

JD.com, Inc.
Form 20-F
April 18, 2016
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **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, 2015.

OR

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

For the transition period from _____ to _____

OR

☐ **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

Commission file number: 001-36450

JD.com, Inc.

(Exact name of Registrant as specified in its charter)

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N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
The People's Republic of China**

(Address of principal executive offices)

Sidney Xuande Huang, Chief Financial Officer

Telephone: +86 10 8911-8888

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**20th Floor, Building A, No. 18 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing 101111
The People's Republic of China**

(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 each exchange on which registered |
|--|--|
| American depositary shares (one American depositary share representing two Class A ordinary shares, par value US\$0.00002 per share) | The NASDAQ Stock Market LLC (The NASDAQ Global Select Market) |
| Class A ordinary shares, par value US\$0.00002 per share* | The NASDAQ Stock Market LLC (The NASDAQ Global Select Market) |

* Not for trading, but only in connection with the listing on The NASDAQ Global Select Market of American depositary shares.

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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)

Indicate 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.

2,313,578,195 Class A ordinary shares and 480,178,455 Class B ordinary shares, par value US\$0.00002 per share, as of December 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ 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. ☐ 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 ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ 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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

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

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U.S. GAAP ☒

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☐

Other ☐

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. ☐ Item 17 ☐ 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). ☐ 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. ☐ Yes ☐ No

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INTRODUCTION

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

- ADSs are to our American depositary shares, each of which represents two Class A ordinary shares;
- annual active customer accounts from core business are to annual active customer accounts excluding Paipai.com unique customers, while annual active customer accounts are to customer accounts that made at least one purchase during the twelve months ended on the respective dates, including both online direct sales and online marketplace, which include Paipai.com, or Paipai, since the third quarter of 2014 after our acquisition of it from Tencent Holdings Limited on March 10, 2014;
- China or the PRC are to the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;
- core GMV are to GMV excluding that from Paipai.com, while GMV are to the total value of all orders for products and services placed in our online direct sales business and on our online marketplaces, regardless of whether the goods are sold or delivered or whether the goods are returned. GMV includes the value from orders placed on our website and mobile applications as well as orders placed on third-party mobile applications that are fulfilled by us or by our third-party merchants. Our calculation of GMV includes shipping charges paid by buyers to sellers and excludes (i) any transactions in our B2C business with order value exceeding RMB2,000 (US\$309) that are not ultimately sold or delivered, (ii) products or services on our C2C marketplace, Paipai.com, with list prices above RMB100,000 (US\$15,437), and (iii) transactions conducted by buyers on Paipai.com who make purchases exceeding RMB1,000,000 (US\$154,373) in the aggregate in a single day;
- orders fulfilled for core business are to orders fulfilled excluding orders from Paipai.com, while orders fulfilled are to the total number of orders delivered, including the orders for products and services sold in our online direct sales business and on our online marketplaces, net of orders returned;
- ordinary shares are to our Class A and Class B ordinary shares, par value US\$0.00002 per share; and

- we, us, our company and our are to JD.com, Inc., its subsidiaries and its consolidated variable interest entities.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as may, will, expect, anticipate, aim, estimate, intend, plan, believe, is/are likely to continue or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to, among other things:

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the retail and online retail markets in China;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and third-party sellers;

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- our plans to invest in our fulfillment infrastructure and technology platform as well as new business initiatives;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in Item 3.D. Key Information Risk Factors. Those risks are not exhaustive. We operate in an evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, 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 from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

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

A. Selected Financial Data

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The following table presents the selected consolidated financial information for our company. The selected consolidated statements of operations data for the years ended December 31, 2013, 2014 and 2015, selected consolidated balance sheets data as of December 31, 2014 and 2015 and selected consolidated cash flow data for the years ended December 31, 2013, 2014 and 2015 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of operations data for the years ended December 31, 2011 and 2012, selected consolidated balance sheets data as of December 31, 2011, 2012 and 2013 and selected consolidated cash flow data for the years ended December 31, 2011 and 2012 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. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and Item 5. Operating and Financial Review and Prospects below. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

| | 2011 RMB | 2012 RMB | For the Year Ended December 31, 2013 RMB | | 2014 RMB | 2015 RMB | US\$ |
|---|---|-----------------|--|------------------|------------------|-------------|-----------------|
| | (in millions, except for share, per share and per ADS data) | | | | | | |
| Selected Consolidated Statements of Operations Data: | | | | | | | |
| Net revenues: | | | | | | | |
| Online direct sales | 20,888 | 40,335 | 67,018 | 108,549 | 167,721 | | 25,892 |
| Services and others | 241 | 1,046 | 2,322 | 6,453 | 13,566 | | 2,094 |
| Total net revenues | 21,129 | 41,381 | 69,340 | 115,002 | 181,287 | | 27,986 |
| Operating expenses(1): | | | | | | | |
| Cost of revenues | (19,977) | (37,898) | (62,496) | (101,631) | (157,008) | | (24,238) |
| Fulfillment | (1,515) | (3,061) | (4,109) | (8,067) | (13,921) | | (2,149) |
| Marketing | (479) | (1,097) | (1,590) | (4,010) | (7,736) | | (1,194) |
| Technology and content | (240) | (636) | (964) | (1,836) | (3,454) | | (533) |
| General and administrative | (322) | (640) | (760) | (5,260) | (2,877) | | (444) |
| Impairment of goodwill and intangible assets | | | | | (2,750) | | (425) |
| Total operating expenses | (22,533) | (43,332) | (69,919) | (120,804) | (187,746) | | (28,983) |
| Loss from operations | (1,404) | (1,951) | (579) | (5,802) | (6,459) | | (997) |
| Other income/(expense): | | | | | | | |
| Share of results of equity investees | | | | | (3,134) | | (484) |
| Interest income | 56 | 176 | 344 | 638 | 415 | | 64 |
| Interest expense | | (8) | (8) | (29) | (83) | | (13) |
| Others, net | 64 | 60 | 193 | 216 | (141) | | (21) |
| Loss before tax | (1,284) | (1,723) | (50) | (4,977) | (9,402) | | (1,451) |
| Income tax benefits/(expenses) | | (6) | 0 | (19) | 14 | | 2 |
| Net loss | (1,284) | (1,729) | (50) | (4,996) | (9,388) | | (1,449) |
| Preferred shares redemption value accretion | (1,660) | (1,588) | (2,435) | (7,958) | | | |
| Net loss attributable to non-controlling interests | | | | | (10) | | (1) |
| Net loss attributable to ordinary shareholders | (2,944) | (3,317) | (2,485) | (12,954) | (9,378) | | (1,448) |
| Net loss per share | | | | | | | |
| Basic | (2.23) | (2.18) | (1.47) | (5.35) | (3.43) | | (0.53) |
| Diluted | (2.23) | (2.18) | (1.47) | (5.35) | (3.43) | | (0.53) |
| Net loss per ADS(2) | | | | | | | |
| Basic | (4.45) | (4.35) | (2.93) | (10.71) | (6.86) | | (1.06) |
| Diluted | (4.45) | (4.35) | (2.93) | (10.71) | (6.86) | | (1.06) |
| Weighted average number of shares:(3) | | | | | | | |

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| | | | | | | |
|---------|---------------|---------------|---------------|---------------|---------------|---------------|
| Basic | 1,322,840,034 | 1,523,639,783 | 1,694,495,048 | 2,419,668,247 | 2,735,034,034 | 2,735,034,034 |
| Diluted | 1,322,840,034 | 1,523,639,783 | 1,694,495,048 | 2,419,668,247 | 2,735,034,034 | 2,735,034,034 |

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- (1) Share-based compensation expenses are allocated in operating expense items as follows:

| | 2011 | 2012 | For the Year Ended December 31, | | 2015 | |
|----------------------------|------|-------|---------------------------------|---------|-------|-------|
| | RMB | RMB | 2013 | 2014 | RMB | US\$ |
| | | | RMB | RMB | | |
| | | | (in millions) | | | |
| Fulfillment | (38) | (78) | (81) | (129) | (185) | (28) |
| Marketing | (6) | (9) | (9) | (24) | (50) | (8) |
| Technology and content | (1) | (25) | (33) | (79) | (234) | (36) |
| General and administrative | (26) | (113) | (138) | (4,018) | (725) | (112) |

- (2) Each ADS represents two Class A ordinary shares.

(3) On April 18, 2012, we effected a 5-for-1 share split whereby each of our then issued and outstanding ordinary shares of a par value of US\$0.0001 each was converted into five ordinary shares of a par value of US\$0.00002 each, each of our then issued and outstanding series A preferred shares of a par value of US\$0.0001 each was converted into five series A preferred shares of a par value of US\$0.00002 each, each of our then issued and outstanding series B preferred shares of a par value of US\$0.0001 each was converted into five series B preferred shares of a par value of US\$0.00002 each, each of our then issued and outstanding series C preferred shares of a par value of US\$0.0001 each was converted into five series C preferred shares of a par value of US\$0.00002 each. The share split has been retroactively reflected for all periods presented herein.

| | 2011 | 2012 | As of December 31, | | | |
|--|--------|--------|--------------------------------------|--------|--------|--------|
| | RMB | RMB | 2013 | 2014 | 2015 | US\$ |
| | | | RMB | RMB | RMB | |
| | | | (In millions, except for share data) | | | |
| Selected Consolidated Balance Sheets Data: | | | | | | |
| Cash and cash equivalents | 6,289 | 7,177 | 10,812 | 16,915 | 17,864 | 2,758 |
| Restricted cash | 290 | 1,920 | 1,887 | 3,038 | 2,115 | 326 |
| Short-term investments | | 1,080 | 1,903 | 12,162 | 2,780 | 429 |
| Inventories, net | 2,764 | 4,754 | 6,386 | 12,191 | 20,540 | 3,171 |
| Total assets | 10,579 | 17,886 | 26,010 | 66,493 | 85,166 | 13,147 |
| Accounts payable | 3,636 | 8,097 | | | | |