THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JD Health International Inc., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

JDH 京东健康

JD Health International Inc.
京东健康股份有限公司

(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 6618)

(1) REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS (2) RE-ELECTION OF DIRECTOR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

A letter from the Independent Board Committee to the Independent Shareholders is set out on page 24 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 25 to 44 of this circular.

A notice of the EGM of JD Health International Inc. to be held at 10:30 a.m. on Friday, October 8, 2021 at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People's Republic of China, or any adjournment thereof is set out on pages 53 to 54 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://ir.jdhealth.com.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Wednesday, October 6, 2021) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

September 16, 2021

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement dated July 1, 2021, in relation to, among others, the proposed revision of the existing annual caps of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement
"Articles of Association"	the articles of association of the Company as amended and restated from time to time
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China, and for the purposes of this circular only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Company"	JD Health International Inc. (京东健康股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on November 30, 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6618)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened at 10:30 a.m. on Friday, October 8, 2021 at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People's Republic of China, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 53 to 54 of this circular, or any adjournment thereof
"Group"	the Company and its subsidiaries and consolidated affiliated entities from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	the independent committee of the Board, comprising Mr. Xingyao Chen, Ms. Ling Li and Dr. Jiyu Zhang, being the independent non-executive Directors, established to advise the Independent Shareholders in respect of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps)
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to conduct Type 6 (advising on Corporate Finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps)
"Independent Shareholders"	the Shareholders, other than (i) JD Jiankang with respect to the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps); and (ii) those who are required to abstain from voting at the EGM to approve the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps)
"JD.com"	JD.com, Inc., one of the controlling shareholders of the Company, a company incorporated in the British Virgin Islands on November 6, 2006 and subsequently redomiciled to the Cayman Islands on January 16, 2014 as an exempted company registered by way of continuation under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9618) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol "JD" and, where the context requires, includes its consolidated subsidiaries and consolidated affiliated entities from time to time
"JD Group"	JD.com and its subsidiaries and consolidated affiliated entities, excluding the Group
"JD Jiankang"	JD Jiankang Limited, a company incorporated in the BVI on April 24, 2019 and a controlling shareholder of the Company
"JD Sales Framework Agreement"	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed "Connected Transactions — 4. JD Sales Framework Agreement" in the Prospectus
"Latest Practicable Date"	September 6, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing"	the listing of the Shares on the Stock Exchange

"Listing Date"	December 8, 2020, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Marketing Services Framework Agreement"	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed "Connected Transactions — 6. Marketing Services Framework Agreement" in the Prospectus
"Nomination Committee"	the nomination committee of the Company
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on November 23, 2020
"Pre-IPO ESOP"	the pre-IPO employee share incentive plan adopted by the Company on September 14, 2020
"Promotion Services Framework Agreement"	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed "Connected Transactions — 8. Promotion Services Framework Agreement" in the Prospectus
"Prospectus"	the prospectus of the Company dated November 26, 2020
"Remuneration Committee"	the remuneration committee of the Company
"Revised JD Services Annual Caps"	the proposed revised annual caps for each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement for the two years ending December 31, 2022
"RMB"	Renminbi, the lawful currency of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.0000005 each
"Shareholders"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

京东健康

JD Health International Inc.
京东健康股份有限公司

(A company incorporated in Cayman Islands with limited liability)

(Stock Code: 6618)

Executive Directors:
Mr. Enlin Jin (金恩林) *(Chief Executive Officer)*

Non-executive Directors:
Mr. Richard Qiangdong Liu (劉強東) *(Chairman)*
Mr. Lei Xu (徐雷)
Mr. Lijun Xin (辛利軍)
Ms. Sandy Ran Xu (許冉)
Mr. Qingqing Yi

Independent Non-executive Directors:
Mr. Xingyao Chen (陳興垚)
Ms. Ling Li (李玲)
Dr. Jiyu Zhang (張吉豫)

Registered Office:
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Headquarters in the PRC:
8th Floor, Building C
No. 18 Kechuang 11 Street
Yizhuang Economic and Technological
Development Zone
Daxing District
Beijing 101111
People's Republic of China

Principal Place of Business in Hong Kong:
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

September 16, 2021

To the Shareholders

Dear Sir or Madam,

(1) REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS (2) RE-ELECTION OF DIRECTOR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the Announcement dated July 1, 2021 in relation to, among others, the proposed revision of the existing annual caps of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement for the two years ending December 31, 2022.

The purpose of this circular is to provide the Shareholders with, among others, (i) details of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps); (ii) the advice and recommendations of the Independent Board Committee and Gram Capital; (iii) details of the re-election of Director; and (iv) the notice of the EGM.

II. REVISION OF EXISTING ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

1. JD Sales Framework Agreement

Reference is made to the section headed "Connected Transactions — 4. JD Sales Framework Agreement" in the Prospectus in respect of the JD Sales Framework Agreement entered into between the Company and JD.com on November 23, 2020, pursuant to which the Group will sell to JD Group healthcare related products, which will then sell or donate those healthcare products directly to certain large corporate customers or organizations. The term of the JD Sales Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

A summary of the key terms of the JD Sales Framework Agreement is set out below. For details on the background of the entering into of the JD Sales Framework Agreement by the Company, please refer to the Prospectus.

Date

November 23, 2020

Parties

(i) the Company; and

(ii) JD.com.

Term and termination

The term of the JD Sales Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Products to be sold

Pursuant to the terms of the JD Sales Framework Agreement, the Group will sell to JD Group healthcare related products, which will then sell or donate those healthcare products directly to certain large corporate customers or organizations.

Reasons for the transaction

Large corporate customers who have signed procurement agreements with JD Group usually buy a wide range of products from JD Group in bulk, and healthcare products are only a portion of the products procured by such customers.

Such an arrangement is mutually beneficial to both JD Group and the Group. With a single point of contact for the customers, it increases customer satisfaction with products and service offerings of both JD Group and the Group.

In addition, in light of the COVID-19 situation, JD Group has donated, and having considered the short to mid-term impact of COVID-19, will likely continue to donate certain types of products and supplies (including protective equipment products and healthcare products) to assist medical institutions, companies and communities impacted by COVID-19 in the foreseeable future. The healthcare products donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs. The Group does not anticipate these transactions to be recurring in the long run and will assess the need of continuing these transactions before the expiry of the JD Sales Framework Agreement.

Pricing policies

The price of the healthcare related products supplied to JD Group shall be determined directly by the Group with the corporate customers and is generally determined by the Group's actual costs plus reasonable profits. The level of profits the Group receive from such corporate customers will be consistent with the Group's pricing policy for similar transactions the Group's entered into with its direct customers of comparable profile. The Group will, before entering into any transactions under the JD Sales Framework Agreement, review the prices charged and level of profits with reference to similar transactions it entered into with its direct customers of comparable profile. JD Group will not charge the Group any service fees in the process.

The healthcare products donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs.

Historical transaction amounts

In respect of the healthcare products sold from JD Group to large corporate customers for the Group's business and donated by JD Group through in-kind donations to medical institutions, companies and communities in need during COVID-19, the historical amounts for each of the three years ended December 31, 2020 were approximately RMB115.7 million, RMB138.6 million and RMB663.7 million, respectively.

The Company confirmed that the existing annual caps of the JD Sales Framework Agreement had not been exceeded as at the Latest Practicable Date, and expects that the relevant annual caps will not exceed as at the date of the EGM.

Revision of the annual caps

In respect of the JD Sales Framework Agreement (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis), the existing annual caps for the transaction amounts to be paid by JD Group to the Group for the two years ending December 31, 2022 are RMB900 million and RMB1,200 million, respectively.

Due to the reasons as set out below, it is expected that the transaction amounts to be paid by JD Group to the Group for the two years ending December 31, 2022 shall not exceed the proposed revised annual caps as set out in the table below:

	Proposed revised annual caps for the year ending December 31,	
	2021	**2022**
	(RMB in millions)	
Transaction amount to be paid by JD Group to the Group	2,000	3,000

In respect of the JD Sales Framework Agreement (for only the healthcare products donated by JD Group which will be purchased from the Group on a cost basis), it is expected that there is no change in the existing annual caps of the transaction amounts to be paid by JD Group to the Group for the two years ending December 31, 2022 set out in the section headed "Connected Transactions — 4. JD Sales Framework Agreement" in the Prospectus, and is repeated below for ease of reference:

	Existing annual caps for the year ending December 31,	
	2021	**2022**
	(RMB in millions)	
Transaction amount to be paid by JD Group to the Group	50	50

Reasons for revision of the existing annual caps and basis for proposed annual caps

The Group has been expanding its corporate customer business and intends to further develop in such area. The anticipated increase in proposed annual caps of the transaction amount to be received by the Group is because (i) based on the unaudited management accounts, net revenue of the Group under the JD Sales Framework Agreement has been increased by more than 200% in the first quarter of 2021 when compared to the corresponding period in 2020; (ii) based on the unaudited management accounts, the Company has already used approximately 35% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records higher sales in June and the fourth quarter of each year as a result of special promotional campaigns; (iii) an increase beyond expectation in the procurement of healthcare products and services by corporate customers of JD Group after the outbreak of COVID-19; and (iv) a buffer to cover unexpected increase of the surging demand of such sales. With such rapid trend of increase in the demand of healthcare products and services by corporate customers of JD Group, it is anticipated that the existing annual caps will not be sufficient to cater for the Group's continuous business development.

The revised annual caps for the transaction amounts to be paid by JD Group to the Group under the JD Sales Framework Agreement were determined with reference to (i) the historical transaction amounts paid by JD Group to the Group under the JD Sales Framework Agreement for 2020 and the first five months of 2021; (ii) the utilization rate of the existing annual cap for the year ending December 31, 2021 under the JD Sales Framework Agreement; (iii) the anticipated increase in proposed annual caps as mentioned above, including the seasonality of the Company's business; (iv) based on the unaudited management accounts, the transaction amount paid by JD Group to the Group under the JD Sales Framework Agreement for the first quarter of 2020 in proportion to that for the year ended December 31, 2020; and (v) the anticipated growth rate of the Group's business under the JD Sales Framework Agreement in 2022 after taking into account the historical growth rate of the Group's business under the JD Sales Framework Agreement.

It is expected that the aggregate transaction amounts payable by JD Group to the Group under the JD Sales Framework Agreement for the years ending December 31, 2021 and 2022 shall not exceed RMB2,050 million and RMB3,050 million, respectively.

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee in this circular, and Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu, who have each abstained) have considered the JD Sales Framework Agreement and have determined that the terms of the JD Sales Framework Agreement, including the revised annual caps for the transaction amount to be paid by JD Group to the Group under the JD Sales Framework Agreement, are fair and reasonable, on normal commercial terms or better and in the interests of the Group and the Shareholders as a whole.

2. Marketing Services Framework Agreement

Reference is made to the section headed "Connected Transactions — 6. Marketing Services Framework Agreement" in the Prospectus in respect of the Marketing Services Framework Agreement entered into between the Company and JD.com on November 23, 2020, pursuant to which JD Group and the Group will provide certain marketing services to each other, including but not limited to the display of advertisements on various platforms and/or resources of JD Group and the Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements. The term of the Marketing Services Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

A summary of the key terms of the Marketing Services Framework Agreement is set out below. For details on the background of the entering into of the Marketing Services Framework Agreement by the Company, please refer to the Prospectus.

Date

November 23, 2020

Parties

(i) the Company; and

(ii) JD.com.

Term and termination

The term of the Marketing Services Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Services to be provided

Pursuant to the terms of the Marketing Services Framework Agreement, JD Group and the Group will provide certain marketing services to each other, including but not limited to the display of advertisements on various platforms and/or resources of JD Group and the Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements.

Reasons for the transaction

Advertisements placed by third party advertisers' on the platforms and resources of the Group or JD Group will be subject to marketing services charges depending on which platform the advertisement is placed on and whether the third party advertiser originally signed the marketing services contract with JD Group or the Group.

From the third party advertiser's perspective, being able to place advertisements on both JD Group and the Group's platforms through one channel is convenient and allows for an enhanced customer experience and is therefore mutually beneficial to both JD Group and the Group. In the course of the Group's restructuring for the purpose of the Listing, the vast majority of the suppliers and merchants of the Group that have advertising needs have already signed the marketing services contracts with the Group directly. Further, if the third party advertiser is already a merchant (providing mainly healthcare products) of the Group, JD Group and the Group will have internal control measures upon the Listing to ensure that such third party advertiser will sign the marketing services contract with the Group directly.

Pricing policies

Under the Marketing Services Framework Agreement, the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are based on various factors, including which party sourced the third party advertiser and the platform and resource the third party advertiser desires to place an advertisement on. The Group will annually review and approve the economic split from time to time, to ensure the percentage splits are reasonable and in favor of the Group. The arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services.

Once the third party advertiser has signed the marketing services contract with the Group, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms, (ii) JD Group's resources and/or platforms or (iii) resources outside both the Group and JD Group's platforms.

(a) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using the Group's resources and/or platforms, there is no marketing service fees sharing arrangement, as 100% of the marketing service fees belong to the Group. For the avoidance of doubt, this scenario will not involve any connected transactions.

(b) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using JD Group's resources and/or platforms, 60% of the marketing services fees will be shared from the Group to JD Group, as the third party advertiser is utilizing JD Group's resources while the Group is in essence acting as an advertising agent. Such marketing service fees sharing arrangements are determined based on arm's length negotiation after factoring in the resources incurred by both parties, and the arrangement with JD Group is no less favorable to the Group than for similar marketing resources provided by JD Group to third parties. In addition, third party advertisers are free to choose whether to place advertisements on either JD Group or the Group's resources and platforms, which is mostly conducted through a real time bidding system which combines the marketing resources of both JD Group and the Group. The real time bidding system takes into account the real time supply and demand and the market price of advertisements on both platforms of JD Group and the Group – as such, the advertisers tend to purchase resources (including selecting the platform) that can generate the highest ROIs (return on investment) for them.

(c) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using resources outside both the Group and JD Group's platforms, there will be a 90/10 marketing service fees sharing arrangement between JD Group and the Group. This is because JD Group is able to make mass purchase (and thus achieving mass efficiency and economies of scale) of resources (i.e. advertising slots) from companies outside the Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and the Group. As such, 90% of the marketing services fees generated will be shared from the Group to JD Group to allow for JD Group to cover its costs of purchasing the third party advertisement resources / advertising slots, and the 10% the Group is entitled to keep is in consideration of its role as an advertising agent, after factoring in the administrative resources incurred by both parties. The arrangement with JD Group is no less favorable to the Group than for the Group to directly obtain relevant marketing resources and provide to third party advertisers.

In the scenario where the third party advertiser has signed the marketing services contract with JD Group but wishes to place advertisements relating to healthcare products and services, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms, (ii) JD Group's resources and/or platforms or (iii) resources outside both the Group and JD Group's platforms. The Group is involved with these healthcare related advertisements (and thus entitled to a certain proportion of the advertising fees generated), because the Group can provide value added services relating to healthcare products and services (i.e. marketing insights with regards to healthcare industry) to the third party advertisers.

(a) If the third party advertiser (which has signed the marketing services contract with JD Group) elects to place an advertisement using the Group's resources and/or platforms, 100% of the marketing service fees belong to the Group and this will be shared from JD Group to the Group.

(b) If the third party advertiser (which has signed the marketing services contract with JD Group) elects to place a healthcare related advertisement on JD Group's platforms utilizing the services of the Group, the Group is entitled to 40% of the marketing services fees generated and this will be shared from JD Group to the Group. Such marketing services fees sharing arrangements were determined based on arm's length negotiation after factoring in the administrative resources incurred by both parties and indirect benefits of such healthcare related advertisement to the Group's business. In addition, the arrangement with JD Group is no less favorable to the Group than for us to directly provide same or similar marketing services to third party advertisers.

(c) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using resources outside both the Group and JD Group's platforms, there will be a 90/10 marketing service fees sharing arrangement between JD Group and the Group. This is because JD Group is able to make mass purchase of (and thus achieving mass efficiency and economies of scale) resources (i.e. advertising slots) from platforms outside the Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and the Group. The Group is entitled to 10% of the marketing services fees generated and this will be shared from JD Group to the Group, in consideration of the Group's role for providing healthcare related insights and services, after factoring in the administrative resources incurred by both parties. The arrangement with JD Group is no less favorable to the Group, than for the Group to directly provide same or similar marketing services to third party advertisers.

The Group can directly work with third party advertisers to provide them with advertising services. The majority of total advertising services revenue was generated through direct relationship with third party advertiser for the year ended December 31, 2020.

Historical transaction amounts

Marketing Services Revenue — The marketing service fees charged by the Group to JD Group, from the third party advertisers of JD Group that placed advertisements in relation to the healthcare products and services by using (i) the Group's resources and/or platforms; (ii) JD Group's resources and/or platforms; or (iii) resources from platforms outside the Group and JD Group for the three years ended December 31, 2020 were approximately RMB75.2 million, RMB213.2 million and RMB446.5 million, respectively.

Marketing Services Cost — The marketing service fees charged by JD Group to the Group, from the third party advertisers of the Group that placed advertisements by using (i) JD Group's resources and/or platforms; or (ii) resources from platforms outside the Group and JD Group for the three years ended December 31, 2020 were nil, nil and approximately RMB241.8 million, respectively.

Based on the Group's unaudited management accounts, the marketing services revenue and costs under the Marketing Services Framework Agreement for the five months ended May 31, 2021 were approximately RMB230.8 million and RMB282.1 million, respectively.

The Company confirmed that the existing annual caps of the Marketing Services Framework Agreement had not been exceeded as at the Latest Practicable Date, and expects that the relevant annual caps will not exceed as at the date of the EGM.

Revision of the annual caps

In respect of the Marketing Services Framework Agreement, the existing annual caps for the transaction amounts to be paid by JD Group to the Group for the two years ending December 31, 2022 are RMB600 million and RMB800 million, respectively, and the transaction amounts to be paid by the Group to JD Group for the two years ending December 31, 2022 are RMB530 million and RMB690 million, respectively.

Due to the reasons as set out below, it is expected that the transaction amounts to be paid by JD Group to the Group and the transaction amounts to be paid by the Group to JD Group for the two years ending December 31, 2022 shall not exceed the proposed revised annual caps as set out in the table below:

	Proposed revised annual caps for the year ending December 31,	
	2021	**2022**
	(RMB in millions)	
Transaction amount to be paid by JD Group to the Group	900	1,440
Transaction amount to be paid by the Group to JD Group	1,700	2,720

Reasons for revision of the existing annual caps and basis for proposed annual caps

There has been an increase beyond expectation in the marketing services revenue of the Group (and therefore an increase in the transaction amount to be paid by JD Group to the Group under the Marketing Services Framework Agreement) due to the rapid growth of the Group's business after the outbreak of COVID-19, which greatly enhanced the number of customers and exposure of the Group. As such, benefitting from the increasing emphasis in health awareness of customers, JD Group's business partners and suppliers are more willing to utilize the advertising resources of the Group to expand their market and reach a wider audience, i.e. the Group's users. Given that (i) based on the unaudited management accounts, the net revenue of the Group generated from the Marketing Services Framework Agreement has been increased by around 80% in the first quarter of 2021 when compared to the corresponding period in 2020; and (ii) based on the unaudited management accounts, the Company has already used approximately 39% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records higher marketing services revenues in June and the fourth quarter of each year due to a larger demand for digital marketing services around online shopping festivals on June 18, November 11 and December 12, it is anticipated that the existing annual caps will be exceeded very soon which in turn led to the need to revise the existing annual caps to cater for future growth of the Group.

On the other hand, there has also been an increase beyond expectation in the marketing services costs of the Group (and therefore an increase in the transaction amount to be paid by the Group to JD Group under the Marketing Services Framework Agreement) due to (i) the continuous increase in third party business partners and suppliers of the Group, leading to an increase in the amount of advertising; and (ii) the increase in health awareness of the Group's customers after the outbreak of COVID-19 and therefore rise in demand for healthcare products. In order to secure additional marketing resources and to be more accessible to their customers, the Group's business partners and suppliers are eager to utilize JD Group's marketing resources and resources from platforms outside the Group and JD Group to promote their products and services.

The actual historical amount of costs incurred by the Group in relation to the marketing services provided by JD Group to the Group were nil for the first quarter of 2020, as marketing services costs would only be incurred by the Group if and when a third party advertiser signed a marketing services contract with the Group, and elected to place advertisements by utilizing JD Group's platforms. For the purpose of the Listing and as part of the Group's restructuring, the suppliers and merchants of the Group that have advertising needs have been arranged to sign the marketing services contracts with the Group directly (instead of signing such contracts through JD Group) (the "**Restructuring**") since July 2020 and the Restructuring has been substantially completed before the Listing. Upon completion of the Restructuring, if a third party advertiser signs the marketing services contract with the Group and elects to place an advertisement by using JD Group's resources and/or platforms, the Group will then purchase the resources from JD Group which will thereby be counted as marketing services costs of the Group. As a result, the Group only started to incur the actual marketing services costs since July 2020, when the Restructuring began.

Assuming the Restructuring has been completed since January 1, 2020 (i.e. before the Listing), and the suppliers and merchants of the Group that have advertising needs have signed the marketing services contracts with the Group directly (the "**Assumption**"), the marketing costs of the Group under the Marketing Services Framework Agreement have been increased by approximately 240% in the first quarter of 2021 when compared to the corresponding period in 2020, based on the unaudited management accounts. The calculation basis of the adjusted historical marketing services costs for the first quarter of 2020 based on the Assumption is substantially consistent with that of the first quarter of 2021, therefore the Company believes that the adjusted historical marketing services costs for the first quarter of 2020 and the actual marketing services costs incurred for the first quarter of 2021 are a comparable and reasonable basis for setting the annual caps for the Marketing Services Framework Agreement. Based on the unaudited management accounts, as the Company has already used more than 50% of the existing annual cap for 2021 in the first five months of 2021, it is anticipated that the existing annual caps will be exceeded very soon which in turn led to the need to revise the existing annual caps to cater for future growth of the Group.

The revised annual caps for the transaction amount to be paid by JD Group to the Group under the Marketing Services Framework Agreement were determined with reference to (i) the historical transaction amounts paid by JD Group to the Group under the Marketing Services Framework Agreement in 2020 and the first five months of 2021; (ii) the utilization rate of the existing annual cap for the year ending December 31, 2021 under the Marketing Services Framework Agreement; (iii) based on the unaudited management accounts, the transaction amount paid by JD Group to the Group under the Marketing Services Framework Agreement for the first quarter of 2020 in proportion to that for the year ended December 31, 2020; (iv) a buffer to cover unexpected increase the surging demand of such services; and (v) the anticipated growth rate of the Group's business under the Marketing Services Framework Agreement in 2022 after taking into account the historical growth rate of the Group's business under the Marketing Services Framework Agreement.

The revised annual caps for the transaction amount to be paid by the Group to JD Group under the Marketing Services Framework Agreement were determined with reference to (i) based on the unaudited management accounts, the historical transaction amounts paid by the Group to JD Group under the Marketing Services Framework Agreement in 2020 and the first quarter of 2021; (ii) the growth rate of the transaction amount paid by the Group to JD Group under the Marketing Services Framework Agreement in the first five months of 2021 as compared to the corresponding period in 2020; (iii) a buffer to cover unexpected increase of the surging demand of such services and (iv) the anticipated growth rate of the Group's marketing costs taking into account the reasons mentioned above.

It is expected that the aggregate transaction amounts payable by JD Group to the Group under the Marketing Services Framework Agreement for the years ending December 31, 2021 and 2022 shall not exceed RMB900 million and RMB1,440 million, respectively.

On the other hand, it is expected that the aggregate transaction amounts payable by the Group to JD Group under the Marketing Services Framework Agreement for the years ending December 31, 2021 and 2022 shall not exceed RMB1,700 million and RMB2,720 million, respectively.

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee in this circular, and Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu, who have each abstained) have considered the Marketing Services Framework Agreement and have determined that the terms of the Marketing Services Framework Agreement, including the revised annual caps for the transaction amount to be paid by JD Group and the Group to each other under the Marketing Services Framework Agreement, are fair and reasonable, on normal commercial terms or better and in the interests of the Group and the Shareholders as a whole.

3. Promotion Services Framework Agreement

Reference is made to the section headed "Connected Transactions — 8. Promotion Services Framework Agreement" in the Prospectus in respect of the Promotion Services Framework Agreement entered into between the Company and JD.com on November 23, 2020, pursuant to which the Group will place advertisements on third party platforms together with and through JD Group to achieve economies of scale, increased efficiency and lower costs for both parties. The term of the Promotion Services Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

A summary of the key terms of the Promotion Services Framework Agreement is set out below. For details on the background of the entering into of the Promotion Services Framework Agreement by the Company, please refer to the Prospectus.

Date

November 23, 2020

Parties

(i) the Company; and

(ii) JD.com.

Term and termination

The term of the Promotion Services Framework Agreement commenced on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Services to be provided

Pursuant to the terms of the Promotion Services Framework Agreement, the Group will place advertisements on third party platforms together with and through JD Group to achieve economies of scale, increased efficiency and lower costs for both parties.

Reasons for the transaction

Placing advertisements on third party platforms together with and through JD Group is mutually beneficial to both JD Group and the Group, as collective purchase allows for increased economies of scale, increased efficiency, and lower costs for both parties.

Pricing policies

The Group and JD Group will settle the expenses incurred between each other on a cost basis.

JD Group will not charge the Group additional service fees on the arrangement of promotion and marketing services. The Group shall pay JD Group promotion fees charged by the third party promotion service providers for the Group, and the charges will be determined after arm's length negotiation between the Group (or JD Group on behalf of the Group) and third party promotion service providers for promotion services provided. The price of promotion service will be determined by the actual costs and expenses for preparing relevant displays on third parties' platforms plus reasonable profits of such third parties, or will be calculated by the unit prices of different online publicity resources multiplied by frequency such resources are used. The unit prices of each online publicity resources will be determined with reference to market rates. The Group will, before entering into any transactions under the Promotion Services Framework Agreement, obtain and review the comparable quotations from no less than two independent third party service providers to ensure the promotion service prices that the Group obtains from JD Group are fair and reasonable and on normal commercial terms or better.

Historical transaction amounts

With respect to the promotional activities sought by JD Group from third party platforms for the Group's business, the historical amounts for each of the three years ended December 31, 2020 were approximately RMB13.8 million, RMB136.0 million and RMB256.6 million, respectively.

Based on the Group's unaudited management accounts, the transaction amount under the Promotion Services Framework Agreement for the five months ended May 31, 2021 was approximately RMB81.2 million.

The Company confirmed that the existing annual caps of the Promotion Services Framework Agreement had not been exceeded as at the Latest Practicable Date, and expects that the relevant annual caps will not exceed as at the date of the EGM.

Revision of the annual caps

In respect of the Promotion Services Framework Agreement, the existing annual caps for the transaction amounts to be paid by the Group to JD Group for the two years ending December 31, 2022 are RMB350 million and RMB400 million, respectively.

Due to the reasons as set out below, it is expected that the transaction amounts to be paid by the Group to JD Group for the two years ending December 31, 2022 shall not exceed the proposed revised annual caps as set out in the table below:

	Proposed revised annual caps for the year ending December 31,	
	2021	**2022**
	(RMB in millions)	
Transaction amount to be paid by the Group to JD Group	900	1,440

Reasons for revision of the existing annual caps and basis for proposed annual caps

In light of the government policies in favour of the digital economy including internet healthcare, and the COVID-19 situation helped form consumers' habit of online purchase of drugs and healthcare products, the Company continues to see this as an opportunity to launch marketing activities and will further invest in its sales and marketing plan to promote its brand and boost its product sales. Apart from reaching out to third party platforms directly to place advertisements, the Group expects to continue to place advertisements on third party platforms together with and through JD Group in short run, as collective purchase allows for increased economies of scale, increased efficiency and lower marketing costs. The increase in proposed annual caps of the transaction amount to be paid by the Group is because (i) based on the unaudited management accounts, selling and marketing expenses of the Group under the Promotion Services Framework Agreement has been increased by approximately 156% in the first quarter of 2021 when compared to the corresponding period in 2020; (ii) based on the unaudited management accounts, the Company has already used approximately 23% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records much higher marketing expenses in June and the fourth quarter of each year as compared to the first five month of the year due to a larger demand for digital marketing services and placing advertisements on third party platforms around online shopping festivals on June 18, November 11 and on December 12; and (iii) the increase in customer's health awareness after the outbreak of COVID-19, leading to a great opportunity to further promote online purchase of drugs and healthcare products and the Company's brand.

The revised annual caps for the Promotion Services Framework Agreement were determined with reference to (i) the historical transaction amounts paid by the Group to JD Group under the Promotion Services Framework Agreement over the first five months of 2021; (ii) the anticipated increase in proposed annual caps as mentioned above, including the seasonality of the Company's business; (iii) the utilization rate of the existing annual cap for the year ending December 31, 2021 under the Promotion Services Framework Agreement; (iv) the proposed use of proceeds from the Global Offering for the Company's business expansion plan by promoting brand awareness through increasing its online and offline marketing and promotional activities, details of which are set out in the section headed "Use of Proceeds" in the Prospectus; (v) a buffer to cover unexpected increase of the surging demand of such services; and (vi) the anticipated growth rate of the Group's business under the Promotion Services Framework Agreement in 2022 after taking into account the historical growth rate of the Group's business under the Promotion Services Framework Agreement.

It is expected that the aggregate transaction amounts payable by the Group to JD Group under the Promotion Services Framework Agreement for the years ending December 31, 2021 and 2022 shall not exceed RMB900 million, RMB1,440 million, respectively.

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee in this circular, and Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu, who have each abstained) have considered the Promotion Services Framework Agreement and have determined that the terms of the Promotion Services Framework Agreement, including the revised annual caps for the transaction amounts to be paid by the Group to JD Group under the Promotion Services Framework Agreement, are fair and reasonable, on normal commercial terms or better and in the interests of the Group and the Shareholders as a whole.

4. Internal Controls for the Continuing Connected Transactions

The Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. For instance, the Company has adopted and will adopt the following internal control measures for the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement:

- the Board and various internal departments of the Company (including finance, legal and compliance and business operation departments) will be jointly responsible for evaluating the terms under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement, in particular, the fairness and reasonableness of the pricing policies and proposed annual caps under each transaction, on an annual basis;

- the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement on a quarterly basis. If the actual transaction amount reaches certain threshold of the proposed annual caps of the relevant continuing connected transactions (i.e. 25% in the first quarter, 50% in the second quarter or 75% in the third quarter), or if the business operation department and finance department expect that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the chief financial officer. The chief financial officer will assess if there is need to revise the existing annual caps, and if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules;

- before the Group enters into any of the transactions under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement, the responsible business units must ensure the pricing policies are adhered to and the price of the transaction is the same as, or within the price range of, comparable transactions carried out with independent third parties in the market (where such transactions are available for references):

JD Sales Framework Agreement

With respect to the JD Sales Framework Agreement, since JD Group will not charge the Group any service fees in the process, there is in substance no pricing policy required for the transactions between the Group and JD Group under the JD Sales Framework Agreement. As an internal control measure, the responsible business units of the Group shall ensure no service fees are charged by JD Group before the Group enters into the transactions under the JD Sales Framework Agreement. The price of the healthcare related products supplied by the Group to JD Group shall be determined directly by the Group with the corporate customers and is generally determined by the Group's actual costs plus reasonable profits. Such price determination with these third party corporate customers should be similar to that of other third party customers of the Group.

Marketing Services Framework Agreement

With respect to the Marketing Services Framework Agreement, as mentioned above under section headed "Letter from the Board — II. Revision of Existing Annual Caps of Continuing Connected Transactions — 2. Marketing Services Framework Agreement", the arrangements with JD Group and economic split under the Marketing Services Framework Agreement are not directly comparable with any arrangement between the Group and other third party online platforms, the Group will annually review and approve the economic split from time to time, to ensure the percentage splits are reasonable and in favor of the Group. The various economic splits have taken into account the resources contributions, costs and work split between the Group and JD Group.

- For the economic split ratio of 0/100, as none of JD Group's resources are used, there is no marketing service fees sharing arrangement.

- For the economic split ratio of 60/40, since JD Group's resources are being utilized, the marketing services fees will be shared between the Group and JD Group. The Group will obtain price quotations from other third party advertising agencies, which also offer online platforms for advertising. Nonetheless, due to the unique strategic cooperation relationship between the Group and JD Group as demonstrated in the numerous transactions between the two parties, which generated synergy effect that is especially beneficial to the Group, the arrangement between the Group and JD Group are not directly comparable to the arrangement between the Group and other third party online platforms.

- For the economic split ratio of 90/10, as the Group is able to enjoy a higher discount rate by making mass purchase of resources with JD Group from other third party advertisers, the marketing service fees sharing arrangement between the Group and JD Group is determined with reference to the procurement costs incurred by JD Group.

To ensure the arrangement with JD Group under the Marketing Services Framework Agreement is fair and reasonable and on normal commercial terms or better than other independent third parties, the Group will review the economic splits annually through certain aspects: (i) ensuring the costs incurred (including the costs of resources contributed) and profits generated are proportional to the share from the economic splits; (ii) obtaining comparable quotations from no less than two independent third party advertising agencies.

Promotion Services Framework Agreement

With respect to the Promotion Services Framework Agreement, the responsible business units of the Group shall ensure JD Group will not charge the Group additional service fees on the arrangement of promotion and marketing services before the Group enters into the transactions under the Promotion Services Framework Agreement, and the Group shall, before entering into any transactions under the Promotion Services Framework Agreement, obtain and review the comparable quotations from no less than two independent third party service providers to ensure the promotion service prices that the Group obtains from JD Group are within the agreed price range under the relevant pricing policies, fair and reasonable and on normal commercial terms or better. While the Group is able to enjoy a better discount from mass purchase with JD Group, it will continue to ensure such favourable position is being maintained through its annual review;

- the Company's internal audit department will monitor and assess the effectiveness and adequacy of the overall formulation and execution of internal control policies of the Company (including those in relation to the continuing connected transactions), and will make recommendation and report to the audit committee of the Company annually;

- the Company's external auditors will review the continuing connected transactions under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded;

- the independent non-executive Directors will also review the continuing connected transactions under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

Based on the above, the Board considers that the pricing policies and internal control mechanism and procedures in place for each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement can ensure the transactions contemplated thereunder will be conducted on normal commercial terms or better.

5. Information on the Parties

The Group

The Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 6618). As a leading online healthcare platform, the Group is committed to becoming the go-to health management platform for everyone in China. With this aim, the Group continues to strengthen its business foundation and make strategic deployments in the online healthcare industry for the future. The Group's strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user's full life span for all healthcare needs.

JD.com

As of the Latest Practicable Date, JD.com, through its wholly-owned subsidiary JD Jiankang Limited, is indirectly interested in 2,149,253,732 Shares, representing approximately 67.45% of the Company's total issued share capital.

JD.com is a controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9618) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol "JD". JD.com is a leading technology driven e-commerce company transforming to become the leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its Retail as a Service offering to help drive productivity and innovation across a range of industries. As of the Latest Practicable Date, Richard Qiangdong Liu, a non-executive director of the Company, held approximately 76.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.

6. Approval by the Board

Pursuant to a meeting of the Board held on June 21, 2021, the Board has considered and approved, among others, a resolution on the revision of the existing annual caps of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement for the two years ending December 31, 2022.

Each of Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu is deemed or may be perceived to have a material interest in the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (given they are employees of JD.com and/or its subsidiaries), and as a result has abstained from voting on matters relating to the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement or are required to abstain from voting on the resolutions of the Board approving the transactions.

7. Listing Rules Implications

JD.com is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions contemplated under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirement (as applicable) before each of the existing annual caps applicable to the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement is exceeded, respectively. Since one or more of the applicable percentage ratios calculated with reference to the Revised JD Services Annual Caps are more than 5%, the revision of the annual caps of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements. As such, the Company will convene the EGM to consider and approve, among others, the Revised JD Services Annual Caps.

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee in this circular, and Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu, who have each abstained) have considered and determined that the terms of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps) are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice and recommendations of Gram Capital, considers that the terms of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps) are fair and reasonable, on normal commercial terms or better and in the interests of the Company so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 24 of this circular. The letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 44 of this circular.

IV. RE-ELECTION OF DIRECTOR

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. On September 6, 2021, Mr. Enlin Jin ("**Mr. Jin**") has been appointed as an executive Director and Chief Executive Officer of the Company, Mr. Lijun Xin has been re-designated from an executive Director and Chief Executive Officer of the Company to a non-executive Director, Ms. Sandy Ran Xu has been appointed as a member of the Remuneration Committee and Ms. Pang Zhang has tendered her resignation as a non-executive Director and member of the Remuneration Committee, with effect from September 6, 2021. Please refer to the announcement of the Company dated September 6, 2021. Accordingly, Mr. Jin will retire at the EGM and, being eligible, will offer himself for re-election as an executive Director at the EGM.

The Nomination Committee assists the Board in the selection and nomination process for Mr. Jin. The nomination took into account the Board's composition as well as the various diversity aspects as set out in the Company's board diversity policy.

In considering and approving the re-election of Mr. Jin at the EGM, the Nomination Committee and the Board have reviewed the overall contribution and service to the Company of Mr. Jin and his level of participation and performance on the Board. Given his education background, in-depth experience and practice which allow him to provide valuable and relevant insights and contribute to the diversity of the Board, the Board believes that the re-election of Mr. Jin as an executive Director is in the interests of the Company and the Shareholders, and therefore recommends the Shareholders to re-elect him as Director at the EGM.

The biographical details of Mr. Jin who is proposed to be re-elected at the EGM are set out in Appendix II to this circular.

V. EGM AND PROXY ARRANGEMENT

A notice of the EGM is set out on pages 53 to 54 to this circular. At the EGM, resolutions will be proposed, inter alia, to approve (i) the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps); and (ii) the re-election of Director.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A proxy form for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Wednesday, October 6, 2021) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save for JD Jiankang (representing 67.45% of the issued share capital of the Company as at the Latest Practicable Date), none of the Shareholders is required to abstain from voting on the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps), none of the Shareholders is required to abstain from voting on the resolutions to be proposed at the EGM.

VI. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other material matters the omission of which would make any statement herein or this circular misleading.

VII. RECOMMENDATION

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee in this circular, and Richard Qiangdong Liu, Lei Xu and Sandy Ran Xu, who have each abstained) are of the opinion that the terms of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps) are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and the Directors consider the proposal for re-election of Director is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully,
On behalf of the Board
JD Health International Inc.
Mr. Enlin Jin
Executive Director

JDH京东健康

JD Health International Inc.
京东健康股份有限公司
(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 6618)

September 16, 2021

To the Independent Shareholders

Dear Sir/Madam,

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

We refer to this circular of the Company dated September 16, 2021 to its Shareholders (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise the Independent Shareholders in respect of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps). Gram Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 23 of the Circular and the letter from Gram Capital as set out on pages 25 to 44 of the Circular containing its advice in respect of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps) as set out in the Circular.

After taking into account the factors and reasons considered by Gram Capital and its conclusion and advice, we concur with its views and consider that the terms of each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised Annual Caps) are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (including the Revised JD Services Annual Caps).

Yours faithfully
Independent Board Committee

Mr. Xingyao Chen **Ms. Ling Li** **Dr. Jiyu Zhang**

Independent non-executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCTs Revisions (as defined below) for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

16 September 2021

To: The independent board committee and the independent shareholders of
JD Health International Inc.

Dear Sirs,

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revision of existing annual caps for the transactions (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) under the JD Sales Framework Agreement and the transactions contemplated thereunder (the "**JD Sales Revision**"); (ii) the revision of existing annual caps for transactions (both revenue and cost nature) under the Marketing Services Framework Agreement and the transactions contemplated thereunder (the "**Marketing Services Revision**"); and (iii) the revision of existing annual caps for transactions under the Promotion Services Framework Agreement and the transactions contemplated thereunder (the "**Promotion Services Revision**", together with the JD Sales Revision and the Marketing Services Revision, the "**CCTs Revisions**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 16 September 2021 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Prospectus dated 26 November 2020 in respect of, among other things, the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement, all of which were entered into with JD.com on 23 November 2020. The Board expects the existing annual caps for each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement for the two years ending 31 December 2022 will not be sufficient and proposes the same to be revised.

With reference to the Board Letter, the CCTs Revisions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Xingyao Chen, Ms. Ling Li and Dr. Jiyu Zhang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the CCTs Revisions are fair and reasonable and on normal commercial terms; and (ii) whether the CCTs Revisions are in the interests of the Company and its Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the CCTs Revisions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the CCTs Revisions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters omitted which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, JD.com or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the CCTs Revisions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCTs Revisions, we have taken into consideration the following principal factors and reasons:

Information of the Group

With reference to the Board Letter, the Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 6618). As a leading online healthcare platform, the Group is committed to becoming the go-to health management platform for everyone in China. With this aim, the Group continues to strengthen its business foundation and make strategic deployments in the online healthcare industry for the future. The Group's strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user's full life span for all healthcare needs.

Set out below are the financial information of the Group for the two years ended 31 December 2020 as extracted from the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**") and for the six months ended 30 June 2021 as extracted from the Company's interim results announcement for the six months ended 30 June 2021 (the "**2021 Interim Results**"):

	For the six months ended 30 June 2021	**For the year ended 31 December 2020**	**For the year ended 31 December 2019**	**Change from 2019 to 2020**
	(unaudited)	*(audited)*	*(audited)*	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	13,637,832	19,382,568	10,842,140	78.8
Gross profit	3,307,459	4,917,298	2,812,272	74.9
Loss for the period/year	(454,213)	(17,234,897)	(971,805)	1,673.5

As illustrated in the above table, the Group's revenue amounted to approximately RMB19.4 billion for the year ended 31 December 2020 ("**FY2020**"), representing an increase of approximately 78.8% as compared with that for the year ended 31 December 2019 ("**FY2019**"). With reference to the 2020 Annual Report, such increase in revenue was primarily due to the increase in product revenue from sales of pharmaceutical and healthcare products.

The Group's loss for FY2020 amounted to approximately RMB17.2 billion, representing an increase of approximately 1,673.5% as compared with that for FY2019. With reference to the 2020 Annual Report, such increase was primarily due to a loss of approximately RMB17.5 billion on the fair value change of convertible preferred shares in 2020.

The Group's revenue increased by approximately 55.4% from approximately RMB8.8 billion for the six months ended 30 June 2020 to approximately RMB13.6 billion for the six months ended 30 June 2021. The increase in revenue was primarily due to an increase by approximately 52.9% in product revenue from sales of pharmaceutical and healthcare products from approximately RMB7.7 billion for the six months ended 30 June 2020 to approximately RMB11.8 billion for the six months ended 30 June 2021. Such growth on product revenue was primarily driven by an increase in the number of active user accounts and additional purchases from user accounts, the increasing online penetration of pharmaceutical and healthcare products sales, the enrichment in product offering, and the Group's rising brand awareness as the Group continues to invest in marketing activities.

The Group incurred a loss of approximately RMB5,360.9 million for the six months ended 30 June 2020 and a loss of approximately RMB454.2 million for the six months ended 30 June 2021, primarily due to a loss of approximately RMB5,705.3 million on fair value changes of convertible preferred shares for the six months ended 30 June 2020 and share-based payment expenses of approximately RMB1,121.3 million for the six months ended 30 June 2021.

The Group had term deposits, and cash and cash equivalents of approximately RMB20.0 billion, and approximately RMB19.0 billion as at 30 June 2021 respectively (approximately RMB6.5 billion, and approximately RMB32.3 billion as at 31 December 2020 respectively).

Information of JD.com

With reference to the Board Letter, JD.com is a controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9618) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol "JD". JD.com is a leading technology driven e-commerce company transforming to become the leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its Retail as a Service offering to help drive productivity and innovation across a range of industries.

Reasons for and benefits of the CCTs Revisions

JD Sales Revision

With reference to the Board Letter, the Group has been expanding its corporate customer business and intends to further develop in such area. The anticipated increase in proposed annual caps of the transaction amount to be received by the Group is because (i) based on the unaudited management accounts, net revenue of the Group under the JD Sales Framework Agreement has been increased by more than 200% in the first quarter of 2021 when compared to the corresponding period in 2020; (ii) based on the unaudited management accounts, the Company has already used approximately 35% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records higher sales in June and the fourth quarter of each year as a result of special promotional campaigns; (iii) an increase beyond expectation in the procurement of healthcare products and services by corporate customers of JD Group after the outbreak of COVID-19; and (iv) a buffer to cover unexpected increase of the surging demand of such sales. With such rapid trend of increase in the demand of healthcare products and services by corporate customers of JD Group, it is anticipated that the existing annual caps will not be sufficient to cater for the Group's continuous business development.

As confirmed by the Directors, large corporate customers who have signed procurement agreements with JD Group usually buy a wide range of products from JD Group in bulk, and healthcare products are only a portion of the products procured by such customers. The arrangement pursuant to the JD Sales Framework Agreement is mutually beneficial to both JD Group and the Group. With a single point of contact for the customers, it increases customer satisfaction with products and service offerings of both JD Group and the Group. Notwithstanding the benefit aforementioned, the Group is able to reach out to those corporate customers directly instead of selling through JD Group, and has done so and will increasingly do so going forward. Therefore, we consider the transactions contemplated under the JD Sales Framework Agreement will be beneficial to the Company and the Shareholders as a whole.

We noted from the 2020 Annual Report that, among other things, the Group will continue to cement its supply chain capabilities in retail pharmacy to provide users with high quality pharmaceutical and healthcare products and convenient shopping experiences through extending its product selections.

Marketing Services Revision

With reference to the Board Letter, there has been an increase beyond expectation in the marketing services revenue of the Group (and therefore an increase in the transaction amount to be paid by JD Group to the Group under the Marketing Services Framework Agreement) due to the rapid growth of the Group's business after the outbreak of COVID-19, which greatly enhanced the number of customers and exposure of the Group. As such, benefitting from the increasing emphasis in health awareness of customers, JD Group's business partners and suppliers are more willing to utilize the advertising resources of the Group to expand their market and reach a wider audience, i.e. the Group's users. Given that (i) based on the unaudited management accounts, the net revenue of the Group generated from the Marketing Services Framework Agreement has been increased by around 80% in the first quarter of 2021 when compared to the corresponding period in 2020; and (ii) based on the unaudited management accounts, the Company has already used approximately 39% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records higher marketing services revenues in June and the fourth quarter of each year due to a larger demand for digital marketing services around online shopping festivals on 18 June, 11 November and 12 December, it is anticipated that the existing annual caps will be exceeded very soon which in turn led to the need to revise the existing annual caps to cater for future growth of the Group.

On the other hand, there has also been an increase beyond expectation in the marketing services costs of the Group (and therefore an increase in the transaction amount to be paid by the Group to JD Group under the Marketing Services Framework Agreement) due to (i) the continuous increase in third party business partners and suppliers of the Group, leading to an increase in the amount of advertising; and (ii) the increase in health awareness of the Group's customers after the outbreak of COVID-19 and therefore rise in demand for healthcare products. In order to secure additional marketing resources and to be more accessible to their customers, the Group's business partners and suppliers are eager to utilize JD Group's marketing resources and resources from platforms outside the Group and JD Group to promote their products and services. Assuming the restructuring between the Group and JD Group has been completed since 1 January 2020 and the suppliers and merchants of the Group that have advertising needs have signed the marketing services contracts with the Group directly, the marketing costs of the Group under the Marketing Services Framework Agreement has been increased by approximately 240% in the first quarter of 2021 when compared to the corresponding period in 2020 (the "**2020Q1 Hypothetical Amounts**"), based on the unaudited management accounts. Based on the unaudited management accounts, as the Company has already used more than 50% of the existing annual cap for 2021 in the first five months of 2021, it is anticipated that the existing annual caps will be exceeded very soon which in turn led to the need to revise the existing annual caps to cater for future growth of the Group.

As confirmed by the Directors, healthcare-related advertisements placed by third party advertisers' on the platforms and/or resources of the Group or JD Group will be subject to marketing service charges depending on which platform the advertisement is placed on and whether the third party advertiser originally signed the marketing services contract with JD Group or the Group. From the third parties perspective, being able to place advertisements on both JD Group and the Group's platforms through one channel is convenient and allows for an enhanced customer experience and is therefore mutually beneficial to both JD Group and the Group. Therefore, we consider the transactions contemplated under the Marketing Services Framework Agreement will be beneficial to the Company and the Shareholders as a whole.

Promotion Services Revision

With reference to the Board Letter, in light of the government policies in favour of the digital economy including internet healthcare, and the COVID-19 situation helped form consumers' habit of online purchase of drugs and healthcare products, the Company continues to see this as an opportunity to launch marketing activities and will further invest in its sales and marketing plan to promote its brand and boost its product sales. Apart from reaching out to third party platforms directly to place advertisements, the Group expects to continue to place advertisements on third party platforms together with and through JD Group in short run, as collective purchase allows for increased economies of scale, increased efficiency and lower marketing costs. The increase in proposed annual caps of the transaction amount to be paid by the Group is because (i) based on the unaudited management accounts, selling and marketing expenses of the Group under the Promotion Services Framework Agreement has been increased by approximately 156% in the first quarter of 2021 when compared to the corresponding period in 2020; (ii) based on the unaudited management accounts, the Company has already used approximately 23% of the existing annual cap for 2021 in the first five months of 2021, noting that the Company experiences seasonality in its e-commerce business, in particular the Company usually records much higher marketing expenses in June and the fourth quarter of each year as compared to the first five month of the year due to a larger demand for digital marketing services and placing advertisements on third party platforms around online shopping festivals on 18 June, 11 November and on 12 December; and (iii) the increase in customer's health awareness after the outbreak of COVID-19, leading to a great opportunity to further promote online purchase of drugs and healthcare products and the Company's brand.

As confirmed by the Directors, placing advertisements on third party platforms together with and through JD Group is mutually beneficial to both JD Group and the Group, as collective purchase allows for increased economies of scale, increased efficiency, and lower costs for both parties. Notwithstanding the aforementioned benefits, the Group is able to reach out to third party platforms directly instead of placing advertisements through JD Group. Therefore, we consider the transactions contemplated under the Promotion Services Framework Agreement will be beneficial to the Company and the Shareholders as a whole.

Having considered the above, in particular (i) the transactions contemplated under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement will be beneficial to the Company and the Shareholders as a whole; (ii) the Board expects the existing annual caps under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement for the two years ending 31 December 2022 will not be sufficient; and (iii) our analyses in respect of revised annual caps under each of the aforesaid framework agreements, we concur with the Directors' view that the transactions contemplated under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement are conducted in the ordinary and usual course of business of the Group and CCTs Revisions are in the interests of the Company and the Shareholders as a whole.

Principal terms of the CCTs Revisions

A. JD Sales Revision

Background of the JD Sales Framework Agreement

The JD Sales Framework Agreement was entered into between the Company and JD.com on 23 November 2020, pursuant to which the Group will sell healthcare related products to JD Group, which will then sell or donate those healthcare products directly to certain large corporate customers or organizations. The term of the JD Sales Framework Agreement commenced on the Listing Date and will end on 31 December 2022, subject to renewal upon the mutual consent of both parties.

Pricing policies

Pursuant to the JD Sales Framework Agreement, the price of the healthcare related products supplied to JD Group shall be determined directly by the Group with the corporate customers and is generally determined by the Group's actual costs plus reasonable profits. The level of profits the Group receives from such corporate customers will be consistent with the pricing policy for similar transactions the Group entered into with its direct customers of comparable profile. The Group will, before entering into any transactions under the JD Sales Framework Agreement, review the prices charged and level of profits with reference to similar transactions the Group entered into with its direct customers of comparable profile. JD Group will not charge the Group any service fees in the process.

The healthcare products donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs.

For our due diligence purpose, we obtained three sets of (i) individual procurement agreements entered into between corporate customers (i.e. independent third parties) and JD Group; and (ii) documents showing internal pricing review procedure as conducted by the Group's staff. We noted from individual procurement agreements and the documents that the prices of the healthcare related products supplied to corporate customers (i.e. independent third parties) by JD Group were determined by the Group's sales managers and approved by the Group's staff in risk management department.

Having considered (i) our findings as mentioned above (i.e. the prices of the healthcare related products supplied to corporate customers (i.e. independent third parties) by JD Group were determined by the Group's sales managers and approved by the Group's staff in risk management department); and (ii) the price of the healthcare related products supplied to JD Group shall be determined directly by the Group with the corporate customers and JD Group will not charge the Group any service fees in the process, we consider that the pricing policy under the JD Sales Framework Agreement is fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of internal control measures are set out under the section headed "Internal Controls for the Continuing Connected Transactions" of the Board Letter. Having considered that there is a procedure to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the JD Sales Framework Agreement (i.e. the responsible business units of the Group shall ensure no service fees are charged by JD Group before the Group enters into the transactions under the JD Sales Framework Agreement), we consider the effective implementation of the internal control measures will ensure the fair pricing of the transactions under the JD Sales Framework Agreement.

With reference to the Board Letter, the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement on a quarterly basis. If the actual transaction amount reaches certain threshold of the proposed annual caps of the relevant continuing connected transactions (i.e. 25% in the first quarter, 50% in the second quarter or 75% in the third quarter), or if the business operation department and finance department expect that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the chief financial officer. The chief financial officer will assess if there is need to revise the existing annual caps, and if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules.

Revision of existing annual caps

Existing annual caps comprised the transaction amounts to be paid by JD Group to the Group under the JD Sales Framework Agreement (i) (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) of RMB600 million for the year ended 31 December 2020 ("**FY2020**"), RMB900 million for the year ending 31 December 2021 ("**FY2021**") and RMB1,200 million for the year ending 31 December 2022 ("**FY2022**"); and (ii) (for only the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) of RMB120 million for FY2020, RMB50 million for FY2021 and RMB50 million for FY2022.

The Company proposed to revise existing annual caps for the transaction amounts to be paid by JD Group to the Group under the JD Sales Framework Agreement (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) from RMB900 million to RMB2,000 million for FY2021 and from RMB1,200 million to RMB3,000 million for FY2022. For the avoidance of doubt, it is expected that there is no change in the existing annual caps as mentioned in (ii) above.

The existing annual caps and revised annual caps of the transactions (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) for the three years ending 31 December 2022 are set out as follows:

	For the year ended 31 December 2020	**For the year ending 31 December 2021**	**For the year ending 31 December 2022**
	RMB'million	*RMB'million*	*RMB'million*
Existing annual caps (the "**Existing Sales Cap(s)**")	600	900	1,200
Revised annual caps (the "**Revised Sales Cap(s)**")	N/A	2,000	3,000

Details of the Revised Sales Caps are set out under the sub-section headed "Reasons for revision of the existing annual caps and basis for proposed annual caps" under the section headed "JD Sales Framework Agreement" of the Board Letter.

Upon our request, we obtained the historical transaction amounts of the transactions contemplated under the JD Sales Framework Agreement by the Company and noted that the Existing Sales Cap for FY2020 was almost fully utilised.

As depicted in the above table, the Revised Sales Caps for the two years ending 31 December 2022 represented significant increases as compared to the respective Existing Sales Caps for the two years ending 31 December 2022. To assess the fairness and reasonableness of the Revised Sales Caps, we conducted following analyses:

We obtained and reviewed the calculation for the Revised Sales Caps for each of the two years ending 31 December 2022. According to the calculation, the Revised Sales Cap for FY2021 was calculated by (i) the estimated amount for FY2021 (which was further calculated with reference to (a) the historical amount for FY2020; (b) an estimated growth rate of approximately 202% for FY2021 (the "**2021 Sales Growth**")); and (ii) a buffer of 10% on the estimated amount for FY2021.

We understood that the 2021 Sales Growth was determined based on the growth rate (i.e. approximately 202%) of historical amount for the first quarter of 2021 as compared to that for the corresponding period in 2020. Upon our request, we also obtained the historical amounts for first quarter of 2020 and first quarter of 2021 and noted that the 2021 Sales Growth was in line with the growth rate for first quarter of 2021 as compared to that for the corresponding period in 2020.

As mentioned above, the demand for healthcare management will continue to grow. As a leading online healthcare platform, the Group will continue to strengthen its supply chain capabilities in retail pharmacy while sparing no efforts on expanding its online healthcare services business. Looking forward, the Group will continue to cement its supply chain capabilities in retail pharmacy to provide users with high quality pharmaceutical and healthcare products and convenient shopping experiences through extending the Group's product selections. In the meantime, the Group will strengthen cooperation with enterprises partners in the healthcare value chain to achieve complementary advantages, promote the growth of the Group's core business and capture new growth opportunities.

Having considered the above factors and reasons for the anticipated growth in the Group's healthcare business as mentioned above, we are of the view that the 2021 Sales Growth is justifiable. Therefore, the estimated amount for FY2021, which was based on the historical amount for FY2020 and the 2021 Sales Growth, is fair and reasonable.

As mentioned above, a buffer of 10% was applied in the Revised Sales Cap for FY2021 to cover unexpected increase of the surging demand of healthcare related products. Having considered that the additional buffer was applied for unforeseeable circumstances, for instance, to provide the Company with flexibility to cater for any unexpected increase in volume of such products to be supplied according to the JD Sales Framework Agreement or the unexpected increase in selling prices of such products, we consider that a buffer of 10% is acceptable.

In light of the above factors including (i) the estimated amount for FY2021 being reasonable; and (ii) a buffer of 10% being acceptable, we consider the Revised Sales Cap for FY2021 to be fair and reasonable.

According to the calculation, the Revised Sales Cap for FY2022 represented an increase of 50% as compared to that for FY2021. Having considered that the historical amounts (excluding the healthcare products donated by JD Group which will be purchased from the Group on a cost basis) for the three years ended 31 December 2020 increased at an average annual growth rate of more than 100%, which is significantly more than the estimated growth rate of 50%, we consider the estimated growth rate of 50% to be justifiable. Accordingly, we consider the Revised Sales Cap for FY2022 to be fair and reasonable.

Shareholders should note that as the Revised Sales Caps for FY2021 and FY2022 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of revenue/income to be generated from the transactions contemplated under the JD Sales Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue/income to be incurred from the transactions contemplated under the JD Sales Framework Agreement will correspond with the Revised Sales Caps.

B. Marketing Services Revision

Background of the Marketing Services Framework Agreement

The Marketing Services Framework Agreement was entered into between the Company and JD.com on 23 November 2020, pursuant to which JD Group and the Group will provide certain marketing services to each other, including but not limited to the display of advertisements on various platforms and/or resources of JD Group and the Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements. The term of the Marketing Services Framework Agreement commenced on the Listing Date and will end on 31 December 2022, subject to renewal upon the mutual consent of both parties.

Pricing policies

Pursuant to the Marketing Services Framework Agreement, the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are based on various factors, including which party sourced the third party advertiser and the platform and/or resource the third party advertiser desires to place a healthcare-related advertisement on.

As advised by the Directors, the Group will annually review and approve the economic split, to ensure the percentage splits are reasonable and in favour of the Group (the "**Annual Review**"). The arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services. As stated in the Board Letter, the Group will review the economic splits annually through certain aspects: (i) ensuring the costs incurred (including the costs of resources contributed) and profits generated are proportional to the share from the economic splits; (ii) obtaining comparable quotations from no less than two independent third party advertising agencies.

Once the third party advertiser has signed the marketing services contract with the Group, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms, (there is no marketing service fees sharing arrangement), (ii) JD Group's resources and/or platforms (60% of the marketing services fees will be shared from the Group to JD Group (the "**JDH 4/6 Split Ratio**")) or (iii) resources outside both the Group and JD Group's platforms (90% of the marketing services fees generated will be shared from the Group to JD Group (the "**JDH 1/9 Split Ratio**")).

In the scenario where the third party advertiser has signed the marketing services contract with JD Group but wishes to place advertisements relating to healthcare products and services, it may elect to place advertisements in three main advertising slots of places: (i) the Group's resources and/or platforms (where the Group is entitled to 100% of the marketing services fees generated), (ii) JD Group's resources and/or platforms (where the Group is entitled to 40% of the marketing services fees generated (the "**JDG 6/4 Split Ratio**")) or (iii) resources outside both the Group and JD Group's platforms (where the Group is entitled to 10% of the marketing services fees generated (the "**JDG 9/1 Split Ratio**")). The Group is involved with these healthcare related advertisements (and thus entitled to a certain proportion of the advertising fees generated), because the Group can provide value added services relating to healthcare products and services (i.e. marketing insights with regards to the healthcare industry) to the third party advertisers.

Details of the pricing policies under the Marketing Services Framework Agreement are set out in the sub-section headed "Pricing policies" under the section headed "Marketing Services Framework Agreement" of the Board Letter.

Pursuant to the Marketing Services Framework Agreement and upon our enquiry with the Company, we understood that the Group will provide similar services to the Group's or the JD Group's client (i.e. third party advertiser). Therefore, the Group will be entitled to the same proportion of advertising fees to be generated under the same scenario (i.e. same advertising slots / places as selected by third party advertiser) regardless of the source of the third party advertiser.

For our due diligence purpose, we obtained (i) figures showing historical amounts of transactions contemplated under the Marketing Services Framework Agreement (both revenue and cost nature) for the fourth quarter of 2020 and the first quarter of 2021; (ii) breakdowns of the aforesaid historical amounts as categorised by date of transaction, source of third party advertisers, main advertising slots/places, marketing fees percentage splits ratio and the Group's revenue/cost for each aforesaid category; and (iii) summary of revenue generated by the Group/JD Group from their clients for the transactions contemplated under the Marketing Services Framework Agreement (as confirmed by the Directors, both the Group and JD Group will make reference to the summary when calculating for the advertising fees to be entitled by each party). As the breakdowns indicated the amounts of each individual transaction contemplated under the Marketing Services Framework Agreement, we consider that it is sufficient to review historical transaction amounts and breakdowns. We noted that the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are in line with the pricing policies under the Marketing Services Framework Agreement.

To further assess the fairness of the 4/6 split ratios and 1/9 split ratios, we conducted following analyses:

- Upon our request, the Company provided two individual agreements entered into between (i) members of the JD Group; and (ii) independent third parties.

  Pursuant to individual agreements, subsidiaries of JD Group and JD Group's certain clients will place advertisements through the independent third parties' internet platforms. Under the individual agreements, JD Group's certain clients (i.e. the third party advertisers) utilized the independent third parties' resources while JD Group is in essence acting as an advertising agent. Such arrangement is similar to scenario of the JDH 4/6 Split Ratio. The arrangement under the individual agreements are similar to the scenario of the JDH 4/6 Split Ratio. We noted that the percentage which the Group is entitled to by using JD Group's resources and/or platforms is not lower than the percentage ratio for similar role under the individual agreements. Therefore, we are of the view that the JDH 4/6 Split Ratio to be justifiable.

- In respect of the JDH 1/9 Split Ratio scenario, as stated in the Board Letter, 90% of the marketing services fees generated will be shared from the Group to JD Group to allow for JD Group to cover its costs of purchasing the third party advertisement resources / advertising slots.

  We searched for gross profit margins of companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and are participants in advertising agency industry (i.e. advertisement operator (proxy party) accepting advertisers' or advertisement publishers' (being clients) engagement to conduct advertisement market investigation, advertisement information consulting, corporate image planning, advertisement strategy planning, advertisement media arrangements and other operating activities).

  Based on information obtained from Wind Financial Terminal, the implied gross profit margin of advertising agency industry was 7.74% for FY2020 and 10.39% for FY2019, which indicated the percentage of operating cost to total operating revenue of 92.26% for FY2020 and 89.61% for FY2019.

  As (i) the purpose of 90% of the marketing services fees generated to be shared from the Group to JD Group is to allow for JD Group to cover its costs of purchasing the third party advertisement resources/advertising slots; and (ii) the percentage of operating cost to total operating revenue amounted to approximately 92.26% for FY2020 and 89.61% for FY2019 for advertising agency industry as mentioned above, we are of the view that the JDH 1/9 Split Ratio to be justifiable.

- As mentioned above, the Group will provide similar services to the Group's or the JD Group's client (i.e. third party advertiser). Therefore, the Group will be entitled to the same proportion of advertising fees to be generated under the same scenario (i.e. same advertising slots/places as selected by third party advertiser) regardless of the source of the third party advertiser. Accordingly, we consider that the JDG 6/4 Split Ratio and JDG 9/1 Split Ratio, which are the same as the JDH 4/6 Split Ratio and JDH 1/9 Split Ratio respectively, to be justifiable.

Having considered (i) our findings and analyses as mentioned above; (ii) the Group will be entitled to the same proportion of advertising fees to be generated under the same scenario (i.e. same advertising slots/places as selected by third party advertiser) regardless of the source of the third party advertiser; and (iii) the Annual Review will ensure the economic split ratio to be reasonable and in favour of the Group, we consider that the pricing policy under the Marketing Services Framework Agreement are fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal control measures are set out under the section headed "Internal Controls for the Continuing Connected Transactions" of the Board Letter. Having considered that there is a procedure to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the Marketing Services Framework Agreement (i.e. the responsible business units of the Group shall ensure the split ratio is in line with relevant scenario before the Group enters into the transactions under the Marketing Services Framework Agreement), we consider the effective implementation of the internal control measures will ensure the fair pricing of the transactions under the Marketing Services Framework Agreement.

As mentioned above, the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement on a quarterly basis. Details of the measures are set out above.

Revision of existing annual caps

a. Marketing services revenue

The historical transaction amounts, existing annual caps and revised annual caps of marketing services (revenue nature) for the three years ending 31 December 2022 are set out as follows:

	For the year ended 31 December 2020	**For the year ending 31 December 2021**	**For the year ending 31 December 2022**
	RMB'million	*RMB'million*	*RMB'million*
Historical amounts	446.5	230.8 *(Note)*	N/A
Existing annual caps	450	600	800
Utilisation rate (%)	99.2	N/A	N/A
Revised annual caps (the "**Revised Marketing (Revenue) Cap(s)**")	N/A	900	1,440

Note: Based on the historical amount for the five months ended 31 May 2021.

Details of the Revised Marketing (Revenue) Caps are set out under the sub-section headed "Reasons for revision of the existing annual caps and basis for proposed annual caps" under the section headed "Marketing Services Framework Agreement" of the Board Letter.

As depicted in the above table, the existing annual cap for FY2020 was almost fully utilised. The Revised Marketing (Revenue) Caps for the two years ending 31 December 2022 represented substantial increases as compared to the respective existing annual caps for the two years ending 31 December 2022. To assess the fairness and reasonableness of the Revised Marketing (Revenue) Caps, we conducted following analyses:

We obtained and reviewed the calculation for the Revised Marketing (Revenue) Caps for each of the two years ending 31 December 2022. According to the calculation, the Revised Marketing (Revenue) Cap for FY2021 was calculated by (i) the estimated amount for FY2021 (which was further calculated with reference to (a) the historical amount for the first quarter of 2021 of approximately RMB131.8 million; and (b) the estimated proportion of approximately 16% of the historical amount for first quarter of 2021 to FY2021 (the "**2021 Marketing Proportion**")); and (ii) a buffer of 10% on the estimated amount for FY2021.

We understood that the 2021 Marketing Proportion was determined based on the proportion of approximately 16% of historical amount for first quarter of 2020 to that for FY2020. Upon our request, we obtained the historical amount for first quarter of 2020 and noted that the 2021 Marketing Proportion was in line with the proportion of historical amount for first quarter of 2020 to FY2020. We therefore consider the 2021 Marketing Proportion to be justifiable and the estimated amount for FY2021 (based on the 2021 Marketing Proportion) to be reasonable accordingly.

As mentioned above, a buffer of 10% was applied in the Revised Marketing (Revenue) Cap for FY2021 to cover unexpected increase of the surging demand of marketing services. Having considered that the additional buffer was applied for unforeseeable circumstances, for instance, to provide the Company with flexibility to cater for any unexpected increase in demand of such services according to the Marketing Services Framework Agreement or the unexpected increase in fees of such services, we consider that a buffer of 10% is acceptable.

In light of the above factors including (i) the total estimated amount for FY2021 being reasonable; and (ii) a buffer of 10% being acceptable, we consider the Revised Marketing (Revenue) Cap for FY2021 to be fair and reasonable.

According to the calculation, the Revised Marketing (Revenue) Cap for FY2022 represented an increase of 60% as compared to that for FY2021. Having considered that (i) the historical amount (transaction amount paid by JD Group to the Group) for the three years ended 31 December 2020 increased at an average annual growth rate of more than 100%, which is significantly more than the estimated increase rate of 60%; and (ii) the customer base of the Group and JD Group had been increasing during the three years ended 31 December 2020 and are expected to continue to increase for the two years ending 31 December 2022, we consider the increase rate of 60% to be justifiable. Accordingly, we consider the Revised Marketing (Revenue) Cap for FY2022 to be fair and reasonable.

b. Marketing services cost

The historical transaction amounts, existing annual caps and revised annual caps of marketing services (cost nature) for the three years ending 31 December 2022 are set out as follows:

	For the year ended 31 December 2020	**For the year ending 31 December 2021**	**For the year ending 31 December 2022**
	RMB'million	*RMB'million*	*RMB'million*
Historical amounts	241.8	282.1 *(Note)*	N/A
Existing annual caps	350	530	690
Utilisation rate (%)	69.1	N/A	N/A
Revised annual caps (the "**Revised Marketing (Cost) Cap(s)**")	N/A	1,700	2,720

Note: Based on the historical amount for the five months ended 31 May 2021.

Details of the Revised Marketing (Cost) Caps are set out under the sub-section headed "Reasons for revision of the existing annual caps and basis for proposed annual caps" under the section headed "Marketing Services Framework Agreement" of the Board Letter.

As depicted in the above table, the utilization rate of the existing annual cap for FY2020 was approximately 69.1%. The Revised Marketing (Cost) Caps for the two years ending 31 December 2022 represented significant increases as compared to the respective existing annual caps for the two years ending 31 December 2022. To assess the fairness and reasonableness of the Revised Marketing (Cost) Caps, we conducted following analyses:

We obtained and reviewed the calculation for the Revised Marketing (Cost) Caps for each of the two years ending 31 December 2022. According to the calculation, the Revised Marketing (Cost) Cap for FY2021 was calculated by (i) the estimated amount for FY2021 (which was further calculated with reference to (a) the adjusted historical amounts for FY2020; and (b) an estimated growth rate of approximately 240% for FY2021 (the "**2021 Marketing Cost Growth**")); and (ii) a buffer of 5% on the estimated amounts for FY2021.

We understood that the 2021 Marketing Cost Growth was determined based on the growth rate (i.e. approximately 240%) of historical amount for first quarter of 2021 as compared to the 2020Q1 Hypothetical Amounts. Upon our request, we obtained the historical amount for first quarter of 2021 and the 2020Q1 Hypothetical Amounts and noted that the 2021 Marketing Cost Growth was in line with the growth rate for first quarter of 2021 as compared to the 2020Q1 Hypothetical Amounts. As such, we are of the view that the 2021 Marketing Cost Growth is acceptable.

The adjusted historical amount for FY2020 represented 200% of the historical amount of approximately RMB241.8 million for FY2020.

As stated in the Prospectus, the historical amounts of costs incurred in relation to the marketing services provided by JD Group to the Group's business were nil for the three years ended 31 December 2019 and the six months ended 30 June 2020, respectively. The Group would only incur marketing services costs if and when a third party advertiser signed a marketing services contract with the Group, and elected to place advertisements by utilizing JD Group's resources and/or platforms or resources outside both the Group and JD Group's platforms. However, given that the reorganization was undergone during the three years ended 31 December 2019 and the six months ended 30 June 2020, the Group has been transferring the contractual relationship in this regard from JD Group to entities of the Group and such marketing services were therefore not yet established and hence not yet recognized, nor can be allocated. Having considered the aforesaid factors, we concur with the Directors that by using the adjusted historical amounts for FY2020 as basis to derive the estimated amount for FY2021 to be more reasonable.

Based on the adjusted historical amount for FY2020 and the 2021 Marketing Cost Growth, the estimated amount for FY2021 is reasonable.

As mentioned above, a buffer of 5% was applied in the Revised Marketing (Cost) Cap for FY2021 to cover unexpected increase of the surging demand of marketing services. Having considered that the additional buffer was applied for unforeseeable circumstances, for instance, to provide the Company with flexibility to cater for any unexpected increase in demand of such services or the unexpected increase in service charges, we consider that a buffer of 5% is acceptable.

In light of the above factors including (i) the estimated amount for FY2021 being reasonable; and (ii) a buffer of 5% being acceptable, we consider the Revised Marketing (Cost) Cap for FY2021 to be fair and reasonable.

According to the calculation, the Revised Marketing (Cost) Cap for FY2022 represented an increase of 60% (the "**2022 Marketing Cost Growth**") as compared to that for FY2021. Having considered that (i) customer base of the Group and JD Group had been increasing during the three years ended 31 December 2020 and are expected to continue to increase for the two years ending 31 December 2022; and (ii) the 2022 Marketing Cost Growth was not higher than the 2021 Marketing Cost Growth and the growth rate for first quarter of 2021 as compared to the 2020Q1 Hypothetical Amounts, we consider the increase rate of 60% to be justifiable. Accordingly, we consider the Revised Market (Cost) Cap for FY2022 to be fair and reasonable.

Shareholders should note that as the Revised Marketing (Revenue) Caps and Revised Marketing (Cost) Caps for FY2021 and FY2022 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of revenue/cost to be generated/incurred from the transactions contemplated under the Marketing Services Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue/cost to be generated/incurred from the transactions contemplated under the Marketing Services Framework Agreement will correspond with the Revised Marketing (Revenue) Caps and/or Revised Marketing (Cost) Caps.

C. *Promotion Services Revision*

Background of the Promotion Services Framework Agreement

The Promotion Services Framework Agreement was entered into between the Company and JD.com on 23 November 2020, pursuant to which the Group will place advertisements on third party platforms together with and through JD Group to achieve economies of scale, increased efficiency and lower costs for both parties.

Pricing policies

Pursuant to the Promotion Services Framework Agreement, JD Group will not charge the Group additional service fees on the arrangement of promotion and marketing services. The Group shall pay JD Group promotion fees charged by the third party promotion service providers for the Group, and the charges will be determined after arm's length negotiation between the Group (or JD Group on behalf of the Group) and third party promotion service providers for promotion services provided. The price of promotion service will be determined by the actual costs and expenses for preparing relevant displays on third parties' platforms plus reasonable profits of such third parties, or will be calculated by the unit prices of different online publicity resources multiplied by frequency such resources are used. The unit prices of each online publicity resources will be determined with reference to market rates. The Group will, before entering into any transactions under the Promotion Services Framework Agreement, obtain and review the comparable quotations from no less than two independent third party service providers to ensure the promotion service prices that the Group obtains from JD Group are fair and reasonable.

Upon our further enquiry, we understood that the Group places advertisements together with and through JD Group to lower costs for both parties. As confirmed by the Directors, JD Group only acts as arranging promotion services under the JD Sales Framework Agreement and will not charge additional services fee for the arrangement.

For our due diligence purpose, we obtained (i) JD Group's ledger in respect of promotion fees in a specific month; and (ii) the Group's payment record of promotion fees. As mentioned above, the Group will place advertisements on third party platforms together with and through JD Group. As confirmed by the Directors, JD Group paid the promotion fees on behalf of the Group. We noted that (i) the promotion fees paid by the Group to JD Group were in line with the promotion fees as shown in JD Group's ledger; and (ii) there was no additional services fee charged on the arrangement of promotion and marketing services.

Having considered (i) our findings as mentioned above; (ii) that the Group shall pay JD Group promotion fees charged by the third party promotion service providers for the Group, and the charges will be determined after arm's length negotiation between the Group (or JD Group on behalf of the Group) and third party promotion service providers for promotion services provided; and (iii) that JD Group will not charge the Group additional service fees on the arrangement of promotion and marketing services, we consider that the pricing policy under the Promotion Services Framework Agreement is fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal control measures set out under the section headed "Internal Controls for the Continuing Connected Transactions" of the Board Letter. Having considered that there is a procedure to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the Promotion Services Framework Agreement (i.e. the responsible business units of the Group shall ensure JD Group will not charge the Group additional service fees on the arrangement of promotion and marketing services before the Group enters into the transactions under the Promotion Services Framework Agreement, and the Group shall, before entering into any transactions under the Promotion Services Framework Agreement, obtain and review the comparable quotations from no less than two independent third party service providers to ensure the promotion service prices that the Group obtains from JD Group are fair and reasonable and on normal commercial terms or better), we consider the effective implementation of the internal control measures will ensure the fair pricing of the transactions under the Promotion Services Framework Agreement.

As mentioned above, the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement on a quarterly basis. Details of the measures are set out above.

Revision of existing annual caps

The historical transaction amounts, existing annual caps and revised annual caps of the transactions under the Promotion Services Framework Agreement for the three years ending 31 December 2022 are set out as follows:

	For the year ended 31 December 2020	**For the year ending 31 December 2021**	**For the year ending 31 December 2022**
	RMB'million	*RMB'million*	*RMB'million*
Historical amounts	256.6	81.2 *(Note)*	N/A
Existing annual caps	300	350	400
Utilisation rate (%)	85.5	N/A	N/A
Revised annual caps (the "**Revised Promotion Cap(s)**")	N/A	900	1,440

Note: Based on the historical amount for the five months ended 31 May 2021.

Details of the Revised Promotion Caps are set out under the sub-section headed "Reasons for revision of the existing annual caps and basis for proposed annual caps" under the section headed "Promotion Services Framework Agreement" of the Board Letter.

As depicted in the above table, the utilisation rate of the existing annual cap for FY2020 was at a high level of approximately 85.5%. The Revised Promotion Caps for the two years ending 31 December 2022 represented significant increases as compared to the respective existing annual caps for the two years ending 31 December 2022. To assess the fairness and reasonableness of the Revised Promotion Caps, we conducted following analyses:

We obtained and reviewed the calculation for the Revised Promotion Caps for each of the two years ending 31 December 2022. According to the calculation, the Revised Promotion Cap for FY2021 was calculated by (i) the estimated amount for FY2021 (which was further calculated with reference to (a) the historical amount for the first quarter of 2021 of approximately RMB60.2 million; and (b) the estimated proportion of approximately 7% of the historical amount for first quarter of 2021 to FY2021 (the "**2021 Promotion Proportion**")); and (ii) a buffer of 10% on the estimated amounts for FY2021.

We understood that the 2021 Promotion Proportion was determined based on the proportion of historical amount for first quarter of 2020 to FY2020 and taking into account the possible use of proceeds from the Listing. Upon our request, we obtained the historical amount for first quarter of 2020 and noted that the 2021 Promotion Proportion was lower than the implied proportion of approximately 9% of historical amount for first quarter of 2020 to FY2020.

With reference to the Board Letter, the Revised Promotion Caps were determined with reference to, among other things, the proposed use of proceeds from the Global Offering for the Company's business expansion plan by promoting brand awareness through increasing its online and offline marketing and promotional activities, details of which are set out in the section headed "Use of Proceeds" in the Prospectus. According to the 2020 Annual Report, the net proceeds from the Global Offering (following the full exercise of the over-allotment option), was approximately RMB25.7 billion, after deducting the underwriting commissions and offering expenses paid or payable, which will be gradually utilized for the purposes as set out in the Prospectus. Approximately 40% of the net proceeds (i.e. approximately RMB10.3 billion) is expected to be used for business expansion in the next 36 to 60 months from the Global Offering, including, among other things, consistently promoting brand awareness through increasing the Group's online and offline marketing and promotional activities, such as TV branding, news feed ads, advertisements through major search engines and web portals, and seasonal and holiday promotional campaigns. We consider that the estimated demand of services under the Promotion Services Framework Agreement may increase as results of the Group's consistently promoting brand awareness through increasing the Group's online and offline marketing and promotional activities.

In addition, as stated in the Board Letter, the Company experiences seasonality in its e-commerce business, in particular the Company usually records much higher marketing expenses in June and the fourth quarter of each year as compared to the first five month of the year due to larger demand for digital marketing services and placing advertisements on third party platforms around online shopping festivals on 18 June, 11 November and on 12 December. We consider the 2021 Promotion Proportion, being lower than the implied proportion of historical amount for first quarter of 2020 to FY2020, to be justifiable. Accordingly, we consider the estimated amount (based on the 2021 Promotion Proportion) for FY2021 to be fair and reasonable.

As mentioned above, a buffer of 10% was applied in the Revised Promotion Cap for FY2021 to cover unexpected increase of the surging demand of promotion services. Having considered that the additional buffer was applied for unforeseeable circumstances, for instance, to provide the Company with flexibility to cater for any unexpected increase in demand of such services according to the Promotion Services Framework Agreement or the unexpected increase in fees of such services, we consider that a buffer of 10% is acceptable.

In light of the above factors including (i) the total estimated amount for FY2021 being reasonable; and (ii) a buffer of 10% being acceptable, we consider the Revised Promotion Cap for FY2021 to be fair and reasonable.

According to the calculation, the Revised Promotion Cap for FY2022 represented an increase of 60% as compared to that for FY2021. Having considered that the historical amounts for the three years ended 31 December 2020 increased at an average annual growth rate of more than 100%, which is significantly more than the estimated increase rate of 60%, we consider the increase rate of 60% to be justifiable. Accordingly, we consider the Revised Promotion Cap for FY2022 to be fair and reasonable.

Shareholders should note that as the Revised Promotion Caps for FY2021 and FY2022 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of cost to be incurred from the transactions contemplated under the Promotion Services Framework Agreement. Consequently, we express no opinion as to how closely the actual cost to be incurred from the transactions contemplated under the Promotion Services Framework Agreement will correspond with the Revised Promotion Caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the transactions must be restricted by the annual caps for the period concerned under respective JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement; (ii) the terms of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the transactions contemplated under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps.

In the event that the maximum amounts of the transactions contemplated under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement are anticipated to exceed the annual caps, or that there is any proposed material amendment to the terms of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under each of the JD Sales Framework Agreement, Marketing Services Framework Agreement and Promotion Services Framework Agreement and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the CCTs Revisions are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the CCTs Revisions are on normal commercial terms and are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the CCTs Revisions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares and underlying shares and debentures of the Company or any of its associated corporations

As of the Latest Practicable Date and in accordance with the records of the Company maintained in accordance with the SFO and the Listing Rules, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

(i) Interest in the Company

Name of Director/ chief executive	Nature of interest	Number of Shares	Approximate % of the Company's total issued share capital[(11)]
Enlin Jin	Beneficial owner[(1)]	574,112[(L)]	0.02
Richard Qiangdong Liu	Interest in controlled corporations[(2)];		
	Beneficial owner[(3)]	2,202,296,248[(L)]	69.12
Lei Xu	Beneficial owner[(4)]	200,000[(L)]	0.01
Sandy Ran Xu	Beneficial owner[(7)]	100,000[(L)]	0.00
Lijun Xin	Interest in a controlled corporation[(5)];		
	Beneficial owner[(6)]	65,356,225[(L)]	2.05
Xingyao Chen	Beneficial owner[(8)]	8,091[(L)]	0.00
Ling Li	Beneficial owner[(9)]	8,091[(L)]	0.00
Jiyu Zhang	Beneficial owner[(10)]	8,091[(L)]	0.00

Notes:

(1) Represents Enlin Jin's entitlement to receive up to 460,778 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options; and up to 113,334 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those awards, as of September 6, 2021, the effective date of the appointment of Enlin Jin as an executive Director and Chief Executive Officer of the Company.

(2) Richard Qiangdong Liu controls more than 50% of the voting power of JD.com, which wholly owns JD Jiankang Limited. JD Jiankang Limited holds 2,149,253,732 Shares. Mr. Liu is also an executive director of JD.com.

(3) Includes Richard Qiangdong Liu's entitlement to receive up to 53,042,516 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options.

(4) Represents Lei Xu's entitlement to receive up to 200,000 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards. Lei Xu is also the President of JD.com.

(5) Novacare Investment Limited, which holds 9,552,238 Shares, is beneficially owned by Lijun Xin as to 93.09% (8,892,445 Shares) with the remaining interest beneficially owned by 13 other employees of the Group.

(6) Includes Lijun Xin's entitlement to receive up to 29,282,729 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options and up to 26,521,258 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.

(7) Represents Sandy Ran Xu's entitlement to receive up to 100,000 Shares pursuant to the vesting of the awards granted to her under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards. Sandy Ran Xu is also the chief financial officer of JD.com.

(8) Represents Xingyao Chen's entitlement to receive up to 8,091 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.

(9) Represents Ling Li's entitlement to receive up to 8,091 Shares pursuant to the vesting of the awards granted to her under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.

(10) Represents Jiyu Zhang's entitlement to receive up to 8,091 Shares pursuant to the vesting of the awards granted to her under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.

(11) The percentages are calculated on the basis of 3,186,367,111 Shares in issue as at the Latest Practicable Date.

(12) (L) denotes a long position in the Shares.

(ii) Interest in the underlying shares of associated corporations of the Company

The Company has been granted (i) a certificate of exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) to the directors or chief executives of the Company who is/are also a director or chief executive of JD.com (the "**Common Directors/Chief Executives**") with respect to their disclosure of interest, and short positions, in any shares in JD.com and associated corporations of the Company which are subsidiaries of JD.com ("**Associated Corporations**"), and (ii) a waiver from strict compliance with Practice Note 5 and paragraphs 41(4) and 45 of Part A of Appendix 1 to the Listing Rules such that the Common Directors/Chief Executives will not be required to disclose their interests and short positions in any shares or underlying shares in the Associated Corporations in accordance with Part XV of the SFO (collectively, the "**DI Waivers**"). Further details regarding the waiver and exemption in relation to disclosure of interests information (including the conditions of such waiver and exemption) are set out in the section headed "Waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and exemption in relation to disclosure of interests information" in the Prospectus.

Except as specifically noted, the following table sets forth the directors' or chief executives' beneficial ownership of JD.com's Class A ordinary shares and Class B ordinary shares as of the Latest Practicable Date.

Beneficial ownership is determined in accordance with the rules and regulations of the United States Securities and Exchange Commission (U.S. SEC). In computing the number of shares beneficially owned by a person and the percentage ownership and voting power percentage of that person, JD.com has included shares and associated votes that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares and associated votes, however, are not included in the computation of the percentage ownership of any other person. Ordinary shares held by a shareholder are determined in accordance with JD.com's register of members.

	Ordinary Shares Beneficially Owned**				
Directors and Executive Officers	**Class A Ordinary Shares**	**Class B Ordinary Shares**	**Total Ordinary Shares**	**% of Beneficial Ownership**	**Approximate % of Aggregate Voting Power# (4)**
Richard Qiangdong Liu	15,600,000(1)	421,507,423(1)	437,107,423(1)	14.0(1)	76.9(2)(3)
Lei Xu	*	—	*	*	*
Sandy Ran Xu	*	—	*	*	*

Notes:

\# For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of the Class A ordinary shares and Class B ordinary shares as a single class.

* Less than 1% of JD.com's total outstanding shares.

** Beneficial ownership information disclosed herein represents direct and indirect holdings of entities owned, controlled or otherwise affiliated with the applicable holder as determined in accordance with the rules and regulations of the U.S. SEC.

(1) Represents (i) 421,507,423 Class B ordinary shares directly held by Max Smart Limited and (ii) 15,600,000 Class A ordinary shares Richard Qiangdong Liu had the right to acquire upon exercise of options that shall have become vested within 60 days after the Latest Practicable Date. As of the Latest Practicable Date, Mr. Liu has not exercised his right to acquire such Class A ordinary shares. Max Smart Limited is a British Virgin Islands company beneficially owned by Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director, as described in footnote (2) below. The ordinary shares beneficially owned by Mr. Liu do not include 21,128,296 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in note (2) below.

(2) The aggregate voting power includes the voting power with respect to the 21,128,296 Class B ordinary shares held by Fortune Rising Holdings Limited. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited and he may be deemed to beneficially own the voting power with respect to all of the ordinary shares held by Fortune Rising Holdings Limited in accordance with the rules and regulations of the U.S. SEC, notwithstanding the facts described in note (3) below.

(3) Fortune Rising Holdings Limited holds the 21,128,296 Class B ordinary shares for the purpose of transferring such shares to the plan participants according to awards under JD.com's share incentive plan, and administers the awards and acts according to JD.com's instruction. Fortune Rising Holdings Limited exercises the voting power with respect to these shares according to JD.com's instruction. Fortune Rising Holdings Limited is a company incorporated in the British Virgin Islands. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited.

(4) The calculations in the table above are based on 3,112,453,115 ordinary shares of JD.com outstanding as of June 30, 2021.

The following table lists out the interests of Directors or chief executives (who are not entitled to the DI Waivers) in JD.com and JD Logistics, Inc., an associated corporation of the Company that is also a subsidiary of JD.com (i.e. a fellow subsidiary), as of the Latest Practicable Date.

Name of Director	Associated corporation	Nature of interest	Number of shares	% of interest in associated corporation
Enlin Jin	JD.com	Beneficial owner	3,224(1)(L)	0.00
Richard Qiangdong Liu	JD Logistics, Inc.	Interest in controlled corporation Beneficial owner	4,023,186,705(2)(3)(L)	65.07
Lijun Xin	JD.com	Beneficial owner	399,276(4)(L)	0.01
	JD Logistics, Inc.	Beneficial owner	1,070,000(5)(L)	0.02
Sandy Ran Xu	JD Logistics, Inc.	Beneficial owner	100,000(6)(L)	0.00

Notes:

(1) Represents Enlin Jin's entitlement to receive up to 3,224 shares in JD.com pursuant to restricted share units under the share incentive plan of JD.com as of September 6, 2021, the effective date of the appointment of Enlin Jin as an executive Director and Chief Executive Officer of the Company.

(2) Includes Richard Qiangdong Liu's entitlement to receive up to 99,186,705 shares of JD Logistics, Inc. pursuant to the exercise of options granted to him under the pre-IPO employee share incentive plan approved and adopted by JD Logistics, Inc. on March 31, 2018, subject to the conditions (including vesting conditions) of those options.

(3) Jingdong Technology Group Corporation, which holds 3,924,000,000 shares in JD Logistics, Inc., is wholly-owned by JD.com. As of June 30, 2021, Mr. Richard Qiangdong Liu (劉強東) is interested in approximately 76.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings, further details of which are set out in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

(4) Includes Lijun Xin's entitlement to receive up to 203,616 shares of JD.com pursuant to restricted share units and 195,660 shares of JD.com pursuant to options under the share incentive plan of JD.com.

(5) Includes Lijun Xin's entitlement to receive up to 600,000 shares of JD Logistics, Inc. pursuant to options under the share incentive plan of JD Logistics, Inc.

(6) Represents Sandy Ran Xu's entitlement to receive up to 100,000 shares of JD Logistics, Inc. pursuant to options under the share incentive plan of JD Logistics, Inc.

(7) (L) denotes a long position in the Shares.

The following table lists out the Directors' or chief executives' interests in the other associated corporations as of the Latest Practicable Date:

Name of Director	Associated corporation	Nature of interest	Number of shares/amount of contribution to registered capital	% of interest in associated corporation
Richard Qiangdong Liu	Suqian Jingdong Tianning Jiankang Technology Co., Ltd. (宿遷京東天寧健康科技有限公司)	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	RMB450,000	45.00

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or were required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interests and short positions in shares and underlying shares and debentures of the Company

As at the Latest Practicable Date, the persons other than the Directors, whose interests have been disclosed above, had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares	Approximate % holding[2]
JD Jiankang Limited[1]	Beneficial owner	2,149,253,732[L]	67.49
JD.com[1]	Interest in controlled corporations	2,149,253,732[L]	67.49

Notes:

(1) JD Jiankang Limited is wholly-owned by JD.com. Under the SFO, JD.com is deemed to be interested in and control the 2,149,253,732 Shares held by JD Jiankang Limited.

(2) The percentages are calculated on the basis of 3,186,367,111 Shares in issue as at the Latest Practicable Date.

(3) (L) denotes a long position in the Shares.

Save as disclosed herein, as at the Latest Practicable Date, no person, other than the Directors whose interests are set out in this circular, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

III. DIRECTORS' INTERESTS

(a) Interest in service contracts

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation)).

(b) Interest in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associate is or was interested in any business apart from the Group's business, that competes or is likely to compete, either directly or indirectly, with the Group's business.

(c) Interest in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since December 31, 2020, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Interests in contract or arrangement

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

IV. LITIGATION

As at the Latest Practicable Date, no member of the Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any members of the Group.

V. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since December 31, 2020, the date to which the latest published audited financial statements of the Company were made up.

VI. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on Corporate Finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020, being the date to which the latest published audited accounts of the Company were made up.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the below documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 1901, 19/F, Lee Garden one, 33 Hysan Avenue, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) JD Sales Framework Agreement;

(b) Marketing Services Framework Agreement;

(c) Promotion Services Framework Agreement;

(d) a letter of recommendation from the Independent Board Committee, the text of which is set out on page 24 of this circular;

(e) a letter of advice from Gram Capital, the text of which is set out on pages 25 to 44 of this circular;

(f) the letter of consent from Gram Capital referred to in the above paragraph headed "Expert and Consent" of this appendix; and

(g) this circular.

The following are the particulars of the Director proposed to be re-elected at the EGM:

Mr. Enlin Jin ("**Mr. Jin**"), aged 41, has extensive experience in pharmaceuticals and TMT industry. Mr. Jin was appointed as an executive Director and Chief Executive Officer of the Company on September 6, 2021. He serves as the vice president at JD.com, and general manager of the pharmaceutical business of the Company. Mr. Jin is also a director of a number of subsidiaries of the Company.

Mr. Jin joined JD.com in 2014. He held multiple key roles within JD.com's Strategy Division and Strategic Investment Division, and served as the general manager of JD Pharmacy, where he was responsible for the incubation and development of the online pharmaceutical and healthcare businesses from scratch within JD Retail, such as *JD Pharmacy* (京東大藥房), *Yaojingcai* (藥京採), *JD Online Hospital* (京東互聯網醫院) and *Healthy City* (健康城市), building an industry leading omni-channel supply chain in the pharmaceutical sector through online-plus-offline, wholesale-plus-retail and in-hospital-plus-out-hospital channels. While maintaining the rapid growth of the existing businesses of the Group, Mr. Jin will continue to capture market opportunities in order to achieve a sustainable and healthy business development of the Group.

Prior to joining JD.com, Mr. Jin worked at New Access Capital (漢理資本) and ZTE Corporation (中興通訊股份有限公司), respectively.

Mr. Jin holds a master of business administration (MBA) degree from Duke University, and a master's and bachelor's degree from Dalian University of Foreign Languages (大連外國語大學), majoring in French Language and Literature, and French (International Trade), respectively. He held an American Institute of Certified Public Accountants (AICPA) license from the Pennsylvania State of the United States.

Mr. Jin has entered into a service contract with the Company for a term of three years commencing from September 6, 2021, subject to (i) retirement from office and re-election at the next general meeting of the Company and (ii) retirement by rotation and re-election at least once every three years, in accordance with the articles of association of the Company and the Corporate Governance Code contained in Appendix 14 to the Listing Rules. According to the terms of Mr. Jin's appointment, Mr. Jin is entitled to discretionary award of options and/or awards under the rules of any share option scheme or share award scheme adopted by the Company from time to time in his capacity as an executive Director, Chief Executive Officer and directors of the subsidiaries of the Company. As at the Latest Practicable Date, the Company has not determined Mr. Jin's remuneration in his capacity as the Chief Executive Officer of the Company, which will be determined by taking into account a number of factors, including but not limited to remuneration of similar role in other comparable companies and his performance and contributions to the Company's business. Once it is determined, the Company will make relevant disclosure in its upcoming annual report under the applicable Listing Rules. In Mr. Jin's capacity as the general manager of the pharmaceutical business of the Company, he was entitled to approximately RMB1.7 million and discretionary award of options and/or awards under the Pre-IPO ESOP and Post-IPO Share Award Scheme as remuneration for the year of 2020, but is not entitled to receive any remuneration in his capacity as an executive Director and directors of the subsidiaries of the Company.

As at the Latest Practicable Date, Mr. Jin is entitled to receive up to (i) 460,778 Shares pursuant to the Pre-IPO ESOP and (ii) 113,334 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme within the meaning of Part XV of the SFO.

Save as disclosed herein, in relation to the re-election of the above-mentioned Director, the Board is not aware of any material matter that needs to be brought to the attention of the Shareholders and the information of the Director disclosed above comply with the requirements under Rule 13.51(2) of the Listing Rules in all material respects.

JD Health International Inc.
京东健康股份有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 6618)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of JD Health International Inc. (the "**Company**") will be held at 10:30 a.m. on Friday, October 8, 2021 at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People's Republic of China, for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

"THAT

1. the JD Sales Framework Agreement dated November 23, 2020 entered into between the Company and JD.com, Inc. (the "**JD Sales Framework Agreement**") and the proposed revised annual caps for the two years ending December 31, 2022 under the JD Sales Framework Agreement be and is hereby confirmed, approved and ratified;

2. the Marketing Services Framework Agreement dated November 23, 2020 entered into between the Company and JD.com, Inc. (the "**Marketing Services Framework Agreement**") and the proposed revised annual caps for the two years ending December 31, 2022 under the Marketing Services Framework Agreement be and is hereby confirmed, approved and ratified;

3. the Promotion Services Framework Agreement dated November 23, 2020 entered into between the Company and JD.com, Inc. (the "**Promotion Services Framework Agreement**") and the proposed revised annual caps for the two years ending December 31, 2022 under the Promotion Services Framework Agreement be and is hereby confirmed, approved and ratified; and

4. the re-election of Mr. Enlin Jin (金恩林) as an executive director of the Company be and is hereby confirmed and approved."

By order of the Board
JD Health International Inc.
Mr. Enlin Jin
Executive Director

Hong Kong, September 16, 2021

Notes

(1) Pursuant to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Articles of Association, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

(2) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend, and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

(3) In the case of joint holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(4) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 10:30 a.m. on Wednesday, October 6, 2021) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.

(5) The transfer books and register of members of the Company will be closed from Tuesday, October 5, 2021 to Friday, October 8, 2021, both days inclusive, to determine the entitlement of shareholders to attend and vote at the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, October 4, 2021.

(6) References to time and dates in this notice are to Hong Kong time and dates.

(7) The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.