
CONTRACTUAL ARRANGEMENTS

PRC REGULATORY BACKGROUND

Overview

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (the “**Negative List**”) and the Catalog of Industries for Encouraging Foreign Investment (the “**Encouraging Catalog**”), which was promulgated and is amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divides industries into three categories in terms of foreign investment, namely, “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Encouraging Catalog and the Negative List are generally deemed as falling into a fourth category “permitted.” The currently effective Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (the “**2020 Negative List**”), which became effective on July 23, 2020. As advised by our PRC Legal Adviser, a summary of our business/operation that is subject to foreign investment restriction or prohibition in accordance with the Negative List, the Encouraging Catalog and other applicable PRC laws and on certain interview with governmental authority is set out below (the “**Relevant Businesses**”):

Categories

Our business/operation

“Prohibited”

Domestic Express Delivery of Letters Business

As advised by our PRC Legal Adviser, Article 51 of the Postal Law of the PRC (中華人民共和國郵政法) prohibits foreign investment in a business that operates and provides domestic express delivery of letters. Similarly, according to the 2020 Negative List, promulgated by the NDRC and the MOFCOM, domestic express delivery of letters is an industry where foreign investment is not permitted.

Pursuant to the Administrative Measures on the Courier Service Market (快遞市場管理辦法) and the Administrative Measures on Courier Service Operation Permits (快遞業務經營許可管理辦法), any entity operating courier services across multiple provinces, including but not limited to delivery of letters, parcels and other items, must obtain a cross-provincial Courier Service Operation Permit (快遞業務經營許可證) from the State Post Bureau (國家郵政局).

Given the Company provides an integrated service with respect to its supply chain solutions and logistics services, it is neither legally nor commercially practicable to separate the domestic express delivery of letters from the Company’s other supply chain solutions and logistics services and other businesses which rely on the Courier Service Operation Permit and/or are subject to foreign ownership restrictions pursuant to the 2020 Negative List (the “**Prohibited Businesses**”).

Furthermore, as advised by our PRC Legal Adviser, the State Post Bureau will not consider in the foreseeable future to issue separate cross-provincial Permits to two separate entities which use the same delivery stations, facilities, delivery personnel and service network. In other words, as advised by our PRC Legal Adviser, the State Post Bureau can only issue cross-provincial Courier Service Operation Permits to two separate entities under the Group only if their delivery stations, facilities, delivery personnel and service network do not overlap.

The Group currently holds two cross-provincial Courier Service Operation Permits, given that in addition to its original cross-provincial Courier Service Operation Permit held by Beijing Jingbangda, a consolidated affiliated entity of the Company, it had also acquired approximately 55% of the shareholding in

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Categories

Our business/operation

Kuayue Express, and is in the process of applying for another cross-provincial Courier Service Operation Permit for a consolidated affiliated entity of the Company, Guangdong Hongbang Tuoxian Logistics Technology Co., Ltd. (廣東弘邦拓先物流科技有限公司) which operates Zhongyou Express (眾郵快遞) (“**Zhongyou Express**”) and is in the process of being rebranded as Jingxida Express (京喜達快遞). Guangdong Hongbang Tuoxian Logistics Technology Co., Ltd. (廣東弘邦拓先物流科技有限公司) is a wholly owned subsidiary of Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司). The applications for the cross-provincial Courier Service Operation Permits for Jingbangda, Kuayue Express and Zhongyou Express were made or will be made on the basis that they each possessed standalone delivery stations, facilities, delivery personnel and service network.

Our Company, the Joint Sponsors, our PRC Legal Adviser and Han Kun Law Offices (the legal adviser to the Joint Sponsors as to PRC laws) conducted a verbal consultation on December 31, 2020 with a senior officer of the Market Regulation Research Branch of Development and Research Center of the State Post Bureau of the PRC (中國國家郵政局發展研究中心市場監管研究處) (the “**Regulatory Consultation**”), which, as advised by our PRC Legal Adviser, participates in the daily duties of such department including, among others: (i) the review of application for cross-provincial Courier Service Operation Permit; and (ii) the formulation of regulatory policies in, and the regulation of, postal services (including the regulatory policies on applications for Courier Service Operation Permit) in the PRC. In light of the foregoing, our PRC Legal Adviser is of the view that such consulted official is a competent person to give the below confirmation. The senior officer of the Market Regulation Research Branch of Development and Research Center of the State Post Bureau confirmed that (i) applicants must fulfill a number of conditions to obtain a Courier Service Operation Permit, including whether the applicant has its own standalone delivery stations, facilities, delivery capability, service network and brand; and (ii) separate Courier Service Operation Permit will not be issued to two separate entities which use the same delivery stations, facilities, delivery personnel and service network.

Consequently, according to the Regulatory Consultation, the State Post Bureau will not consider issuing separate Courier Service Operation Permit to two separate entities which use the same delivery stations, facilities, delivery personnel and service network. In other words, the State Post Bureau can only issue Courier Service Operation Permit to two separate entities if there is no overlap of their delivery stations, facilities, delivery personnel and service network.

Save for the Prohibited Businesses, the Contractual Arrangements also include certain non-restricted businesses (i.e. business that are not relying on the Courier Service Operation Permit and/or not subject to foreign ownership restrictions pursuant to the 2020 Negative List), including but not limited to advertising and after-purchase services, unmanned and artificial intelligence technologies that are integrated with the Group’s logistics services, customer service, and international freight forwarding (collectively, the “**Non-restricted Businesses**”). The revenue contribution of the Non-restricted Businesses under the Contractual Arrangements to our Group amounted to less than 2% for the three years ended December 31, 2020, with the remaining revenue contribution under the Contractual Arrangements (as stated in the next page) arising from Prohibited Businesses. The Company confirms that it will (and will have measures in place to) ensure the Non-restricted Businesses under the Contractual Arrangements will remain immaterial after the Listing and its annual

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revenue contribution relative to the Group will be below 5%. Our audit committee will review the proportion of the revenue generated from the Non-restricted Businesses on an annual basis and will make adequate disclosure on an ongoing basis in our Company's annual report after the Listing.

For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed "Regulations".

OUR CONTRACTUAL ARRANGEMENTS

Overview

Because foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations as outlined above, we do not directly own any equity interests in our Consolidated Affiliated Entities. The Onshore Holdco is held by Richard Qiangdong Liu (劉強東) as to 45%, Yayun Li (李姪雲) as to 30% and Pang Zhang (張雱) as to 25%. Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) is held by Jian Cui (崔建) as to 50% and Dingkai Yu (禹定凱) as to 50%. Richard Qiangdong Liu (劉強東) and Pang Zhang (張雱) are non-executive Directors of our Company; Yayun Li (李姪雲) is chief executive officer of JD Technology and a former employee (including as Chief Compliance Officer) of JD Group (and has been a shareholder of the Onshore Holdco since June 23, 2017); Jian Cui (崔建) is chief officer and is in charge of our Group's express delivery and operations construction department; and Dingkai Yu (禹定凱) is chief officer and is in charge of our Group's central China region and bulky item logistics departments. The Contractual Arrangements (set out in more detail below) allow for our Company (or our wholly-owned subsidiaries) to exercise control of the Consolidated Affiliated Entities. Further, each of the registered shareholders of the Onshore Holdcos has given their irrevocable undertakings in the shareholders' rights entrustment agreement which address potential conflicts of interests that may arise in connection with the Contractual Arrangements.

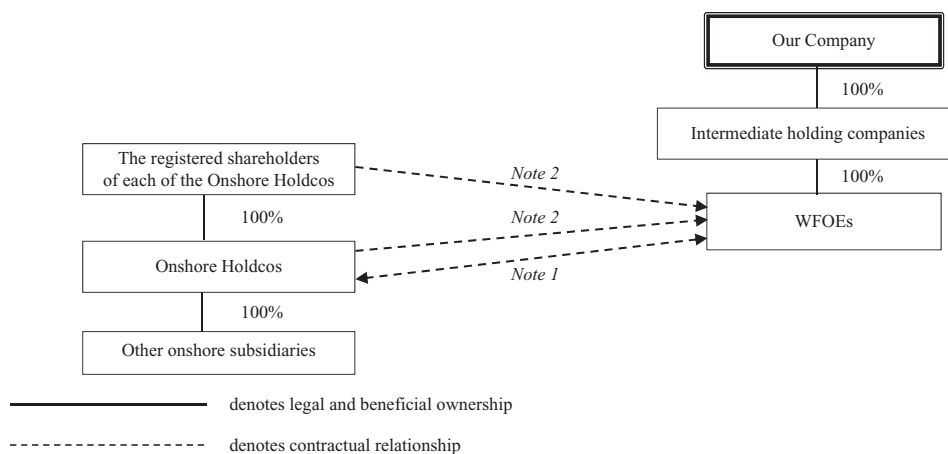
In view of the aforementioned PRC regulatory background, after consultation with our PRC Legal Adviser, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements (i) between the WFOE, on the one hand, and the Onshore Holdco and its shareholders, on the other, and (ii) between Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) on the one hand, and Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) and its shareholders on the other. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRSs as if they were subsidiaries of our Group.

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. Pursuant to the Reorganization, in replacement of certain of the previous contractual arrangements and to comply with the requirements set out in HKEX-LD43-3, the Contractual Arrangements currently in effect were entered into on January 25, 2021, whereby the WFOEs have acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and have become entitled to all the economic benefits derived from their operations. As advised by the Company's PRC Legal Adviser, the Company will not incur additional PRC income

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tax and business tax as a result of the termination and replacement of the previous contractual arrangements on the basis that there was no material change to the contractual arrangements. Total revenue of the Group’s Consolidated Affiliated Entities was RMB36.5 billion, RMB40.4 billion and RMB58.8 billion for the years ended December 31, 2018, 2019 and 2020, respectively, and these amounts have been reflected in the Group’s combined financial statements with intercompany balances and transactions between the consolidated affiliated entities, the subsidiaries of the consolidated affiliated entities and other entities within the Group eliminated. Most of the revenue from the Group’s Consolidated Affiliates are derived from the Onshore Holdco, while the annual revenue contribution from Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) accounts for less than 1% of the Group’s revenue during the Track Record Period. Based on the above, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOEs and our Consolidated Affiliated Entities; (ii) by entering into the exclusive business cooperation agreement with our WFOEs, which are our Group’s subsidiaries incorporated in PRC, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.



Notes:

- (1) The WFOE and Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) provide business support, technical and consulting services in exchange for service fees from the Onshore Holdco and Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司), respectively. Please refer to “—Our Contractual Arrangements—Exclusive Business Cooperation Agreement”.
- (2) The Registered Shareholders, executed the exclusive option agreement in favor of the WFOE for the acquisition of all or part of the equity interests in and all or part of the assets in the Onshore Holdco. Jian Cui (崔建) and Dingkai Yu (禹定凱) executed the exclusive option agreement in favor of Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) for the acquisition of all or part of the equity interests in and all or part of the assets in Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司). See section headed “—Our Contractual Arrangements—Exclusive Option Agreement”.

The Registered Shareholders executed shareholders’ rights entrustment agreement and the powers of attorney in favor of the WFOE, for the exercise of all shareholders’ rights in the Onshore Holdco. Jian Cui (崔建) and Dingkai Yu (禹定凱) executed shareholders’ rights entrustment agreement and the powers of attorney in favor of the Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司), for the exercise of all shareholders’ rights in the Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司). See section headed “—Our Contractual Arrangements—Shareholders’ Rights Entrustment Agreement and Powers of Attorney”.

The Registered Shareholders granted security interests in favor of the WFOE, over the entire equity interests in the Onshore Holdco. Jian Cui (崔建) and Dingkai Yu (禹定凱) granted security interests in favor of Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司), over the entire equity interests in Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司). See section headed “—Our Contractual Arrangements—Share Pledge Agreement”.

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Circumstances under which we will unwind the Contractual Arrangements

Our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our supply chain solutions and logistics services business to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations in the event that PRC regulatory restrictions on foreign ownership of the relevant business cease to exist or allow the relevant business to be held by sino-foreign equity joint ventures or wholly-owned foreign investment entities.

Summary of the agreements under the Contractual Arrangements and other key terms thereunder

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreement

The Onshore Holdco entered into an exclusive business cooperation agreement with the WFOE on January 25, 2021 (the “**Exclusive Business Cooperation Agreement**”), pursuant to which the Onshore Holdco agrees to engage WFOE as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to the WFOE’s adjustment, are equal to all of the net profit of the Onshore Holdco and its subsidiaries. The WFOE may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of the Onshore Holdco and its subsidiaries from previous financial periods, which will be wired to the designated account of the WFOE upon issuance of payment notification by the WFOE. The WFOE enjoys all the economic benefits derived from the businesses of the Onshore Holdco and bears the relevant portion of the business risks of the Onshore Holdco. If the Onshore Holdco runs into financial deficit or suffers severe operation difficulties, the WFOE will provide financial support to the Onshore Holdco.

Intellectual property rights are developed during the normal course of business of the Onshore Holdco and its subsidiaries. Pursuant to the Exclusive Business Cooperation Agreement, the WFOE will have the exclusive and proprietary rights to all intellectual properties developed by the Onshore Holdco and its subsidiaries, in connection with performance of this Exclusive Business Cooperation Agreement. Part of the economic benefits generated by the Onshore Holdco and its subsidiaries will be intellectual properties developed or created during the normal business operation of the Onshore Holdco and its subsidiaries. Though we do not intend to transfer any existing intellectual property rights held by the Onshore Holdco to the WFOE, the Onshore Holdco is required under the Contractual Arrangements to obtain the WFOE’s prior written consent before they transfer, assign or dispose of any of the intellectual properties to any third party.

Unless otherwise terminated early by the WFOE, the Exclusive Business Cooperation Agreement will remain effective unless terminated in the event that (a) the entire equity interests held by the Registered Shareholders in the Onshore Holdco or the entire assets of the Onshore Holdco have been transferred to the WFOE; (b) in accordance with the other provisions of the Exclusive Business Cooperation Agreement.

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Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) also entered into an exclusive business cooperation agreement with Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) on January 25, 2021 which substantially mirrors the terms of Exclusive Business Cooperation Agreement set out above.

Exclusive Option Agreement

The Onshore Holdco and the Registered Shareholders entered into an exclusive option agreement with the WFOE dated January 25, 2021 (the “**Exclusive Option Agreement**”), pursuant to which the WFOE (or our Company or any subsidiary of our Company, the “designee”) is granted an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of the Onshore Holdco for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Registered Shareholders and/ or the Onshore Holdco shall return any amount of purchase price they have received to the WFOE or its designee. At the WFOE’s request, the Registered Shareholders will promptly transfer their respective equity interests in and/or the relevant assets of the Onshore Holdco to the WFOE (or its designee) after the WFOE exercises its purchase right. Unless otherwise terminated early by the WFOE through written notice, the Exclusive Option Agreement will remain effective until when all the purchased equity interests and/or the relevant assets are transferred to the WFOE and/or the designee and the WFOE and its subsidiaries have the right to legally conduct the business of the Onshore Holdco according to the PRC law.

In order to prevent the flow of the relevant assets and value of the Onshore Holdco and its subsidiaries to the Registered Shareholders, during the term of the Exclusive Option Agreement, the Onshore Holdco is not allowed to, and shall procure its subsidiaries not to, sell, transfer, mortgage or otherwise dispose of any of its assets (exceeding the value of RMB1 million) without the prior written consent of the WFOE. In addition, the Registered Shareholders are not allowed to request for any distributions, gains or other form of profits sharing and should forgo such distributions, gains or any other form of profits sharing within the scope permitted by the PRC law. In the event that the Registered Shareholders receive any distribution from the Onshore Holdco and/or its subsidiaries and subject to the PRC laws, the Registered Shareholders must immediately pay or transfer such distribution to the WFOE (or its designee). If the WFOE exercises its purchase right, all or any part of the equity interests in and/or assets of the Onshore Holdco acquired would be transferred to the WFOE and the benefits of equity ownership and/or assets, as applicable, would flow to us and our Shareholders.

As provided in the Exclusive Option Agreement, without the prior written consent of the WFOE, the Onshore Holdco shall not, and shall procure its subsidiaries not to, among other things, (i) sell, transfer, pledge or dispose of in any manner any of its assets for a value more than RMB1 million; (ii) execute any material contract for a value more than RMB1 million, except any contracts in the ordinary course of business and any contracts entered into with any members of our Group; (iii) provide any loan, financial support, pledge or guarantees in any form to any third party, or allow any third party create any pledge or other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business of the Onshore Holdco or not disclosed and consented to by the WFOE; (v) enter into any consolidation or merger with any third party, or acquire or invest in any third party; (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. The Exclusive Option

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Agreement provides that the Onshore Holdco shall procure the subsidiaries of the Onshore Holdco to comply with the above undertaking as if they are parties to the Exclusive Option Agreement. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and us in the event of any loss suffered from the Onshore Holdco and/or its subsidiaries can be limited to a certain extent.

Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) and Jian Cui (崔建) and Dingkai Yu (禹定凱) also entered into an exclusive option agreement with Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) dated January 25, 2021 which substantially mirrors the terms of Exclusive Option Agreement set out above.

Loan Agreement

Pursuant to the loan agreement dated January 25, 2021 between the WFOE and the Registered Shareholders (the “**Loan Agreement**”), the WFOE made loans in an aggregate amount of RMB1 million to the Registered Shareholders solely for the capitalization of the Onshore Holdco. Pursuant to the Loan Agreement, the Registered Shareholders can only repay the loans by the sale of all their equity interest in the Onshore Holdco to the WFOE or its designated person. The Registered Shareholders must sell all of their equity interests in the Onshore Holdco to the WFOE or its designated person and pay all of the proceeds from sale of such equity interests or the maximum amount permitted under PRC law to the WFOE. In the event that Registered Shareholders sell their equity interests to the WFOE or its designated person with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to the WFOE as the loan interest. The maturity date of the loans is on the tenth anniversary of the date when the Registered Shareholders received the loans and paid the amount as capital contribution to the Onshore Holdco. The term of the loans will be extended automatically for an additional 10 years, unless the WFOE objects, for an unlimited number of times. The loan must be repaid immediately under certain circumstances, including, among others, (i) if any other third-party claims against any Registered Shareholder for an amount more than RMB100,000 and the WFOE has reasonable ground to believe that the shareholder is unable to repay the claimed amount, (ii) if a foreign investor is permitted to hold majority or 100% equity interest in the Onshore Holdco and the WFOE elects to exercise its exclusive purchase option, or (iii) if the Loan Agreement, the Share Pledge Agreement (as defined below) or the Exclusive Option Agreement terminates for cause not attributable to the WFOE or is deemed to be invalid by a court.

Pursuant to the loan agreement dated January 25, 2021 between Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司), Jian Cui (崔建) and Dingkai Yu (禹定凱), Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) made loans in an aggregate amount of RMB5 million to Jian Cui (崔建) and Dingkai Yu (禹定凱) solely for the capitalization of Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司)—the terms of such loan agreement substantially mirror the terms of the Loan Agreement set out above.

Shareholders’ Rights Entrustment Agreement and Powers of Attorney

Pursuant to the shareholder’s rights entrustment agreement entered into among the Registered Shareholders, the WFOE and the Onshore Holdco on January 25, 2021 (the “**Shareholders’ Rights Entrustment Agreement**”), and the irrevocable power of attorney executed by each of the Registered Shareholders on the same day (the “**Power of Attorney**”), whereby the Registered Shareholders

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appointed the WFOE or a director of its offshore holding company or his or her successor (including a liquidator replacing the WFOE's director) as their exclusive agent and attorney to act on their behalf on all matters concerning the Onshore Holdco and to exercise all of its rights as a registered shareholder of the Onshore Holdco. These rights include (i) the right to propose, convene and attend shareholders' meetings; (ii) the right to sell, transfer, pledge or dispose of shares; (iii) the right to exercise shareholders' voting rights; and (iv) the right to act as the legal representative (chairperson), the director, supervisor, the chief executive officer (or general manager) and other senior management members of the Onshore Holdco. The authorized person is entitled to sign minutes, file documents with the relevant companies registry and exercise voting rights on the winding up of the Onshore Holdco on behalf of the Registered Shareholders. The Registered Shareholders have each undertaken to transfer all assets obtained after the winding up of the Onshore Holdco to the WFOE at nil consideration or the lowest price permissible by the then applicable PRC laws. As a result of the Shareholders' Rights Entrustment Agreement and the Powers of Attorney, we, through the WFOE, are able to exercise management control over the activities that most significantly impact the economic performance of the Onshore Holdco.

The Shareholders' Rights Entrustment Agreement also provided that, in order to avoid potential conflicts of interest, where the Registered Shareholders are officers or directors of our Group, the powers of attorney are granted in favor of other unrelated officers or the Directors of our Company.

The Shareholders' Rights Entrustment Agreement and the Powers of Attorney shall automatically terminate once the WFOE (or any member of our Group other than the Onshore Holdco and their respective subsidiaries) directly holds the entire equity interests in and/or the entire assets of the Onshore Holdco once permitted under the then PRC laws and the WFOE (or its subsidiaries) is allowed to conduct the Relevant Businesses under the then PRC laws, following which the WFOE is registered as the sole shareholder of the Onshore Holdco.

Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司), Jian Cui (崔建), Dingkai Yu (禹定凱) and Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) also entered into a shareholder's rights entrustment agreement on January 25, 2021 which substantially mirror the terms of the Shareholders' Rights Entrustment Agreement set out above. Jian Cui (崔建) and Dingkai Yu (禹定凱) also executed irrevocable power of attorney on the same day which substantially mirror the terms of the Power of Attorney set out above.

Share Pledge Agreement

The Onshore Holdco, the Registered Shareholders and the WFOE entered into a share pledge agreement on January 25, 2021 (the "**Share Pledge Agreement**"). Under the Share Pledge Agreement, the Registered Shareholders will pledge as first charge all of their respective equity interests in the Onshore Holdco to the WFOE as collateral security for any or all of their payments due to the WFOE and to secure performance of their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement, Shareholders' Rights Entrustment Agreement and the Powers of Attorney. The Share Pledge Agreement will not terminate until (i) all obligations of the Onshore Holdco and the Registered Shareholders are satisfied in full; (ii) the WFOE exercises its exclusive option to purchase the entire equity interests held by the Registered Shareholders in the Onshore Holdco and/or the entire assets of the Onshore Holdco pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws; (iii) the WFOE exercises its unilateral and unconditional right of termination; or (iv) the Share Pledge Agreement is

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required to be terminated in accordance with applicable PRC laws. In addition, under the Exclusive Option Agreement, none of the Registered Shareholders may transfer or permit the encumbrance of any of their equity interests in and the relevant assets of the Onshore Holdco without the WFOE's prior written consent. Furthermore, under the Exclusive Business Cooperation Agreement, the WFOE is entitled to retain and exercise physical control of company seals and certificates that are crucial to the daily operations of the Onshore Holdco, which further strengthens the protection of the WFOE's interests over the Onshore Holdco under the Contractual Arrangements. Should an event of default (as provided in the Share Pledge Agreement) occur, unless it is successfully resolved to the WFOE's satisfaction within 30 days upon being notified by the WFOE, the WFOE may demand that the Onshore Holdco immediately pay all outstanding payments due under the Exclusive Business Cooperation Agreement, repay any loans and make all other payments due to it, and/or dispose of the pledged equity interests and use the proceeds to repay any outstanding payments due to the WFOE. The Registered Shareholders have pledged their equity interests in the Onshore Holdco to WFOE and registered such pledges with the relevant PRC governmental authority pursuant to PRC laws and regulations.

Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司), Jian Cui (崔建), Dingkai Yu (禹定凱) and Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) also entered into a share pledge agreement on January 25, 2021 which substantially mirrors the terms of the Share Pledge Agreement set out above. Jian Cui (崔建) and Dingkai Yu (禹定凱) have pledged their equity interests in Guangdong Jingxi Logistics Technology Co., Ltd. (廣東京喜物流科技有限公司) to Jingdong Logistics Supply Chain Co., Ltd. (京東物流供應鏈有限公司) and registered such pledges with the relevant PRC governmental authority pursuant to PRC laws and regulations.

Other key terms thereunder

Dispute resolution

Each of the Contractual Arrangements stipulates that the parties thereto shall negotiate in good faith to resolve any dispute with respect to the construction and performance of the provisions of any such Contractual Arrangements. In the event the parties fail to resolve such a dispute within 30 days after any party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the Beijing Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on all parties. Any party shall have the right to apply to the courts with competent jurisdiction for enforcement of arbitration rulings after the arbitration rulings come into force.

Each of the Contractual Arrangements also provides that (i) the arbitral tribunal may award remedies over the equity interests, assets or property interest of the Onshore Holdcos, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the Onshore Holdcos; and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and other jurisdiction (being the place of domicile of the Onshore Holdcos and where the principal assets of the Onshore Holdcos and WFOEs are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity or property interest of the Onshore Holdcos.

However, our PRC Legal Adviser has advised that (i) a tribunal normally would not grant such kind of injunctive relief or winding up order of the Onshore Holdcos under PRC laws; (ii) interim

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remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our Consolidated Affiliated Entities, the Onshore Holdcos or their registered shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. Please refer to the section headed “Risk Factors—Risks Related to Our Corporate Structure—We rely on Contractual Arrangements with our Onshore Holdcos and their shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control” of this document for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the registered shareholders of the Onshore Holdcos, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, the WFOEs can enforce their rights against the successors. Pursuant to the Contractual Arrangements, any successor of the registered shareholders of the Onshore Holdcos shall inherit any and all rights and obligations of the registered shareholders under the Contractual Arrangements as a result of their death, loss of capacity, marriage, divorce, bankruptcy or under other circumstance which would affect their exercise of equity interest in the Onshore Holdcos, as if the successor was a signing party to such Contractual Arrangements.

According to the terms of the Exclusive Option Agreement, each of the registered shareholders of the Onshore Holdcos has undertaken, in the event of death or any other event which causes the inability of the shareholder to perform their day-to-day obligations including bankruptcy, marriage or divorce, to transfer all of the equity interests, including right and obligations, in the Onshore Holdcos, held by them without consideration to the WFOEs or an individual or legal entity designated by the WFOEs under applicable PRC law.

In addition, the spouse of each of Richard Qiangdong Liu (劉強東), Pang Zhang (張雱), Yayun Li (李姪雲), Jian Cui (崔建) and Dingkai Yu (禹定凱) executes an irrevocable undertaking on January 25, 2021, whereby they expressly and irrevocably acknowledge and undertake that (i) any equity interests held by Richard Qiangdong Liu (劉強東), Pang Zhang (張雱), Yayun Li (李姪雲), Jian Cui (崔建) and Dingkai Yu (禹定凱) in the Onshore Holdcos do not fall within the scope of their communal properties; (ii) they will not have any claim on the interests of the Onshore Holdcos obtained through the Contractual Arrangements; (iii) they have never participated and will not participate in the operation or management of the Onshore Holdcos.

Based on the foregoing, our PRC Legal Adviser is of the view that (i) the Contractual Arrangements provide protection to us even in the event of loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the registered shareholders of the Onshore Holdcos; and (ii) loss of

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capacity, death, bankruptcy (if applicable), marriage or divorce of the registered shareholders of the Onshore Holdcos would not affect the validity of the Contractual Arrangements, and the WFOEs can enforce their rights under the Contractual Arrangements against the successors of such shareholders.

Arrangements to address potential conflicts of interest

Each of the registered shareholders of the Onshore Holdcos has given their irrevocable undertakings in the shareholders' rights entrustment agreement which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see the sub-paragraph headed "—Shareholders' Rights Entrustment Agreement and the Powers of Attorney" above.

Loss sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or the WFOEs is obligated to share the losses of the Onshore Holdcos, but if the Onshore Holdcos suffers any losses or material difficulties of business, the WFOEs will provide financial support as permitted under PRC laws at its discretion to the Onshore Holdcos under the terms of the exclusive business cooperation agreements. Further, each of the Onshore Holdcos is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC laws and regulations, our Company or the WFOEs are not expressly required to share the losses of the Onshore Holdcos or provide financial support to the Onshore Holdcos. Despite the foregoing, given that we conduct the Relevant Businesses in the PRC through the Consolidated Affiliated Entities which hold the requisite PRC license and approvals and that the Onshore Holdcos' results of operations and assets and liabilities are consolidated into our results of operations and assets and liabilities under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if the Consolidated Affiliated Entities suffered losses.

Liquidation

Pursuant to the exclusive option agreements, in the event of a mandatory liquidation required by PRC laws, the Onshore Holdcos shall sell all of its assets, to the extent permitted by PRC laws, to the WFOEs or another qualifying entity designated by the WFOEs, at the lowest selling price permitted by applicable PRC laws. Any obligation for the WFOEs to pay the Onshore Holdcos as a result of such transaction shall be waived by the Onshore Holdcos and any profits arising from the above transactions shall be paid to the WFOEs or the qualifying entity designated by the WFOEs in partial satisfaction of the service fees under the exclusive business cooperation agreement, as applicable under the then current PRC laws. Accordingly, in the event of winding up of the Onshore Holdcos, a liquidator may seize the relevant assets of the Onshore Holdcos through the WFOEs based on the Contractual Arrangements for the benefit of our creditors/shareholders.

Termination

Each of the Contractual Arrangements provides that the WFOEs and the Onshore Holdcos shall terminate the Contractual Arrangements once the WFOEs holds the entire equity interests in and/or the entire assets of the Onshore Holdcos under the then PRC laws and if the WFOEs or their subsidiaries are able to conduct the Relevant Businesses directly as a result of being permitted to do so under the then PRC laws and the WFOEs are registered as the sole shareholder of the Onshore Holdcos. In addition, pursuant to the two exclusive business cooperation agreements aforementioned, the WFOEs

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have the unilateral right to terminate these agreements at any time by providing 30 days' advance written notice to the Onshore Holdcos.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through the Consolidated Affiliated Entities under the Contractual Arrangements.

Legality of the Contractual Arrangements

Based on the above, our PRC Legal Adviser is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

- (i) each of the WFOEs and the Onshore Holdcos is an independent legal entity which is duly established, and their respective establishment is valid, effective and complies with the relevant PRC laws;
- (ii) each of the agreements under the Contractual Arrangements is legal, valid and binding on the parties thereto and none of the them would be deemed as void under the PRC Civil Code;
- (iii) none of the agreements under the Contractual Arrangements violates any provisions of respective articles of association of the WFOEs, the Consolidated Affiliated Entities;
- (iv) the Contractual Arrangements do not require any approvals from the PRC governmental authorities, except that (a) the pledges under the share pledge agreement are required to be registered with the relevant local SAMR; (b) the exercise of the option by WFOEs of their right under exclusive option agreement to all or part of the equity interests in our Onshore Holdcos is subject to the approvals of, consent of, filing with and/or registration with the PRC governmental authorities;
- (v) the Contractual Arrangements are not in violation of applicable PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of the Onshore Holdcos, injunctive relief and/or winding up of the Onshore Holdcos, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Onshore Holdcos in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and
- (vi) the consummation of the contemplated listing of our shares on the Stock Exchange is not a violation of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign

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Investors, which was adopted by six PRC regulatory agencies, including MOFCOM and the CSRC, and effective since September 2006 and amended on June 22, 2009.

Our PRC Legal Adviser is of the view that the use of the Contractual Arrangements does not constitute a breach of the relevant laws and regulations. However, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Adviser.

Based on the above advice from our PRC Legal Adviser, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed “Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the Contractual Arrangements in relation to our Consolidated Affiliated Entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.”

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in the section headed “Connected Transactions” of this document.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by the WFOEs through which we operate our business in the PRC. As advised by our PRC Legal Adviser, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “Contractual Arrangements—Legality of the Contractual Arrangements”.

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Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods”. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors—Risks related to our Corporate Structure—Our current corporate structure and business operations may be affected by the Foreign Investment Law”.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;
2. our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
3. our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
4. our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOEs and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of financial results of operating entities

Under the exclusive business cooperation agreement, it was agreed that, in consideration of the services provided by the WFOEs, the Onshore Holdcos shall pay service fees to the WFOEs. The services fee shall equal to the Onshore Holdcos’ consolidated profit before tax excluding the service fee thereunder, after deducting any accumulated losses of the Consolidated Affiliated Entities from the preceding fiscal year, and any costs, expenses, tax and other statutory contribution in relation to the respective fiscal year. The WFOEs have the right to periodically receive or inspect the accounts of the Consolidated Affiliated Entities.

In addition, under the exclusive option agreement, the WFOEs have absolute contractual control over the distribution of dividends or any other amounts to the registered shareholders of the Onshore Holdcos as the WFOEs’ prior written consent is required before any distribution can be made. If the registered shareholders of the Onshore Holdcos receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the services fee under the exclusive business

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cooperation agreement, such income, profit distribution or dividend to the WFOEs or any other person designated by the WFOEs to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between the WFOEs, the Onshore Holdcos and the registered shareholders of the Onshore Holdcos, the WFOEs are able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of the Consolidated Affiliated Entities is disclosed in Note 1.2 to the Accountants' Report set out in Appendix I.