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JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On May 19, 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, an indirect wholly-owned subsidiary of JD Technology, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, a wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$30 million (equivalent to approximately RMB202.6 million).

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion of the Disposal.

LISTING RULES IMPLICATIONS

JD Technology is considered a connected person of the Company by virtue of it being an associate of JD.com, a controlling shareholder of the Company, as JD.com held approximately 42% equity interest in JD Technology as at the date of this announcement. As the Purchaser is an indirect wholly-owned subsidiary of JD Technology, the Purchaser is an associate of JD Technology and therefore, the Purchaser is a connect person of the Company under the Listing Rules. Further, the Vendor is a direct wholly-owned subsidiary of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the Equity Transfer Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Equity Transfer Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE DISPOSAL

On May 19, 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, an indirect wholly-owned subsidiary of JD Technology, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, a wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$30 million (equivalent to approximately RMB202.6 million).

The terms of the Equity Transfer Agreement are set out below:

Date : May 19, 2022

Parties : (1) the Vendor; and
(2) the Purchaser.

Subject matter

The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company. The Target Company is a company incorporated in the PRC and is primarily engaged in the business of aircraft leasing. The Target Company is a wholly-owned subsidiary of the Company as at the date of this announcement.

Consideration

The consideration for the Disposal is US\$30 million (equivalent to approximately RMB202.6 million). Within 30 days after the signing of the Equity Transfer Agreement and the approval from the relevant government authorities having been obtained, the Purchaser shall transfer the consideration in the amount of US\$30 million (equivalent to approximately RMB202.6 million) in full to the Vendor's designated bank account.

Basis of consideration

The consideration was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to, among others, (i) the net asset value of the Target Company as of December 31, 2021; (ii) the loss-making financial position of the Target Company in the latest financial year; (iii) the original investment in the Target Company made by the Group; (iv) the business prospect of the Target Company; and (v) the factors set out in the section headed "Reasons for and benefits of the Disposal" in this announcement.

Completion

Completion of the Disposal shall take place upon receipt of the consideration by the Vendor. Upon completion of the Disposal, the Vendor shall transfer the entire equity interest in the Target Company to the Purchaser and complete the necessary business registration in relation to the Disposal within 15 days.

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion.

Financial effect of the Disposal and the intended use of proceeds

The Target Company was established on January 5, 2021. A summary of the unaudited financial information of the Target Company prepared in accordance with IFRS for the period from January 5, 2021 to December 31, 2021 is set out below:

	For the period from January 5, 2021 (date of incorporation of the Target Company) to December 31, 2021 RMB'000 (unaudited)
Loss before taxation	1,994
Loss after taxation	2,260

The net assets of the Target Company based on its unaudited accounts as of December 31, 2021 was approximately RMB191.9 million.

It is expected that upon completion of the Disposal, the Group will record a gain on the Disposal of approximately RMB3.3 million. Such gain is estimated based on the transfer consideration in the amount of RMB202.6 million less the net assets of the Target Company as of April 30, 2022 in the amount of RMB199.3 million. Such gain from the Disposal expected by the Company are unaudited and subject to the final confirmation. It is expected that the net proceeds from the Disposal will be used for improving the Group's logistics network and solutions, and general corporate use. In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

Reasons for and benefits of the Disposal

The Group is a leading technology-driven supply chain solutions and logistics services provider in China, which offers a full spectrum of supply chain solutions and high-quality logistics services enabled by technology, ranging from warehousing to distribution, spanning across manufacturing to end-customers, covering regular and specialized items.

In 2021, the Company incorporated the Target Company with the intention of engaging in the aircraft finance leasing business, as one of the channels for aircraft introduction to support the Group's airline operations. The Target Company has not commenced operation since its incorporation. As the finance leasing business requires significant capital commitment and liquidity to sustain its continuous operation, after taking into account of the business direction and development strategy of the Group as well as the costs of commencing the operation and the prospect of the finance leasing business, the Company believes that it is in the best interest of the Group to dispose of the Target Company and continue to seek alternative channels for aircraft introduction such as acquisitions and leases from the market, as the Disposal can lessen the Group's financial commitment and the pre-operating expenses associated with the Target Company. As the Target Company was in a loss-making position for the period from its incorporation to December 31, 2021, it is expected that the Disposal will reduce the level of loss and improve the profitability of the Group. Further, the proceeds from the Disposal will enable the Group to re-allocate the Group's financial and other resources on its principle businesses and other businesses which the Group considers to have higher return and development potential. The Company considers that the Disposal would improve the Group's overall liquidity and profitability following Completion.

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: 2618). As a leading technology-driven supply chain solutions and logistics services provider in China, the Group offers a full spectrum of supply chain solutions and high-quality logistics services enabled by technology, ranging from warehousing to distribution, spanning across manufacturing to end-customers, covering regular and specialized items.

The Vendor

The Vendor is a company incorporated in Hong Kong and is an investment holding company. The Vendor is a wholly-owned subsidiary of the Company.

JD Technology

JD Technology is a company incorporated in the PRC and is primarily engaged in the business of providing a suite of cutting-edge technology services to its business partners. JD Technology is considered a connected person of the Company by virtue of it being an associate of JD.com, a controlling shareholder of the Company, as JD.com held approximately 42% equity interest in JD Technology as at the date of this announcement.

The Purchaser

The Purchaser is a company incorporated in Hong Kong and is an investment holding company. The Purchaser is an indirect wholly-owned subsidiary of JD Technology.

The Target Company

The Target Company is a company incorporated in the PRC and is primarily engaged in the business of aircraft leasing. The Target Company is a wholly-owned subsidiary of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

JD Technology is considered a connected person of the Company by virtue of it being an associate of JD.com, a controlling shareholder of the Company, as JD.com held approximately 42% equity interest in JD Technology as at the date of this announcement. As the Purchaser is an indirect wholly-owned subsidiary of JD Technology, the Purchaser is an associate of JD Technology and therefore, the Purchaser is a connect person of the Company under the Listing Rules. Further, the Vendor is a direct wholly-owned subsidiary of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the Equity Transfer Agreement and the transaction contemplated thereunder are more than 0.1% but less than 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

Since Mr. Richard Qiangdong Liu, the chairman of the Board and a director of JD.com, is considered to have a material interest in the Equity Transfer Agreement, and as a result he has abstained from voting on the Equity Transfer Agreement. Other than Mr. Richard Qiangdong Liu, no other Directors have a material interest in the Equity Transfer Agreement or are required to abstain from voting on the resolutions of the Board approving the transaction under the Equity Transfer Agreement.

The Directors (including the independent non-executive Directors) have considered each of the Equity Transfer Agreement and have determined that the terms of which 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.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, and for the purposes of this announcement 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 Logistics, Inc. (京东物流股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on January 19, 2012, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2618)
“connected person(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
“Disposal”	the sale of 100% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated May 19, 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company, 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
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

“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 (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 Technology”	Jingdong Technology Holding Co., Ltd. (京東科技控股股份有限公司), formerly known as Jingdong Digits Technology Holding Co., Ltd. (京東數字科技控股股份有限公司), and, where the context requires, includes its consolidated subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Purchaser”	JD New Orbit Technology (Hong Kong) Limited, an indirect wholly-owned subsidiary of JD Technology
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.000025 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jingdong International Financial Leasing Co., Ltd. (京東國際融資租賃有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America

“Vendor”	JD Logistics Holding Limited, a direct wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
JD Logistics, Inc.
Mr. Yui Yu
Executive Director

Hong Kong, May 19, 2022

As at the date of this announcement, the Board comprises Mr. Yui Yu as executive Director, Mr. Richard Qiangdong Liu as non-executive Director, and Ms. Nora Gu Yi Wu, Ms. Carol Yun Yau Li, Mr. Liming Wang, Dr. Xiande Zhao and Mr. Yang Zhang as independent non-executive Directors.