 21, 2008.

"dollar" or "dollars" or "$" means the lawful currency of the United States of America, unless otherwise specified.

"Encumbrances" means any Lien, voting agreement, voting trust, proxy, option, right of purchase, right of first refusal, right of first offer, restriction on transfer or any other similar arrangement or restriction of any kind whatsoever, including any restriction on transfer of other assignment, as security or otherwise, of or relating to use, quiet enjoyment, voting, receipt of income or exercise of any other attribute of ownership.

"Family Group" means, with respect to any natural person, such person's spouse, parents and siblings, and each of their respective descendants (whether natural or adopted) and any trust or other entity (including a corporation, partnership or limited liability Companies) formed solely for the benefit of such person and/or such person's spouse, parents, siblings and/or their respective descendants (whether natural or adopted).

"Government Entity" means the United States of America or any other nation, any state, province or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any court, in each case having jurisdiction over any Group Company.

"Group Companies" means the Company and its direct or indirect Subsidiaries.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Indebtedness" means at a particular time, without duplication, any indebtedness of the Group Companies (i) for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) evidenced by any note, bond, debenture or other debt security, (iii) for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) arising from any commitment by which a Person assures a creditor against loss (including, without limitation, contingent reimbursement obligations with respect to letters of credit), (v) guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), (vi) arising from any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, (vii) secured by a Lien on a Person's assets, , and (viii) arising from accrued interest to and including the Closing Date in respect of any of the obligations described in the foregoing clauses (i) through (vii) of this definition and all premiums, penalties, charges, fees, expenses and other amounts due in connection with the payment and satisfaction in full of such obligations which will be paid or prepaid at the Closing.

"Intellectual Property Rights" means all (i) patents, patent applications, patent disclosures and inventions, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations and applications for registration thereof together with all of the goodwill associated therewith, (iii) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) computer software, data, data bases and documentation thereof, (vi) trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information), (vii) internet domain names and web sites, (viii) other intellectual property rights, (ix) registrations and applications for any of the foregoing, and (x) copies and tangible embodiments thereof (in whatever form or medium).

"Investment" as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, shares, securities or ownership interest (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

"knowledge" and "aware" and any other term of similar import means, with respect to any Person, the actual knowledge of such Person and the knowledge that such Person could be reasonably expected to have after making a reasonable inquiry and exercising reasonable diligence with respect to the particular matter in question.

"Latest Balance Sheet Date" means December 31, 2013.

"Lefeng.com" means Lefeng.com Limited.

"Lien" or "Liens" means any mortgage, pledge, security interest, encumbrance, lien, limitation, condition, or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company or any of its Affiliates, any filing or agreement to file a financing statement as debtor under any statute other than to reflect ownership by a third party of

property leased to the Company or any of its Affiliates under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business).

"Loss" or "Losses" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, diminutions in value, expenses and fees (including, without limitation, arbitral tribunal costs and reasonable attorneys' fees and expenses).

"Material Adverse Effect" means any event, fact, circumstance or condition that has had or could reasonably be expected to have a material adverse effect upon the business, operations, financial condition, operating results, earnings, assets, customer, supplier, employee or sales representative relations, or business prospects, whether individually or in the aggregate, in each case of the Group Companies taken as whole.

"Options" means options issued by the Company to acquire Ordinary Shares or any other Share Capital of the Company.

"Ordinary Course" means the ordinary course of business consistent with past custom and practice.

"Permitted Liens" means (i) Tax Liens with respect to Taxes not yet due and payable or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with US GAAP or PRC GAAP; (ii) deposits or pledges made in connection with, or to secure payment of, utilities or similar services, workers' compensation, unemployment insurance, old age pensions or other social security obligations; (iii) interests or title of a lessor under any of the Leases; (iv) mechanics', materialmen's or contractors' Liens or encumbrances or any similar Lien or restriction for amounts not yet due and payable; and (v) easements, rights-of-way, restrictions and other similar charges and encumbrances not interfering with the ordinary conduct of the business of such Person or detracting from the value of the assets of such Person.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

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

"PRC GAAP" means the PRC generally accepted accounting principles.

"Restated Articles" means the Fourth Amended and Restated Memorandum and Articles of Association of the Company to be adopted by the shareholders of the Company at the Closing in substantially the form attached as Exhibit C hereto.

"RMB" means *Renminbi*, the law currency of the PRC.

"Restructuring" means (i) the transfer of the assets (including but not limited to Intellectual Property Rights) and business owned or controlled by the Company or its Subsidiaries in connection with the third-party online retail platform under their operation to Lefeng.com or its relevant Subsidiaries, (ii) the termination of employment of the relevant employees by the Company or its Subsidiaries, and (iii) such employees entering into employment relationship with Lefeng.com or its relevant Subsidiaries, in each case as set forth and described in Restructuring Schedule as defined under the Share Purchase Agreement, dated as of February 14, 2014, by and among Ovation Entertainment Limited, Lefeng.com and Vipshop Holdings Limited.

"Restructuring Contracts" means Contracts entered into in connection with or in relation to the Restructuring.

"Seller Fundamental Representations" means representations or warranties contained in Article II but excluding those contained in Sections 2.7 (Compliance with Laws), and 2.9 (Brokerage).

"Share Capital" means (i) in the case of a corporation, any and all share capital, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of share capital, (iii) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited), (iv) in any case, any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (v) in any case, any right to acquire any of the foregoing.

"Share Purchase Agreement" means the share purchase agreement by and among the Company, the Purchaser and Lefeng.com dated February 14, 2014.

"Shareholders Agreement" means the Third Amended and Restated Shareholders Agreement to be entered into by and among the Sellers, the Company, the Purchaser and other parties thereto on or before the Closing in substantially the form attached as Exhibit B hereto.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, 50% or more of the total voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of members of the board of directors or similar body governing the affairs of such entity, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, 50% or more of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a 50% or more ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated 50% or more of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity. With respect to the Company, the Seller or the Purchaser, a Subsidiary shall include any corporation, partnership, limited liability company, association or other business entity that the Company consolidates in its consolidated financial statements as a variable interest entity in accordance with US GAAP.

"Tax" and "Taxes" means, with respect to any Group Company, any (i) PRC (including any subdivision, municipality, province or locality of the PRC or any agency thereof) or other non-PRC taxes, charges, fees, levies, deficiencies or other similar assessments or liabilities (including, without limitation, income, receipts, ad valorem, premium, value added, excise, severance, property (whether real or personal property, or whether tangible or intangible property), sales, use, occupation, windfall profits, service, service use, stamp, transfer, transfer gains, licensing, withholding, employment, unemployment, payroll, share, customs duties, profits, license, lease, insurance, social security (or similar), capital, franchise, surplus, alternative or add-on minimum, estimated franchise or any other taxes, charges, fees, levies, deficiencies or other similar assessments or liabilities of any kind whatsoever), whether computed on a separate, consolidated, unitary or combined basis or in any other manner, and includes any interest, fines, penalties, assessments, deficiencies or additions thereto; (ii) liability for the payment of any amounts of the type described in clause (i) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto); and (iii) liability for the payment of any amounts of the type described in clause (i) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other person. For the avoidance of doubt, "Tax" and "Taxes" includes any "Tax" and "Taxes" payable, suffered or incurred as a result of the "base cost", "investment cost" or "tax basis" in any asset (including shares of any other interest in any Group Company) being reduced or suffering a reduction or being a smaller amount that would have otherwise been the case as a result of (x) the failure of any Seller to file any Tax Return or other report in respect of Taxes or (y) pay Tax on the disposal by it of any shares or any other interest in any person as contemplated by this Agreement, including in each case, for the avoidance of doubt, in connection with Circular 698.

"Tax Returns" means any payments, returns, renditions, declarations, reports, claims or filings for refund or payment, and any informational returns or statements or other documents filed or paid or required to be filed or paid with a taxing authority in connection with the determination, assessment or collection of Tax or the administration of any laws, regulations or administrative requirements relating to Taxes, including any schedule or attachment thereto, and including any amendment thereto (including for the avoidance of doubt in connection with Circular 698).

"Third Party" means any Person other than a party to this Agreement.

"Transaction Documents" means this Agreement, the Restated Articles, the Shareholders Agreement and any other agreement contemplated by this Agreement.

"United States" or "US" or "U.S." means the United States of America.

"US GAAP" means the US generally accepted accounting principles.

11.2 Cross-References.

The following terms are defined in the following Sections of this Agreement:

Term	Section
Acquisition Price	Section 1.2.1
Acquired Shares	Recitals
Affiliate Agreement	Section 3.22.1
Affiliate Transaction	Section 3.22.1
Agreement	Preface
Circular 698	Section 3.21.1
Circular 698 Returns	Section 9.3.1
Closing	Section 1.3
Closing Date	Section 1.3
Company	Preface
Company Affiliate	Section 3.22.1
Company Deductible	Section 5.2.3
Company Disclosure Schedule	Article II
Company Shares	Recitals
Confidential Information	Section 10.4.1
Disposal Proceeds	Section 5.2.1
FCPA	Section 2.7.1
Guarantor/Guarantors	Preface
HKIAC	Section 12.1
Improvements	Section 3.11.4
Indemnification Notice	Section 5.2.5
Indemnified Party	Section 5.2.5
Indemnifying Party	Section 5.2.5
Indemnitee	Section 5.2.1
Inventions Agreement	Section 3.19.4
Joint Defense Proceeding	Section 5.2.5
Key Employees	Section 3.19.1
Lease/Leases	Section 3.11.1
Leased Real Property	Section 3.11.1
Legal Proceedings	Section 2.6
Licenses	Section 3.15
Management Accounts	Section 3.5
Material Contracts	Section 3.13
Non-U.S. Official	Section 2.7.4
Ordinary Shares	Recitals

Owned Real Property	Section 3.11.1
Party/Parties	Preface
Payment	Section 3.21.4
Payment Due Date	Section 1.3.2
Personally Identifiable Information	Section 3.26.1
Plan/Plans	Section 3.20
Pre-Closing Tax Period	Section 5.2.1
Privacy Rights	Section 3.26.1
Purchaser	Preface
Real Property	Section 3.11.1
Representatives	Section 10.4.1
SAFE	Section 2.7.2

Term	Section
Seller/Sellers	Preface
Seller C698 Claim	Section 9.3.3
Seller Deductible	Section 5.2.3
Seller Party/Seller Parties	Preface
Series A Preferred Shares	Recitals
Series A-1 Preferred Shares	Recitals
Series B Preferred Shares	Recitals
Subscribed Shares	Recitals
Subscription Price	Section 1.2.2
Survival Date	Section 5.2.2
Third Party Proceeding	Section 5.2.5
Total Purchase Price	Section 1.2.2
Transfer Taxes	Section 9.2

ARTICLE XII

MISCELLANEOUS

12.1 Arbitration.

All disputes, actions and proceedings arising out of or relating to this Agreement shall be referred to and finally resolved by arbitration in Hong Kong under the UNCITRAL Arbitration Rules in accordance with the Hong Kong International Arbitration Centre ("HKIAC") Procedures for the Administration of International Arbitration in force at the date of this Agreement which rules are deemed to be incorporated by reference in this Section 12.1. The place of the arbitration shall be Hong Kong and the language of the arbitration shall be English. The appointing authority shall be the HKIAC. There shall be one arbitrator agreed to by the Seller Parties and the Purchaser, and if they cannot so agree on such arbitrator within five Business Days of the commencement of the notice of arbitration proceedings, three arbitrators shall be appointed. In such case, two of the arbitrators shall be nominated by the Seller Parties and the Purchaser, respectively, and if either of them shall abstain from nominating its arbitrator, the HKIAC shall appoint such arbitrator. The two arbitrators so chosen shall select a third arbitrator, provided that if such two arbitrators shall fail to choose a third arbitrator within thirty days after such two arbitrators have been selected, the HKIAC, upon the request of either the Seller Parties or the Purchaser, shall appoint a third arbitrator. The third arbitrator shall be the presiding arbitrator. The arbitration shall be conducted in private. Each Party agrees that all documents and evidence submitted in the arbitration (including without limitation any statements of case and any interim or final award, as well as the fact that an arbitral award has been made) shall remain confidential both during and after any final award that is rendered unless the Parties otherwise agree in writing. The arbitral award is final and binding upon all Parties.

12.2 Consent to Amendments.

Except as otherwise expressly provided herein, the provisions of this Agreement may be amended only with the written consent of the Purchaser, the Seller Parties and the Company. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

12.3 Successors and Assigns.

Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of the successors and assigns of the respective Parties whether so expressed or not. The Purchaser may assign its rights and obligations under this Agreement (including its right to indemnification) at its sole discretion, in whole or in part, to a wholly owned Subsidiary, to one or more of its Affiliates, to any subsequent purchaser of the Purchaser or any material portion of its assets (whether such sale is structured as a sale of shares, a sale of assets, a merger or otherwise) and, for collateral security purposes, to any lender providing financing to the Purchaser and all extensions, renewals, replacements, refinancings and refundings thereof in whole or in part. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Seller Parties or the Company, without the prior written consent of the Purchaser, or by the Purchaser (except as otherwise provided in this Section 12.3) without the prior written consent of the Seller Parties and the Company.

12.4 Counterparts.

This Agreement may be executed simultaneously in counterparts (including by means of facsimiled signature pages), any one of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement.

12.5 Descriptive Headings; Interpretation.

The descriptive headings of this Agreement and the table of contents are inserted for convenience only and do not constitute a substantive part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation. The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

12.6 Governing law.

All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York (United States) without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under State of New York's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would otherwise apply.

12.7 Notices.

All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) one day after being sent to the recipient by reputable overnight courier service (charges prepaid), five days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, or (iv) sent by facsimile to the recipient if sent before 5:00 p.m. Hong Kong time on a Business Day. Such notices, demands and other communications shall be sent to the Purchaser, the Seller Parties and the Company at the addresses indicated below or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party:

To the Purchaser:

Vipshop Holdings Limited
No. 20 Huahai Street,
Liwan District
Guangzhou 510370
PRC
Facsimile: +86 (20) 2233-0111
Attention: Mr. Donghao Yang

with copies (which shall not constitute notice) to:

Kirkland & Ellis
26/F Gloucester Tower, The Landmark
15 Queen's Road Central, Central
Hong Kong
Facsimile No.: +852-3761-3301
Attn: David Zhang/Jesse Sheley/Frank Sun

To any Seller:

At the address as indicated opposite such Seller's name on Exhibit A hereto

To Ms. Yuan Li:

CN13, Legend Town
NO.1, Ba Li Zhuang Dong Li, Chaoyang District
Beijing, 100025, PRC
Facsimile: 86 (10)-5218-6104
Attention: Ms. Yuan Li

To the Company:

CN13, Legend Town
NO.1, Ba Li Zhuang Dong Li, Chaoyang District
Beijing, 100025, PRC
Facsimile: 86 (10)-5218-6104
Attention: Mr. Yu Zhihui

12.8 No Strict Construction.

The Parties have participated jointly in the negotiation and drafting of this Agreement and the other agreements contemplated hereby. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

12.9 Entire Agreement.

This Agreement and the agreements and documents referred to herein contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede any prior understanding, agreements or representations by or between the Parties, written or oral, which may relate to the subject matter hereof in any way.

12.10 Severability.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable laws, but if any provision of this Agreement or the application of any such provision to any Person or circumstance is held to be invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12.11 No Third-Party Beneficiaries.

This Agreement is for the sole benefit of the Parties, the Indemnitees and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties, the Indemnitees and such permitted successors and assigns, any legal or equitable rights hereunder.

12.12 Schedules.

Nothing in the Company Disclosure Schedule shall be adequate to disclose an exception to a representation or warranty made in this Agreement unless such schedule identifies the exception with particularity and describes the relevant facts in reasonable detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be adequate to disclose an exception to a representation or warranty made in this Agreement, unless the representation or warranty has to do with the existence of the document or such other item itself. No exceptions to any representations or warranties disclosed in the corresponding section of the Company Disclosure Schedule shall constitute an exception to any other representations or warranties made in this Agreement unless a specific cross-reference is made therein to such other representations or warranties or it is reasonably apparent that such exception applies to such other representations or warranties. All schedules and exhibits attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if fully set forth herein.

12.13 Guarantee.

12.13.1 Each of Chic Group Limited and the Guarantor (the "Guaranteeing Seller Party") hereby unconditionally and irrevocably guarantees to the Purchaser the performance of all the obligations of each other Guaranteeing Seller Party under and in accordance with this Agreement, and agrees, on demand and without any other notice whatsoever, to perform or cause to be performed all the obligations of such other Guaranteeing Seller Party hereunder, and it shall not be necessary for the Purchaser, in order to enforce such performance by the Guaranteeing Seller Party, first to institute suit or pursue or exhaust any rights or remedies against any other Guaranteeing Seller Party or others liable for the performance of any such obligation, or to join any other Guaranteeing Seller Party in any action to enforce the Guaranteeing Seller Party's obligations hereunder, or to resort to any other means of obtaining performance from the Guaranteeing Seller Party.

12.13.2 Each Guaranteeing Seller Party hereby waives all defenses based upon suretyship or impairment of collateral, together with any defenses that it may have or assert with respect to the applicable guaranteed obligations (other than actual performance), including, without limitation, discharge in bankruptcy, failure of consideration, breach of warranty, statute of frauds, statute of limitations, accord and satisfaction, release, usury, lack of legal capacity, delay or lack of diligence.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Share Purchase and Subscription Agreement on the date first written above.

THE PURCHASER:

VIPSHOP HOLDINGS LIMITED

By: /s/ Shen Ya

Name: Shen Ya

Title: CEO and Director

THE SELLERS:

CHIC GROUP LIMITED

By: /s/ Li Yuan

Name: Li Yuan

Title: Director

SEQUOIA CAPITAL CHINA II, L.P.

By: /s/ Kok Wai Yee

Name: KOK WAI YEE

Title: *Authorized Signatory*

SEQUOIA CAPITAL CHINA PARTNERS FUND II, L.P.

By: /s/ Kok Wai Yee

Name: KOK WAI YEE

Title: *Authorized Signatory*

SEQUOIA CAPITAL CHINA PRINCIPALS FUND II L.P.

By: /s/ Kok Wai Yee

Name: KOK WAI YEE

Title: *Authorized Signatory*

CHINA BROAD CAPITAL PARTNERS II, L.P.

By: /s/. Authorized Signatory

Name:

Title:

CICC PRINCIPAL INVESTMENT LIMITED.

By: /s/ Shirley Shiyou CHEN

Name: Shirley Shiyou CHEN

Title: Director

HUAXING CAPITAL PARTNERS, L.P.

By: /s/ Bao Fan

Name: Bao Fan

Title: Managing Director

THE GUARANTOR:

MS. YUAN LI

By: /s/ Li Yuan

Name: Li Yuan

Title: _____

Signature Page to Share Purchase and Subscription Agreement

THE COMPANY:

OVATION ENTERTAINMENT LIMITED

By: /s/ Li Jing

Name: Li Jing

Title: Director

Signature Page to Share Purchase and Subscription Agreement

Exhibit A
Schedule of Acquired Shares

Name of Seller	Type of Acquired Shares	Number of Acquired Shares	Address of Seller
Chic Group Limited	Ordinary Share	4,250,680	CN13, Legend Town NO.1, Ba Li Zhuang Dong Li, Chaoyang District Beijing, 100025, PRC Facsimile: 86 (10)-5218-6104 Attention: Ms. Yuan Li
Sequoia Capital China II, L.P.	Ordinary Share	210,042	Cricket Square, Hutchins Dr. P.O. Box 2681, Grand Cayman KY1-1111, CAYMAN ISLANDS Attn: Neil Shen
Sequoia Capital China Partners Fund II, L.P.	Ordinary Share	5,242	Cricket Square, Hutchins Dr. P.O. Box 2681, Grand Cayman KY1-1111 CAYMAN ISLANDS Attn: Neil Shen
Sequoia Capital China Principals Fund II L.P.	Ordinary Share	35,279	Cricket Square, Hutchins Dr. P.O. Box 2681, Grand Cayman KY1-1111 CAYMAN ISLANDS Attn: Neil Shen With a copy to: Attn: Neil Shen Address: 2408, Air China Plaza 36 Xiao Yun Road, Chaoyang District, Beijing 100027, China Fax: 86 10 8447 5669
China Broad Capital Partners II, L.P.	Ordinary Share	52,435	Unit 906, Level 9, Cyberport 2, 100 Cyberport Road, Hong Kong Attention: Jiang Jian
CICC Principal Investment Limited.	Ordinary Share	80,400	Attention: Gu Rui Address: 28/F, China World Tower 2, 1 Jian Guo Men Wai Avenue, Beijing 100004, P.R. China Fax: 86-10 6505 3796
HUAXING CAPITAL PARTNERS, L.P.	Ordinary Share	6,991	21st Floor, Tower C Central International Trade Center, 6 Jianguomenwai Avenue Beijing 100022, China Attention: Zhou Xiang Fax: 010 85679989
Total	-	**4,641,069**	-

Exhibit B
Form of Shareholders Agreement

Exhibit C
Form of Restated Articles

Exhibit 8.1

Vipshop Holdings Limited
List of Significant Consolidated Entities

Name	Jurisdiction of Incorporation
Significant Subsidiaries:	
Vipshop International Holdings Limited	Hong Kong
Vipshop (China) Co., Ltd.	PRC
Vipshop (Kunshan) E-Commerce Co., Ltd.	PRC
Vipshop (Jianyang) E-Commerce Co., Ltd.	PRC
Vipshop (Tianjin) E-Commerce Co., Ltd.	PRC
Guangzhou Pinwei Software Co., Ltd.	PRC
Shanghai Pinzhong Commercial Factoring Co., Ltd.	PRC
Significant Consolidated Affiliated Entities:	
Guangzhou Vipshop Information Technology Co., Ltd.	PRC

* Other consolidated entities of Vipshop Holdings Limited have been omitted from this list since, considered in the aggregate as a single entity, they would not constitute a significant subsidiary as of December 31, 2013.

EXHIBIT 12.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Eric Ya Shen, certify that:

1. I have reviewed this annual report on Form 20-F of Vipshop Holdings Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 25, 2014

By: /s/ Eric Ya Shen
Name: Eric Ya Shen
Title: Chief Executive Officer

EXHIBIT 12.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donghao Yang, certify that:

1. I have reviewed this annual report on Form 20-F of Vipshop Holdings Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 25, 2014

By: /s/ Donghao Yang
Name: Donghao Yang
Title: Chief Financial Officer

EXHIBIT 13.1

Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Vipshop Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Ya Shen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2014

By: /s/ Eric Ya Shen
Name: Eric Ya Shen
Title: Chief Executive Officer

EXHIBIT 13.2

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Vipshop Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donghao Yang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2014

By: /s/ Donghao Yang
Name: Donghao Yang
Title: Chief Financial Officer

EXHIBIT 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement (No.333-181559) on Form S-8, and in Registration Statement (No. 333-194472) on Form F-3, of our reports dated April 25, 2014, relating to the consolidated financial statements and the financial statement schedule of Vipshop Holdings Limited and its subsidiaries (the"Group"), and the effectiveness of the Group's internal control over financial reporting, appearing in the Annual Report on Form 20-F of the Group for the year ended December 31, 2013.

/s/ Deloitte Touche Tohmatsu
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 25, 2014

Exhibit 15.2

HAN KUN LAW OFFICES
Suite 906, Office Tower C1, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, P. R. China
TEL: (86 10) 8525-5500; FAX: (86 10) 8525-5511/ 5522

Date: April 25, 2014

VIPSHOP HOLDINGS LIMITED
No. 20 Huahai Street,
Liwan District, Guangzhou 510370
The People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference to our firm in Vipshop Holdings Limited's annual report on Form 20-F for the fiscal year ended December 31, 2013, which will be filed by Vipshop Holdings Limited in April 2014 with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

Yours Sincerely,

/s/ Han Kun Law Offices
HAN KUN LAW OFFICES

Exhibit 15.3

Office: +852 2801 6066
Mobile: +852 6621 8994
rthorp@traversthorpalberga.com

Vipshop Holdings Limited
No. 20 Huahai Street,
Liwan District, Guangzhou 510370
The People's Republic of China

25 April 2014

Dear Sirs

Re: Vipshop Holdings Limited

We consent to the reference to our firm under the heading "Item 10.E. Additional Information—Taxation" on Form 20-F for the year ended 31 December 2013, which will be filed with the Securities and Exchange Commission in the month of April 2014.

Yours faithfully

/s/ **Travers Thorp Alberga**
TRAVERS THORP ALBERGA

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Fax: +852 2801 6767
www.traversthorpalberga.com
1205A The Centrium
60 Wyndham Street
Central HONG KONG
Cayman Islands and British Virgin Islands Attorneys-at-Law
Resident Hong Kong Partners: Richard Thorp, Harriet Unger (England & Wales), Everton Robertson (England & Wales)