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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)

CONTINUING CONNECTED TRANSACTION FACTORING SERVICES FRAMEWORK AGREEMENT

FACTORING SERVICES FRAMEWORK AGREEMENT

The Board hereby announces that on July 2, 2023, the Company entered into the Factoring Services Framework Agreement with JD Technology, pursuant to which JD Technology shall provide factoring services to the Group.

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. Therefore, the transactions contemplated under the Factoring Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Factoring Services Framework Agreement with reference to the highest annual cap are more than 0.1% but below 5%, the Factoring Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

FACTORING SERVICES FRAMEWORK AGREEMENT

The Board hereby announces that on July 2, 2023, the Company entered into the Factoring Services Framework Agreement with JD Technology with respect to the provision of factoring services by JD Technology to the Group, the principal terms of which are set out below:

Date: July 2, 2023

Parties: (a) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and

(b) JD Technology (for itself and on behalf of its subsidiaries and consolidated affiliated entities).

Term: July 2, 2023 to December 31, 2023, subject to renewal upon the mutual consent of both parties.

Subject matter

Pursuant to the Factoring Services Framework Agreement, JD Technology shall provide factoring services by purchasing the Group's trade receivables originated from the sale of goods or provision of services to certain corporate customers that have entered into commercial agreements with the Group (the "**JD Technology Factoring Services**"). JD Technology takes on the credit risk of the relevant counterparty upon purchasing of trade receivables, and charges service fees for the purchase of such trade receivables from the Group, which is determined with reference to the amount of receivables and the creditworthiness of the relevant customers.

Separate underlying agreements will be entered into between the relevant parties which will set out the specific scope of service, factoring limit, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Factoring Services Framework Agreement.

Pricing policies

The service fees (including the interests and any other miscellaneous fees) payable by the Group to JD Technology shall be determined on a fair and reasonable basis by reference to prevailing market prices, the amount of receivables, the creditworthiness of the relevant customers and the current market conditions on terms not higher than the service fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions.

The Group will from time to time review the service fees for the JD Technology Factoring Services by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms the Group obtain from JD Technology shall be on normal commercial terms as compared to those provided by independent third party service providers. The Group will only enter into a factoring services agreement with JD Technology and its subsidiaries if (i) the terms and conditions are fair and reasonable, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

Historical transaction amount

There has been no historical transaction in relation to the JD Technology Factoring Services.

Annual caps

With respect to the Factoring Services Framework Agreement, the transaction amounts for the year ending December 31, 2023 shall not exceed the annual caps as set out in the table below:

	Annual caps for the year ending December 31, 2023 <i>RMB'000</i>
Amount of receivables to be purchased by JD Technology	2,700,000
Service fees payable by the Group	24,600

Basis for annual caps

Amount of receivables to be purchased by JD Technology

The annual cap for the amount of receivables to be purchased by JD Technology under the Factoring Services Framework Agreement is determined with reference to the following factors: (i) the historical credit sales amount of the Group for the year ended December 31, 2022; (ii) the expected credit sales amount of the Group for the year ending December 31, 2023 and the potential increase in demand for the factoring services, considering the anticipated growth of the Group's business; and (iii) the capital turnover and business needs of the Group.

Service fees payable by the Group

The annual cap for the service fees to be paid by our Group to JD Technology under the Factoring Services Framework Agreement is determined with reference to (i) the expected amount of receivables to be purchased by JD Technology for the year ending December 31, 2023; (ii) the factoring service fee rate; and (iii) certain buffer for potential increment in service fees chargeable by JD Technology.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING SERVICES FRAMEWORK AGREEMENT

The entering into of the Factoring Services Framework Agreement is beneficial to the Group as it (i) reduces the amount of trade receivables and provides the Group with immediate funding for working capital and business development; (ii) allows expedite realization of trade receivables which will in turn enhance the Group's working capital efficiency; and (iii) allows the Group to meet liquidity development needs and diversify the funding sources of the Group, and therefore optimize the assets structure, increase capital efficiency and enhance operational capabilities for the Group. Further, JD Technology possesses a strong capital base and matured financing capabilities. The factoring services provided will enable the exertion of the synergy effect of the cooperation between JD Technology and the Group, enabling the Group to expand its financing channels and provide financial support for its logistics services business, which is conducive to the long term development of the Group and the interest of the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Factoring Services Framework Agreement (and its annual caps) is entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company will adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the Factoring Services Framework Agreement.

The Company's external auditors will review the continuing connected transactions under the Factoring Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual caps have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the Factoring 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, on terms that are fair and reasonable and in the interests of the Company and 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.

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 covering various industries to customers and consumers.

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.

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. Therefore, the transactions contemplated under the Factoring Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Factoring Services Framework Agreement with reference to the highest annual cap are more than 0.1% but below 5%, the Factoring Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but exempt from 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 Factoring Services Framework Agreement, and as a result he has abstained from voting on the resolutions of the Board approving the Factoring Services Framework Agreement. Other than Mr. Richard Qiangdong Liu, no other Directors have a material interest in the Factoring Services Framework Agreement or are required to abstain from voting on the resolutions of the Board approving the transaction under the Factoring Services Framework Agreement.

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”	board of directors of the Company
“China” or the “PRC”	the People’s Republic of China
“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
“continuing 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”	the director(s) of the Company
“Factoring Services Framework Agreement”	the framework agreement dated July 2, 2023 entered into by the Company and JD Technology in relation to the provision of factoring services to the Group.
“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
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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 codes: 9618 (HKD counter) and 89618 (RMB counter)) 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 Technology”	Jingdong Technology Holding Co., Ltd. (京东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
“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
“%”	per cent

By order of the Board
JD Logistics, Inc.
Mr. Wei Hu
Executive Director

Hong Kong, July 2, 2023

As of the date of this announcement, the Board comprises Mr. Wei Hu as executive Director, Mr. Richard Qiangdong Liu as non-executive Director, and Ms. Nora Gu Yi Wu, Ms. Jennifer Ngar-Wing Yu, Mr. Liming Wang, Dr. Xiande Zhao and Mr. Yang Zhang as independent non-executive Directors.