

JDL 京东物流

JD Logistics, Inc.

京东物流股份有限公司

(於開曼群島註冊成立的有限公司) (A company incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 2618

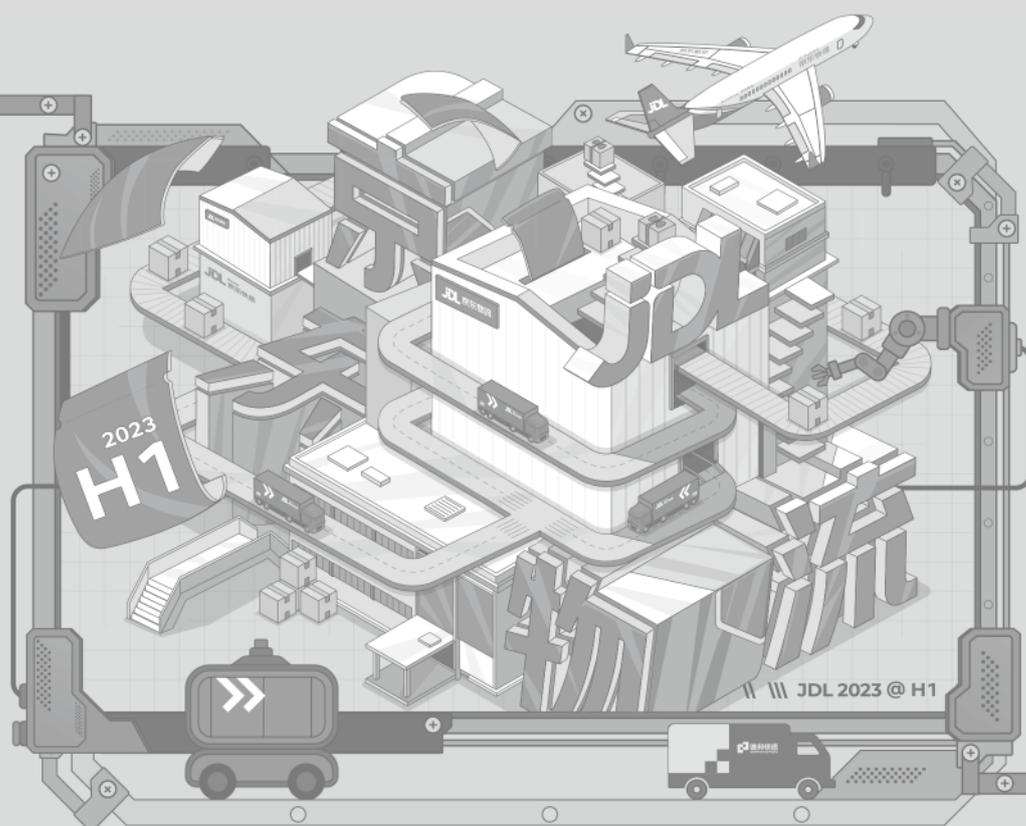


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2023 中期報告
Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Director

Yui Yu (余睿) (*Chief Executive Officer*)
(resigned on June 26, 2023)

Wei Hu (胡偉) (*Chief Executive Officer*)
(appointed on June 26, 2023)

Non-executive Director

Richard Qiangdong Liu (劉強東) (*Chairman*)

Independent Non-executive Directors

Nora Gu Yi Wu (顧宜)

Jennifer Ngar-Wing Yu (余雅穎)

Liming Wang (王利明)

Xiande Zhao (趙先德)

Yang Zhang (張揚)

Audit Committee

Nora Gu Yi Wu (顧宜) (*Chairperson*)

Jennifer Ngar-Wing Yu (余雅穎)

Xiande Zhao (趙先德)

Remuneration Committee

Liming Wang (王利明) (*Chairperson*)

Nora Gu Yi Wu (顧宜)

Xiande Zhao (趙先德)

Nomination Committee

Richard Qiangdong Liu (劉強東) (*Chairperson*)

Jennifer Ngar-Wing Yu (余雅穎)

Liming Wang (王利明)

Company Secretary

Ming King Chiu (趙明環)

Authorized Representatives

Yui Yu (余睿) (*resigned on June 26, 2023*)

Wei Hu (胡偉) (*appointed on June 26, 2023*)

Ming King Chiu (趙明環)

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Headquarters

8th Floor, Building B
No. 20 Kechuang 11 Street
Yizhuang Economic and Technological Development Zone
Daxing District, Beijing
People's Republic of China

Room 302, 3rd Floor
Zhiheng Building
E-Commerce Industrial Park
Suyu District, Suqian
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

Legal Advisors

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliates

As to PRC Law

Shihui Partners

As to Cayman Islands Law

Maples and Calder (Hong Kong) LLP

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Bank of China Limited, Head Office
Bank of China Limited, Suqian Suyu Branch
Bank of Communications Co., Ltd.
Standard Chartered Bank (China) Limited

Stock Code

2618

Company Website

<https://ir.jdl.com>

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended June 30,		Year-over-year change
	2023 RMB'000	2022 RMB'000	
Revenue	77,761,309	58,623,176	32.6
Gross profit	5,029,922	3,634,597	38.4
Loss before income tax	(382,212)	(1,322,773)	(71.1)
Loss for the period	(528,874)	(1,433,499)	(63.1)
Non-IFRS profit/(loss) for the period	114,171	(584,944)	N/A

CEO STATEMENT

I am pleased to present our interim performance for the six months ended June 30, 2023 to our Shareholders.

Business Review

As a leading technology-driven supply chain solutions and logistics services provider, with the mission to “drive superior efficiency and sustainability for global supply chain through technology”, we adhered to our “customer-first” approach and continued to cultivate our primary business in the integrated supply chain services market, constantly creating value through our trusted supply chain services. Leveraging our comprehensive network coverage, continually strengthening digital and intelligence capabilities, and in-depth industry insights, we offer a full spectrum of integrated supply chain solutions and high-quality logistics services covering various industries to customers and consumers, to help customers reduce costs and enhance efficiency.

In the first half of 2023, macroeconomic conditions and market consumption demand in China was still in a recovery climb, and the business operations of our corporate customers were gradually recovering. Facing the constantly evolving business environment, as well as the transformation and upgrading of the market’s consumption structure, we provided highly agile and flexible integrated supply chain solutions to help corporate customers effectively address their problems during business recovery and development, reduce costs and elevate efficiency. By creating value to support corporate customers’ high-quality development, we helped them remain competitive amid industry competition. In the first half of 2023, our total revenue reached RMB77.8 billion, increasing by 32.6% year-over-year. Revenue from external customers increased by 57.7% year-over-year to RMB53.9 billion, accounting for 69.3% of total revenue, representing a larger proportion compared with the same period of 2022.

We continue to promote the broad application of integrated supply chain solutions and high-quality logistics services, to help customers across a wide range of industries effectively improve operational efficiency, reduce operating costs and elevate customer experience. In the process of serving more customers, we have also accumulated valuable experience, continuously reinforcing our service capabilities.

We provide industry-specific integrated supply chain solutions and service products for customers in fast-moving consumer goods (“**FMCG**”), home appliances and home furniture, 3C, apparel, automotive, fresh produce, and other industries. In the first half of 2023, revenue from integrated supply chain customers reached RMB38.9 billion, of which RMB15.0 billion was from external customers, representing an increase of 10.0% year-over-year, maintaining quality growth momentum. We continue to optimize our customer mix and business structure to promote our business health, as we believe that a healthy, high-quality customer and business mix is crucial for our steady and long-term development. Meanwhile, we further expanded the breadth and depth of our collaborations with existing customers to assist them in achieving digital and intelligent supply chain transformation. In the first half of 2023, the average revenue per customer (“**ARPC**”) of our external integrated supply chain customers amounted to RMB247 thousand, increasing by 23.8% year-over-year.

While making rapid progress in our business, we have remained guided by our core value, “customer-first”, and have received widespread recognition from customers and consumers for our professional and reliable services. According to survey results published by the State Post Bureau of the People’s Republic of China, we have constantly maintained best-in-class customer satisfaction ratings. During the 618 Grand Promotion this year, we leveraged our integrated supply chain services advantages to deliver reliable to-door services nationwide. We satisfied our customers’ diverse needs through various integrated supply chain products and solutions, thereby comprehensively ensuring their steady operations during the promotion period.



CEO Statement (Continued)

Firmly committed to technological innovation and investment, we strive to bring cutting-edge scientific breakthroughs into real world applications with a team of dedicated research and development personnel, which totaled more than 4,600 members as of June 30, 2023. At the same time, through service automation, operational digitalization and decision-making intelligentization, we continually seek solutions that balance cost and efficiency as well as optimize experience.

Alongside our research and development efforts, we continued to strengthen our logistics infrastructure and collaborate with Deppon Logistics to further strengthen our comprehensive logistics network, aimed at delivering high-quality integrated supply chain solutions and logistics services, as well as best-in-class customer experiences.

As of June 30, 2023, we operated more than 1,600 warehouses, over 19,000 delivery stations and service outlets, and employed over 300,000 in-house delivery personnel.

Integrated Supply Chain Logistics Solutions and Services

We provide supply chain management services to our customers through integrated supply chain solutions, helping customers realize cost reductions and efficiency improvements and facilitating fast decision-making in a rapidly changing business environment.

As supply chain management plays an important role in supporting the competitive strategy of a growing number of companies, we continually develop diversified supply chain solutions and service products. While capturing new business opportunities and attracting and serving more customers, we also continue to deepen our collaborations with existing customers.

Integrated supply chain customers

Our revenue from integrated supply chain customers reached RMB38.9 billion in the first half of 2023, of which RMB15.0 billion was from external customers, a year-over-year increase of 10.0%. We constantly monitor our business operations and customer mix to elevate business health. We firmly believe that a healthy, high-quality customer and business mix will lay a solid foundation for our sustainable and high-quality development. On the product front, we continued to upgrade and enrich our supply chain products, harnessing our advantages in integrated supply chain services to offer different products and solutions targeting industries and customers with diverse needs.

In the first half of 2023, the ARPC of our external integrated supply chain customers amounted to RMB247 thousand, a year-over-year increase of 23.8%. The increase was primarily attributable to our consistent expansion of the breadth and depth of our collaborations with existing customers to help more of them achieve the digital and intelligent transformation of their supply chains.

We provide industry-specific integrated supply chain solutions and service products to customers in FMCG, home appliances and home furniture, 3C, apparel, automotive, fresh produce, and other industries.

Among them, FMCG accounts for the highest percentage of our revenue from external integrated supply chain customers. In the first half of 2023, we deepened our collaborations with a wide range of leading FMCG customers to empower the development of their omni-channel business and further improve their supply chain efficiency. We offered our customers integrated supply chain solutions tailored to their industry and business characteristics to enhance fulfillment flexibility throughout their supply chains, ensure their end consumers' experience, and create greater value for these customers. For example, we provided warehousing and distribution fulfillment services for the e-commerce business of COFCO Coca-Cola Beverages Limited ("**CBL**"), a well-known beverage brand, covering all of its online channels through our online omni-channel fulfillment mode, including warehousing and distribution

as well as inter-warehouse transfers covering many regions of the country. We also continually reinforced the customer stickiness by identifying further collaboration opportunities, such as warehouse and network planning and supply chain planning. Our cooperation scope with CBL expanded from one warehouse to multiple warehouses nationwide as we continued to help CBL improve the supply chain efficiency of its online business and achieve the goal of reducing costs and increasing efficiency across its supply chains.

In the first half of 2023, we realized significant business growth in the automotive industry. Fully leveraging our integrated supply chain services advantages as well as our industry insights, we have accumulated competitive service capabilities and experience in the field of automotive aftersales spare parts, by serving well-known automobile brands such as Volvo Cars and SAIC GM Wuling Co., Ltd. (上汽通用五菱汽車股份有限公司). We have also successfully replicated and applied these service capabilities and experience to other auto brands, providing efficient and high-quality automotive after-sales spare parts warehousing and logistics services to Li Auto (NASDAQ: LI; HKEX: 2015) and many other leading new energy vehicle customers domestically and internationally. By holistically connecting our services to customers' systems, we enabled full visibility and controllability throughout their supply chains. Meanwhile, we continued to optimize our services and deepen cooperation with customers, creating benchmark projects for the automotive industry. This has laid a foundation for building our supply chain operation capabilities in the automotive industry while also contributing to industry development.

Other customers

In the first half of 2023, our revenue from other customers increased by 89.2% year-over-year to RMB38.9 billion. While expanding our integrated supply chain logistics solutions and services capabilities, we have collaborated with Deppon Logistics to continually strengthen the development of our foundational network capabilities to ensure that our standard products, such as express delivery and freight delivery services, represent the highest industry standards in terms of quality, reliability and convenience.

We continued to invest in our network infrastructure and logistics capabilities in key cities, including expanding pick-up and delivery services coverage and improving our overall operation timeliness, to ultimately enhance customer experience and satisfaction, as well as drive revenue growth. Furthermore, we boosted resource utilization efficiency and economies of scale by integrating operational resources, reducing costs and enhancing efficiency.

To ensure the freshness of agricultural products, we continued to expand the coverage of our pickup services in key agricultural production zones. Specifically, we set up pick-up stations as close as possible to those production areas, which greatly shortened the collection time of agricultural products in production areas, improved post-harvest processing efficiency and promoted the scale development of the industry.

In addition, we continued to deepen and expand cooperation with multiple live streaming e-commerce platforms. With our comprehensive infrastructure and network coverage, digital capabilities for real-time tracking throughout the process, and value-added services such as reverse logistics, we provided high-quality services and experience to customers, and our business volume and revenue growth improved continuously.

Logistics Technology

Technological innovation has always been our priority. We are committed to seamlessly and naturally integrating innovative technology-based services into diverse scenarios and exploring pioneering technologies, through our digital, intelligent hardware and software integrated logistics technology products and solutions, to foster cost reductions, efficiency enhancements and industry upgrades, and eventually promote the industry's high-quality development. Currently, our technology-driven products and solutions cover key supply chain logistics processes across logistics parks, warehousing, sortation, transportation and delivery. Our product portfolio including logistics



CEO Statement (Continued)

technology software and hardware covering the entire supply chain process has empowered us to break through key scenarios, such as smart warehousing and intelligent logistics parks. Furthermore, we have built technical service capabilities covering the full spectrum of supply chain scenarios, through critical technologies such as digital twinning and artificial intelligence. Our core technology products include high-density storage and goods-to-person systems, automatic guided vehicles, automatic put walls, intelligent delivery vehicles, among others. Meanwhile, we continue to improve the level of automation throughout the supply chain process.

In the warehousing stage, we continually optimized sorting routes through industry-leading, self-developed warehousing automation solutions to further shorten the fulfillment time of each individual SKU. As a result, we realized high levels of automation and flexibility throughout the process, improving sorting efficiency.

In the sorting stage, we improved operational efficiency by deploying flexible, automated sorting equipment. For instance, our self-developed automatic put walls can effectively save warehousing space through digital, intelligent technologies and modularized designs, hence improving the efficiency and accuracy for forward and reverse operations, providing robust support for supply chain cost reductions and efficiency improvements.

In the transportation stage, driven by smart algorithms, we used smart deployment and stowage to achieve efficient allocation of resources and refined operation, which has significantly lowered our comprehensive transportation costs and occurrence of accidents. Aided by algorithms, digital twinning and mapping capabilities, we optimized the procurement scale, route selection and dynamic dispatch of self-operated vehicles to achieve transportation capacity optimization, cost reduction, and efficiency enhancement.

As of June 30, 2023, we had received authorization for over 3,500 patents and software licenses, among which, more than 2,000 are related to automation technology and unmanned technology.

Logistics Infrastructure and Networks

Our supply chain solutions and logistics services are supported by six highly synergized networks, including our warehouse network, line-haul transportation network, last-mile delivery network, bulky item logistics network, cold chain logistics network and cross border logistics network, which together constitute the cornerstone of our supply chain solutions and logistics services.

Warehouse network

Our nationwide warehouse network is one of the largest in China and serves as a critical component of our integrated supply chain solutions and logistics services.

As of June 30, 2023, our warehouse network covered nearly all counties and districts in China, consisting of over 1,600 self-operated warehouses and over 2,000 third-party warehouse-owner operated cloud warehouses under our Open Warehouse Platform. Our warehouse network has an aggregate gross floor area (“GFA”) of more than 32 million square meters, including warehouse space managed through the Open Warehouse Platform.

We harness the power of technology to enhance the operational efficiency of our warehouse network. One notable example is our Asia No. 1 smart industrial parks, which also demonstrate our industry-leading technological innovations and high technology standards. As of June 30, 2023, we operated 37 Asia No. 1 smart industrial parks in 27 cities across China.

In June 2023, phase II of Kunshan Asia No. 1 smart industrial park (“**Kunshan Asia No. 1**”) officially commenced operation. Kunshan Asia No. 1 has a GFA of over 500,000 square meters, and its automatic sorting center boasts more than 80 automatic sorting lines. During the 618 Grand Promotion this year, the sorting center of Kunshan Asia No. 1 operated around the clock, processing over 4.5 million parcels per day, which set the leading global standard.

In addition, we have established collaborations with numerous cloud warehouses under our Open Warehouse Platform to form a stronger ecosystem with continuously upgraded system capabilities and enhanced operational stability. This will help enrich our product portfolio of integrated supply chain logistics to meet the needs of diverse customers and ultimately facilitate their cost reductions and efficiency improvements.

Line-haul transportation network

Our line-haul transportation network includes various modes of transportation, such as land, air and maritime and multimodal transportation. We primarily adopted a synergistic approach to expand the coverage of our line-haul transportation network, collaborating with our strategic partners to expand network coverage and flexibility.

As of June 30, 2023, we had a self-operated fleet of over 40,000 vehicles. In addition, we operated approximately 400 sorting centers in China. In the first half of 2023, we worked with our partners on more than 500 railway routes.

As of June 30, 2023, five all-cargo airplanes of JD Airlines have started regular operations with routes covering the cities of Beijing, Shenzhen, Hangzhou, Wuxi, and Nantong, bringing more reliably on-time service to core cities in the Beijing-Tianjin-Hebei area, the Pearl River Delta and the Yangtze River Delta with flights departing at sunset and arriving at sunrise. In addition, we covered more than 1,000 air cargo routes through cooperation with partners in the first half of 2023.

Last-mile delivery network

Our last-mile delivery network primarily consists of our in-house delivery personnel, delivery stations, service outlets, service stations and self-service lockers. They enable us to provide best-in-class last-mile delivery services, which are critical in improving end customer satisfaction and strengthening our brand image.

As of June 30, 2023, we employed over 300,000 in-house delivery personnel and operated over 19,000 delivery stations and service outlets, covering more than 300 prefecture-level administrative regions in 31 provinces and municipalities in China. The vast majority of our delivery stations and service outlets are self-operated to ensure top quality services.

Bulky item logistics network

Our bulky item logistics network, comprised of multi-level warehouses, to-door delivery, value-added installation and after-sales service capabilities, ensures that we provide a compelling experience by offering one-stop delivery and installation services to consumers.

As of June 30, 2023, we had over 200 warehouses with bulky- and heavy-item storage capabilities and more than 200 sorting centers, with an aggregate GFA of over 4 million square meters.

For lower-tier cities with growing e-commerce penetration, we leverage the resources of our network partners under the Jing Dong Bang (京東幫) brand to expand our network coverage. As of June 30, 2023, we utilized approximately 1,800 bulky item delivery and installation stations under Jing Dong Bang (京東幫).



CEO Statement (Continued)

Cold chain logistics network

As of June 30, 2023, we operated nearly 100 temperature-controlled cold storage warehouses designated for fresh, frozen and refrigerated products with an operation area of approximately 500,000 square meters. In addition, as of June 30, 2023, we operated more than 30 warehouses designated for pharmaceuticals and medical devices with an operation area of over 300,000 square meters.

Cross-border logistics network

As of June 30, 2023, we operated approximately 90 bonded warehouses, international direct distribution warehouses and overseas warehouses, covering an aggregate GFA of nearly 900,000 square meters.

Leveraging our domestic warehousing operation experience, we help Chinese manufacturers and other Chinese brands enter overseas markets through our one-stop services, driven by the application of advanced automation equipment, upgrading of inventory management system, and optimization of operational processes. We also provide global customers with high-quality, efficient, comprehensive integrated supply chain solutions. We have established self-operated overseas warehouses in the United States, Germany, the Netherlands, France, the United Kingdom, Vietnam, the United Arab Emirates, Australia and Malaysia, among other countries. At the same time, we continue to modularize the solutions, products and capabilities we have accumulated over the years, flexibly deploying and combining different modules to meet customers' needs for integrated omni-channel fulfillment on various overseas platforms. In this way, we have helped customers reduce operating costs and reasonably allocate internal resources to achieve growth.

Corporate Social Responsibility

As a new real economy-based enterprise with digitalized technologies and capabilities, we are always committed to fulfilling our social responsibilities by fully leveraging our advantages in integrated supply chain logistics services and exporting the supply chain logistics capabilities we have cultivated over the years, to promote high-quality supply chain development across the wider society.

As the first Chinese logistics company to set scientific carbon emission reduction targets, we have closely connected the production and consumption ends of the industry value chain, with a sustained commitment to building a climate-resilient and flexible green integrated supply chain. In April 2023, we jointly released the Supply Chain Emission Management Platform (“**SCEMP**”) with the Green Supply Chain Special Committee of the All-China Environment Federation. SCEMP encompasses over 140 carbon emission factors of line-haul transportation vehicles in China, and calculates the carbon footprint of line-haul transportation at the most granular level possible based on the carriers' actual operational trajectory, achieving carbon emission monitoring, reporting and verification on one single platform. The platform helps enterprises directly and accurately track carbon emissions from logistics and transportation, tally their carbon assets, and implement carbon reduction technologies with precision through big data calculations. This empowers more enterprises to realize efficient, low-cost carbon reduction and ultimately achieve their “net zero emissions” targets.

We have long been dedicated to measuring supply chain carbon emissions and exploring decarbonization pathways. Guided by our core value, “customer-first”, we actively addressed customers' pain points in carbon emission management. For example, we capitalized on our own experience and operational capabilities in green supply chains to empower Decathlon China's low-carbon transportation and carbon footprint management. Notably, we established a carbon account for Decathlon China through SCEMP and provided solutions for the measuring of greenhouse gas carbon footprint and decarbonization pathways for its e-commerce business, in order to meet its requirements for the precision, granularity and visualization of carbon management.

We have always incorporated the concept of sustainable development into our development strategy and day-to-day operations. As we firmly believe that our employees are our greatest asset, we strive to offer a safe workplace that embraces equality, inclusion and diversity. We provide our employees with competitive salaries, comprehensive healthcare, and other benefits, as well as broad career development opportunities. In April 2023, we published the second Environmental, Social and Governance (ESG) Report since our listing, showcasing our comprehensive environmental, social and governance performance in 2022.

Going forward, we will continue to strengthen our integrated supply chain logistics capabilities by solidifying our logistics infrastructure, supply chain technology and business insights. Meanwhile, with our deep roots in the real economy, we will actively fulfill our social responsibilities, and promote the sustainable, high-quality development of enterprises, industries and our society.

Appreciation

On behalf of the Board, I would like to express sincere gratitude to all our employees, customers and our partners, as well as my heartfelt thanks to Shareholders and stakeholders for their consistent support and trust. Going forward, we will continue to spare no efforts to facilitate the development of the real economy and the advancement of emerging industries with our technology-driven integrated supply chain solutions. We will also remain firmly committed to delivering high-quality service experiences to our customers while collaborating with our partners to reduce social logistics costs, and drive efficiency improvement for business and society.

Wei Hu

Executive Director and Chief Executive Officer

August 16, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

The following table sets forth the comparative figures for the six months ended June 30, 2023 and 2022, respectively:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Revenue	77,761,309	58,623,176
Cost of revenue	(72,731,387)	(54,988,579)
Gross profit	5,029,922	3,634,597
Selling and marketing expenses	(2,353,216)	(1,902,797)
Research and development expenses	(1,824,511)	(1,438,016)
General and administrative expenses	(1,675,410)	(1,303,415)
Others, net ⁽¹⁾	441,003	(313,142)
Loss before income tax	(382,212)	(1,322,773)
Income tax expense	(146,662)	(110,726)
Loss for the period	(528,874)	(1,433,499)
(Loss)/profit for the period attributable to:		
Owners of the Company	(637,211)	(1,462,059)
Non-controlling interests	108,337	28,560
	(528,874)	(1,433,499)
Non-IFRS (loss)/profit for the period attributable to:		
Owners of the Company	(95,570)	(689,367)
Non-controlling interests	209,741	104,423
	114,171	(584,944)

1. Including "other income, gains/(losses), net", "finance income", "finance costs", "impairment losses under expected credit loss model, net of reversal", and "share of results of associates and joint ventures".

Management Discussion and Analysis (Continued)

Revenue

Given the central role of inventory management in the Group's integrated supply chain solutions and logistics services, customers of the Group are categorized based on whether such customers have utilized the Group's warehouse or inventory management related services. Customers are reviewed by the Group on a regular basis, and customers who have utilized the Group's warehouse or inventory management related services in the recent past are classified as the Group's integrated supply chain customers.

The following table sets forth a breakdown of our revenue by integrated supply chain customers and other customers, both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Six months ended June 30,			
	2023		2022	
	RMB'000	%	RMB'000	%
Revenue:				
Integrated supply chain customers	38,852,514	50.0	38,062,155	64.9
Other customers	38,908,795	50.0	20,561,021	35.1
Total	77,761,309	100.0	58,623,176	100.0

Revenue increased by 32.6% to RMB77.8 billion for the six months ended June 30, 2023, from RMB58.6 billion for the same period of 2022. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 2.1% to RMB38.9 billion for the six months ended June 30, 2023, from RMB38.1 billion for the same period of 2022. The increase in revenue from integrated supply chain customers was primarily driven by the increase of revenue from external integrated supply chain customers, with a year-over-year increase in the ARPC. Our ARPC increased to RMB246,548 for the six months ended June 30, 2023, from RMB199,175 for the same period of 2022, representing a year-over-year increase of 23.8%. Our ARPC improvement reflected customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, was 60,792 for the six months ended June 30, 2023, compared to 68,399 for the same period of 2022.

Revenue from other customers increased by 89.2% to RMB38.9 billion for the six months ended June 30, 2023, from RMB20.6 billion for the same period of 2022. The increase was primarily attributable to the increase in business volume of our express delivery and freight delivery services, and the effect of the consolidation of Deppon Group.

Management Discussion and Analysis (Continued)

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others, both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Six months ended June 30,			
	2023		2022	
	RMB'000	%	RMB'000	%
Revenue:				
From JD Group	23,864,353	30.7	24,438,783	41.7
From others	53,896,956	69.3	34,184,393	58.3
Total	77,761,309	100.0	58,623,176	100.0

Cost of Revenue

Cost of revenue increased by 32.3% to RMB72.7 billion for the six months ended June 30, 2023, from RMB55.0 billion for the same period of 2022, which was in line with the rapid growth of our revenue during the corresponding period.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 26.1% to RMB26.0 billion for the six months ended June 30, 2023, from RMB20.6 billion for the same period of 2022. The increase was primarily attributable to the increase in the number of operational employees, which was in line with the continued growth of our business, and the effect of the consolidation of Deppon Group.

Outsourcing cost, including costs charged by third-party transportation companies, express delivery companies and other service providers for sorting, shipping, delivery and labor outsourcing services, increased by 32.5% to RMB28.0 billion for the six months ended June 30, 2023, from RMB21.1 billion for the same period of 2022. The increase was primarily attributable to the effect of the consolidation of Deppon Group.

Rental cost increased by 21.9% to RMB6.4 billion for the six months ended June 30, 2023, from RMB5.2 billion for the same period of 2022. The increase was primarily attributable to the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services, and the effect of the consolidation of Deppon Group.

Depreciation and amortization increased by 72.2% to RMB1.9 billion for the six months ended June 30, 2023, from RMB1.1 billion for the same period of 2022. The increase was primarily attributable to the increase in the depreciation expenses of logistics equipment and vehicles, and the effect of the consolidation of Deppon Group.

Management Discussion and Analysis (Continued)

Other cost of revenue increased by 51.3% to RMB10.5 billion for the six months ended June 30, 2023, from RMB6.9 billion for the same period of 2022. The increase was primarily attributable to the increase in fuel cost, cost of installation and maintenance services, cost of packaging and other consumable materials, office expenses and compensation expenses, and the effect of the consolidation of Deppon Group.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit and gross profit margin for the six months ended June 30, 2023 was RMB5.0 billion and 6.5%, respectively, compared to gross profit and gross profit margin of RMB3.6 billion and 6.2% for the same period of 2022, respectively. The increase in the gross profit margin was primarily due to (i) optimized business structure and customer mix, and (ii) economies of scale with business expansion, driving efficiency gains in most of our cost components.

Selling and Marketing Expenses

Selling and marketing expenses increased by 23.7% to RMB2.4 billion for the six months ended June 30, 2023, from RMB1.9 billion for the same period of 2022. The increase was primarily attributable to the increase in branding and promotional activities, and the effect of the consolidation of Deppon Group.

Research and Development Expenses

Research and development expenses increased by 26.9% to RMB1.8 billion for the six months ended June 30, 2023, from RMB1.4 billion for the same period of 2022. The increase was primarily attributable to our continuing investment in technology and innovation, and the effect of the consolidation of Deppon Group.

General and Administrative Expenses

General and administrative expenses increased by 28.5% to RMB1.7 billion for the six months ended June 30, 2023, from RMB1.3 billion for the same period of 2022. The increase was primarily attributable to the effect of the consolidation of Deppon Group.

Loss for the Period

As a result of the foregoing, we recorded a net loss of RMB528.9 million for the six months ended June 30, 2023, compared to a net loss of RMB1,433.5 million for the same period of 2022.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the IFRS, we also use non-IFRS profit/(loss) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe non-IFRS profit/(loss) facilitates comparisons of operating performance from period to period and from company to company by eliminating potential impacts of items which our management considers not indicative of our core operating performance such as non-cash or nonrecurring items, and certain impact of investment transactions.

Management Discussion and Analysis (Continued)

We believe non-IFRS profit/(loss) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of non-IFRS profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS profit/(loss) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles the most directly comparable financial measure, which is profit/(loss) calculated and presented in accordance with IFRS, to the non-IFRS profit/(loss) for the periods presented:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Reconciliation of loss to non-IFRS profit/(loss):		
Loss for the period	(528,874)	(1,433,499)
Adjusted for:		
Share-based payments	451,699	567,859
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	283,658	177,334
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	(92,312)	103,362
Non-IFRS profit/(loss) for the period	114,171	(584,944)
Non-IFRS (loss)/profit for the period attributable to:		
Owners of the Company	(95,570)	(689,367)
Non-controlling interests	209,741	104,423
	114,171	(584,944)

1. Represents the amortization expenses of other intangible assets acquired in business combinations with finite useful lives, which is recognized on a straight-line basis over the estimated useful lives.

2. Represents gains or losses from fair value changes on equity investments measured at fair value. Multiple valuation techniques and key inputs are used to determine the fair values of these investments.

Liquidity and Capital Resources

For the six months ended June 30, 2023, we funded our cash requirements principally from cash generated from operating activities.

Our cash resources include cash and cash equivalents, term deposits, wealth management products classified as financial assets at fair value through profit or loss, wealth management products classified as financial assets at amortized cost included in "prepayments, other receivables and other assets", and restricted cash. As of June 30, 2023, the aggregate amount of cash resources of the Group was RMB35.8 billion.

Management Discussion and Analysis (Continued)

The following table sets forth our cash flows for the periods indicated:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Net cash generated from operating activities	4,298,913	4,094,308
Net cash (used in)/generated from investing activities	(7,281,769)	731,694
Net cash (used in)/generated from financing activities	(3,722,457)	3,738,956
Net (decrease)/increase in cash and cash equivalents	(6,705,313)	8,564,958
Cash and cash equivalents at the beginning of the period	21,495,352	17,922,779
Effects of foreign exchange rate changes on cash and cash equivalents	666,359	934,850
Cash and cash equivalents at the end of the period	15,456,398	27,422,587

For the six months ended June 30, 2023, the Group had free cash outflow of RMB2.1 billion, compared to a free cash outflow of RMB0.7 billion for the same period of 2022. This was a result of net cash generated from operating activities of RMB4.3 billion, less payments for capital expenditures of RMB2.1 billion and payments relating to leases of RMB4.3 billion.

Net Cash Generated from Operating Activities

For the six months ended June 30, 2023, net cash generated from operating activities was RMB4.3 billion. Our cash generated from operations was primarily attributable to our loss of RMB0.5 billion, as adjusted by (i) non-cash or non-operating items, which primarily consist of depreciation of right-of-use assets of RMB3.7 billion, depreciation of property and equipment of RMB1.9 billion, and share-based payments of RMB0.5 billion, partially offset by (ii) changes in working capital, which primarily resulted from an increase in trade receivables of RMB0.9 billion and a decrease in trade payables of RMB0.8 billion.

For the six months ended June 30, 2022, net cash generated from operating activities was RMB4.1 billion. Our cash generated from operations was primarily attributable to our loss of RMB1.4 billion, as adjusted by (i) non-cash or non-operating items, which primarily consist of depreciation of right-of-use assets of RMB3.0 billion, depreciation of property and equipment of RMB1.2 billion, and share-based payments of RMB0.6 billion, and (ii) changes in working capital, which primarily resulted from an increase in trade payables of RMB1.3 billion, partially offset by an increase in trade receivables of RMB1.9 billion.



Management Discussion and Analysis (Continued)

Net Cash (Used in)/generated from Investing Activities

For the six months ended June 30, 2023, net cash used in investing activities was RMB7.3 billion, which was primarily attributable to placement of term deposits of RMB8.0 billion, capital expenditures of RMB2.1 billion, payment for financial assets at fair value through profit or loss of RMB1.8 billion, and purchases of wealth management products at amortized cost of RMB0.7 billion, partially offset by maturity of term deposits of RMB4.7 billion.

For the six months ended June 30, 2022, net cash generated from investing activities was RMB0.7 billion, which was primarily attributable to maturity of term deposits of RMB3.3 billion, partially offset by capital expenditures of RMB1.4 billion, and increase in prepayment for investments of RMB0.7 billion relating to the general offer for unrestricted and tradable shares of Deppon.

Net Cash (Used in)/generated from Financing Activities

For the six months ended June 30, 2023, net cash used in financing activities was RMB3.7 billion, which was primarily attributable to principal portion of lease payments of RMB3.7 billion, repayment of borrowings of RMB3.3 billion, payment for deferred consideration payables arising on acquisition of a subsidiary of RMB0.6 billion, and interest paid of RMB0.5 billion, partially offset by proceeds from borrowings of RMB4.4 billion.

For the six months ended June 30, 2022, net cash generated from financing activities was RMB3.7 billion, which was primarily attributable to net proceeds from issuance of ordinary shares relating to the placing and the subscription of RMB6.9 billion, partially offset by principal portion of lease payments of RMB2.8 billion and acquisition of partial interests of subsidiaries of RMB0.8 billion.

Gearing Ratio

As of June 30, 2023, our gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was approximately 15.8%.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the six months ended June 30, 2023.

Significant Investments Held

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2023) during the six months ended June 30, 2023.

Future Plans for Material Investments and Capital Assets

As of June 30, 2023, we did not have any plans for material investments and capital assets.

Management Discussion and Analysis (Continued)

Employees and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of June 30, 2023.

Function	Number of Staff	% of Total
Operations	411,334	95.2
Selling and marketing	9,836	2.3
Research and development	4,681	1.1
General and administrative	6,177	1.4
Total	432,028	100.0

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

The Company also has a pre-IPO employee share incentive plan, a post-IPO share option scheme and a post-IPO share award scheme.

The total employee benefit expenses, including share-based payments, for the six months ended June 30, 2023 were RMB29.5 billion, as compared to RMB23.6 billion for the same period of 2022, representing a year-over-year increase of 25.2%.

Foreign Exchange Risk

We conduct our businesses mainly in RMB, with certain transactions denominated in USD, and, to a lesser extent, other currencies. Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. In addition, we have intra-group balances with several subsidiaries denominated in foreign currency which also expose us to foreign currency risk. The Group monitors the exposure to foreign exchange risk and considers hedging certain foreign currency risks with derivative financial instruments should the need arise.



Management Discussion and Analysis (Continued)

Pledge of Assets

As of June 30, 2023, restricted cash of RMB234.3 million was pledged. We also had pledged certain land use rights and equity interest in subsidiaries for borrowings.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities or guarantees.

Borrowings

As of June 30, 2023, our outstanding borrowings amounted to RMB7.5 billion.

OTHER INFORMATION

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 June 30, 2023, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding ⁽¹⁾
Wei Hu (胡偉)	Beneficial owner ⁽²⁾	1,294,864 ^(L)	0.02%
Richard Qiangdong Liu (劉強東)	Beneficial owner ⁽³⁾ ; Interest in a controlled corporation ⁽⁴⁾	4,291,457,805 ^(L)	64.98%
Nora Gu Yi Wu (顧宜)	Beneficial owner ⁽⁵⁾	21,859 ^(L)	0.00%
Jennifer Ngar-Wing Yu (余雅穎)	Beneficial owner ⁽⁶⁾	53,568 ^(L)	0.00%
Liming Wang (王利明)	Beneficial owner ⁽⁷⁾	18,289 ^(L)	0.00%
Xiande Zhao (趙先德)	Beneficial owner ⁽⁸⁾	44,432 ^(L)	0.00%
Yang Zhang (張揚)	Beneficial owner ⁽⁹⁾	44,432 ^(L)	0.00%

Notes:

1. The percentages are calculated on the basis of 6,604,681,772 Shares in issue as of June 30, 2023.
2. Includes Mr. Wei Hu's entitlement to receive up to 600,001 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.
3. Includes Mr. Richard Qiangdong Liu's entitlement to receive up to 66,124,471 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. Jingdong Technology Group Corporation, which holds 4,192,271,100 Shares, is wholly-owned by JD.com. As of June 30, 2023, Mr. Richard Qiangdong Liu is interested in approximately 73.9% 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.
5. Includes Ms. Nora Gu Yi Wu's entitlement to receive up to 7,287 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.
6. Includes Ms. Jennifer Ngar-Wing Yu's entitlement to receive up to 53,568 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.
7. Includes Mr. Liming Wang's entitlement to receive up to 7,287 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.



Other Information (Continued)

8. Includes Dr. Xiande Zhao's entitlement to receive up to 29,622 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. Includes Mr. Yang Zhang's entitlement to receive up to 29,622 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.
10. (L) denotes a long position in the Shares.

Interests 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 (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 June 30, 2023.

The calculations in the table below are based on 3,152,120,733 ordinary shares of JD.com outstanding as of June 30, 2023.

Beneficial ownership is determined in accordance with the rules and regulations of the 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.

Other Information (Continued)

Director	Ordinary Shares Beneficially Owned*				
	Class A ordinary shares	Class B ordinary shares	Total ordinary shares	% of beneficial ownership	% of aggregate voting power#
Richard Qiangdong Liu (劉強東)	34,774,550 ⁽¹⁾	368,007,423 ⁽¹⁾	402,781,973 ⁽¹⁾	12.7 ⁽¹⁾	73.9 ⁽²⁾⁽³⁾

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.
- * 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.
- Represents (i) 22,974,550 Class A ordinary shares directly held by Max Smart Limited and 11,800,000 Class A ordinary shares Mr. Richard Qiangdong Liu had the right to acquire upon exercise of options that shall have become vested within 60 days after June 30, 2023 and (ii) 368,007,423 Class B ordinary shares directly held by Max Smart Limited. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director. The ordinary shares beneficially owned by Mr. Richard Qiangdong Liu do not include 17,967,186 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in note (2) below.
 - The aggregate voting power includes the voting power with respect to the 17,967,186 Class B ordinary shares held by Fortune Rising Holdings Limited. Mr. 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.
 - Fortune Rising Holdings Limited holds the 17,967,186 Class B ordinary shares for the purpose of transferring such shares to the plan participants 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. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited.

Other Information (Continued)

The following table lists out the interests of Directors or chief executives (who are not entitled to the DI Waivers) in JD.com, JD Health and CNLP (JD Health and CNLP are associated corporations of the Company that are also subsidiaries of JD.com (i.e. a fellow subsidiaries)), as of June 30, 2023:

Name of Director	Associated corporation	Nature of interest	Number of shares/ underlying shares	Interest in associated corporation
Wei Hu (胡偉)	JD.com	Beneficial owner ⁽¹⁾	48,360 ^(L)	0.00%
Xiande Zhao (趙先德)	JD.com	Beneficial owner	661 ^(L)	0.00%
Richard Qiangdong Liu (劉強東)	JD Health	Interest in controlled corporation ⁽²⁾ ; Beneficial owner ⁽³⁾	2,184,655,829 ^(L)	68.70%
Richard Qiangdong Liu (劉強東)	CNLP	Interest in controlled corporation ⁽⁴⁾	3,474,283,058 ^(L)	100.00%

Notes:

- These interests comprise of (i) 16,690 shares in JD.com directly held by Mr. Wei Hu, and (ii) his entitlement to receive 31,670 shares in JD.com pursuant to restricted share units under the share incentive plan of JD.com.
- JD Jiankang Limited, which holds 2,149,253,732 shares of JD Health, is wholly-owned by JD.com. As of June 30, 2023, Mr. Richard Qiangdong Liu is interested in approximately 73.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- Includes Mr. Richard Qiangdong Liu's entitlement to receive up to 35,361,678 shares of JD Health pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options.
- These interests comprise of 3,474,283,058 shares of CNLP directly held by JD Property which is owned as to 74.96% by JD.com as of June 30, 2023. As of June 30, 2023, Mr. Richard Qiangdong Liu is interested in approximately 73.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (L) denotes a long position in the Shares.

Save as disclosed above, as of June 30, 2023, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of June 30, 2023, the persons other than the Directors, whose interests have been disclosed in this interim report, 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 % of holding ⁽³⁾
Jingdong Technology Group Corporation ⁽¹⁾	Beneficial owner	4,192,271,100 ^(L)	63.47
JD.com ⁽¹⁾	Interest in controlled corporation	4,192,271,100 ^(L)	63.47
TCT (BVI) Limited ⁽²⁾	Trustee	510,745,400 ^(L)	7.73
The Core Trust Company Limited ⁽²⁾	Trustee	510,745,400 ^(L)	7.73

Notes:

- Jingdong Technology Group Corporation is wholly-owned by JD.com. Under the SFO, JD.com is deemed to be interested in and control the 4,192,271,100 Shares held by Jingdong Technology Group Corporation.
- The Core Trust Company Limited, as a trustee, holds 510,745,400 Shares on trust under certain share incentive scheme of the Company through Perfect Match Limited, Jungle Den Limited, Jazz Dream Limited and Mille Stelle Limited ("Nominees"), respectively. The Nominees are wholly-owned by TCT (BVI) Limited, which is in turn wholly-owned by The Core Trust Company Limited.
- The percentages are calculated on the basis of 6,604,681,772 Shares in issue as of June 30, 2023.
- (L) denotes a long position in the Shares.
- Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed herein, as of June 30, 2023, no person, other than the Directors whose interests are set out in this interim report, 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.

Share Incentive Schemes

The Company has three existing share incentive schemes, namely the Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023. The Company has complied and will continue to comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

Other Information (Continued)

33,907,128 new Shares, representing approximately 0.51% of the weighted average of issued share capital of the Company, were issued or may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme.

Further details and relevant breakdowns of each of the share incentive schemes are set out below:

Pre-IPO ESOP

Summary of the Pre-IPO ESOP is set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

Details of the outstanding options granted under the Pre-IPO ESOP (to be satisfied by existing Shares) for the Reporting Period are as follows:

Name	Role	Date of grant	Vesting period ⁽¹⁾	Exercise price (USD per Share)	Outstanding as of January 1, 2023	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2023
Directors									
Wei Hu (胡偉)	Executive Director and chief executive officer	April 1, 2018 to April 1, 2019	1 to 6 years	0.01	600,001	—	—	—	600,001
Richard Qiangdong Liu (劉強東)	Non-executive Director and chairman of the Board	October 15, 2020	1 to 6 years	0.01	66,124,471	—	—	—	66,124,471
Other grantees in aggregate		April 1, 2018 to April 1, 2021	0.5 to 10 years	0.01	94,765,594	4,675,563	1,112,838	4,598,315	84,378,878
Total					161,490,066	4,675,563	1,112,838	4,598,315	151,103,350

Note:

- The exercise period of the options granted under the Pre-IPO ESOP shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP and the share option award agreement signed by the grantee.

Post-IPO Share Option Scheme

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 609,160,767 Shares, being no more than 10% of the Shares in issue on the Listing Date (the “**Option Scheme Mandate Limit**”) (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued under the Pre-IPO ESOP and grants under the Post-IPO Share Award Scheme). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

No options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and therefore, as of January 1, 2023 and June 30, 2023, the total number of Shares available for grant under the Post-IPO Share Option Scheme was 609,160,767 Shares, respectively.

Further details of the Post-IPO Share Option Scheme are set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

Post-IPO Share Award Scheme

Maximum number of Award Shares (which can be satisfied by new Shares or existing Shares) available for grant

The aggregate number of Award Shares granted and to be granted under the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 609,160,767 Shares without Shareholders’ approval (the “**Post-IPO Share Award Scheme Limit**”) subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

As of January 1, 2023, 562,707,495 Award Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 33,937,128 Award Shares were granted to eligible participants pursuant to the Post-IPO Share Award Scheme. As of June 30, 2023, 533,318,027 Award Shares were available for grant under the Post-IPO Share Award Scheme.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 609,160,767 Shares, representing 10% of the Company’s issued share capital upon the Listing (the “**Scheme Mandate**”).

As of January 1, 2023, 291,460,767 new Shares were available for issue under the Scheme Mandate. During the Reporting Period, 7,100,000 new Shares were issued pursuant to the Post-IPO Share Award Scheme. As of June 30, 2023, 284,360,767 new Shares were available for issue under the Scheme Mandate.

Further details of the Post-IPO Share Award Scheme are set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

Other Information (Continued)

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme for the Reporting Period (to be satisfied by new Shares) are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested Award Shares as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Unvested Award Shares as of June 30, 2023	Closing price of Shares immediately before the Reporting Period	Fair value of Award Shares at the date of grant during the Reporting Period ⁽¹⁾	Weighted average closing price of the Share immediately before the date of vesting during the Reporting Period
										(HKD)	(HKD)	(HKD)
Employee Participants	July 1, 2021 to April 1, 2023	0.1 to 6.0 years	Nil	42,158,409	33,907,128 ⁽²⁾	5,783,619	871	4,521,789	65,759,258	14.10 to 15.12	14.10 to 15.12	14.17
Related Entity Participants	July 1, 2022	0.8 to 11.8 years	Nil	400,000	—	100,000	—	—	300,000	N/A	N/A	14.10
Service Providers	October 1, 2021 to October 1, 2022	1.0 to 4.0 years	Nil	194,048	—	1,250	—	—	192,798	N/A	N/A	14.10
Total				42,752,457	33,907,128	5,884,869	871	4,521,789	66,252,056			

Notes:

1. The fair values of the Award Shares granted during the Reporting Period were determined based on the market value of the Shares at the respective grant dates.
2. There is no performance targets attached to the grants during the Reporting Period.

Other Information (Continued)

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme for the Reporting Period (to be satisfied by existing Shares) are as follows:

Name	Role	Date of grant	Vesting period	Purchase price	Unvested Award Shares as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Unvested Award Shares as of June 30, 2023	Closing price	Fair value of Award Shares at the date of the Reporting Period ⁽¹⁾ (HKD)	Weighted average closing price of the Share immediately before the date of vesting during the Reporting Period (HKD)
											of Shares immediately before the Reporting Period (HKD)		
Directors													
Nora Gu Yi Wu (顧宜)	Independent Non-executive Director	July 14, 2021	0.8 to 2.8 years	Nil	14,573	—	7,286	—	—	7,287	N/A	N/A	12.48
Jennifer Ngar-Wing Yu (余雅韻)	Independent Non-executive Director	October 1, 2022	1.0 to 3.0 years	Nil	53,568	—	—	—	—	53,568	N/A	N/A	N/A
Liming Wang (王利明)	Independent Non-executive Director	July 14, 2021	0.8 to 2.8 years	Nil	14,573	—	7,286	—	—	7,287	N/A	N/A	12.48
Xiande Zhao (趙先德)	Independent Non-executive Director	July 1, 2022	0.8 to 2.8 years	Nil	44,432	—	14,810	—	—	29,622	N/A	N/A	13.26
Yang Zhang (張揚)	Independent Non-executive Director	July 1, 2022	0.8 to 2.8 years	Nil	44,432	—	14,810	—	—	29,622	N/A	N/A	13.26
Other grantees in aggregate		July 14, 2021 to April 1, 2023	0.8 to 4.3 years	Nil	1,240,000	30,000 ⁽²⁾	310,000	—	25,000	935,000	14.10	14.10	14.10
Total					1,411,578	30,000	354,192	—	25,000	1,062,386			

Notes:

- The fair values of the Award Shares granted during the Reporting Period were determined based on the market value of the Shares at the respective grant dates.
- There is no performance targets attached to the grants during the Reporting Period.

Other Information (Continued)

Use of Proceeds

Net Proceeds from the Global Offering

With the Shares listed on the Hong Kong Stock Exchange on the Listing Date, the net proceeds from the Global Offering (following full exercise of the Over-allotment Option, as defined in the Prospectus) were approximately RMB22,945 million after deducting underwriting commissions and offering expenses paid or payable. There has been no change in the intended use of the net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2023:

Purpose	Percentage of net proceeds	Net proceeds (RMB in million)	Unutilized amount as of January 1, 2023 (RMB in million)	Utilized amount for the Reporting Period (RMB in million)	Unutilized amount as of June 30, 2023 (RMB in million)	Expected timeline of full utilization
Upgrading and expansion of our logistics networks	55%	12,620	4,510	1,025	3,485	12 to 36 months from the Listing
Developing advanced technologies to be used in our supply chain solutions and logistics services	20%	4,589	3,054	328	2,726	12 to 36 months from the Listing
Expanding the breadth and depth of our solutions, as well as for penetrating existing customers and attracting potential customers	15%	3,442	1,915	255	1,660	12 to 36 months from the Listing
General corporate purposes and working capital needs	10%	2,294	781	112	669	12 to 36 months from the Listing
Total	100%	22,945	10,260	1,720	8,540	

Net Proceeds from the Placing and the Subscription

On March 25, 2022, the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Company has agreed to appoint the Placing Agents for placing 150,500,000 Shares to independent purchasers at the placing price of HKD20.71 for each Share. On the same day, the Company and Jingdong Technology Group Corporation entered into the Subscription Agreement, pursuant to which Jingdong Technology Group Corporation has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 261,400,000 Shares in aggregate at the subscription price of HKD20.71 (equivalent to approximately USD2.65) for each Share. The closing price as quoted on the Stock Exchange on the last trading day prior to the signing of the Placing Agreement and the Subscription Agreement was HKD23.00 per Share. Completion of the Placing and Subscription took place on April 1, 2022 and May 26, 2022, respectively. The net placing price and the net subscription price, after deducting all

Other Information (Continued)

fees, costs and expenses properly incurred by the Company, were approximately HKD20.61 and HKD20.70 per Share, respectively. For further details, please refer to the Company's announcements dated March 25, 2022, April 1, 2022 and May 26, 2022 and the circular of the Company dated April 25, 2022.

The net proceeds from the Placing and the Subscription were approximately RMB6,924 million. The Company intends to use the net proceeds of the Placing and the Subscription to improve the Group's logistics network and solutions, both organically and/or by acquisitions, and to increase cash reserves for general corporate use. There has been no change in the intended use of net proceeds as previously disclosed in the announcements of the Company dated March 25, 2022, April 1, 2022 and May 26, 2022, and the circular of the Company dated April 25, 2022.

The following table sets forth a summary of the utilization of the net proceeds from the Placing and the Subscription as of June 30, 2023.

Purpose	Percentage of net proceeds	Net proceeds (RMB in million)	Unutilized amount as of January 1, 2023 (RMB in million)	Utilized amount for the Reporting Period (RMB in million)	Unutilized amount as of June 30, 2023 (RMB in million)	Expected timeline of full utilization
Improving our logistics network and solutions, including both organically and/or by acquisitions	85%	5,885	—	—	—	12 to 24 months from the closing date of the Subscription
General corporate purposes and working capital needs	15%	1,039	1,039	—	1,039	12 to 24 months from the closing date of the Subscription
Total	100%	6,924	1,039	—	1,039	

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. During the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance and alignment with the latest measures and standards set out in the CG Code, and maintain a high standard of corporate governance practices of the Company.



Other Information (Continued)

Compliance with the Model Code for Securities Transactions by Directors

The Company has devised its own code of conduct for securities transactions (the “**Insider Trading Policy**”) regarding the Directors’ dealings in the securities of the Company on terms no less exacting than the Model Code. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Insider Trading Policy during the Reporting Period.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee comprises three members, namely Ms. Nora Gu Yi Wu (顧宜), Ms. Jennifer Ngar-Wing Yu (余雅穎) and Dr. Xiande Zhao (趙先德), with Ms. Nora Gu Yi Wu (顧宜) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and Deloitte Touche Tohmatsu, the Auditor.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2023 has been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

Other Board Committees

In addition to the Audit Committee, the Company has also established the Nomination Committee and the Remuneration Committee.

Interim Dividend

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

Continuing Connected Transactions

Pursuant to the Dada delivery services framework agreement entered into between the Company and Dada Nexus Limited and its subsidiaries (“**Dada Group**”) on May 13, 2021 (the “**Dada Delivery Services Framework Agreement**”), the fees Dada Group shall charge the Group for the regular last-mile delivery services and premium delivery services shall be determined by the following formulae, respectively:

$$\begin{aligned} & \text{Fees paid on a gross basis: average fee per order * number of orders} \\ & \text{Platform fee paid on a net basis: average platform fee per order * number of orders} \end{aligned}$$

The average fee per order Dada Group shall charge the Group on the number of orders shall not exceed RMB10.0, and the average platform fee per order shall not exceed RMB0.6.

During the Reporting Period, the actual transaction amounts under the Dada Delivery Services Framework Agreement amounted to approximately RMB140.5 million. For details, please refer to the Prospectus.

Changes in Information of Directors and Chief Executives

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and chief executives since the last published annual report are set out below:

1. The annual Directors' fee of each of Ms. Nora Gu Yi Wu (顧宜), Ms. Jennifer Ngar-Wing Yu (余雅穎), Mr. Liming Wang (王利明), Dr. Xiande Zhao (趙先德) and Mr. Yang Zhang (張揚) has been revised to RMB340.9 thousand with effect from June 8, 2023;
2. Mr. Yui Yu has resigned as an executive Director, the chief executive officer and the authorized representative of the Company with effect from June 26, 2023; and
3. Mr. Wei Hu has been appointed as an executive Director, the chief executive officer and the authorized representative of the Company with effect from June 26, 2023.

Save as disclosed above, there were no other changes in information of the Directors and chief executives that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rule.

Important Events after Reporting Period

Factoring services framework agreement

On July 2, 2023, the Company entered into a factoring services framework agreement (the "**Factoring Services Framework Agreement**") with JD Technology, for a term up to December 31, 2023, pursuant to which JD Technology shall provide factoring services by purchasing the Group's trade receivables originated from the provision of services or sale of goods to certain corporate customers that have entered into commercial agreements with the Group.

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 its funding sources, and therefore optimize the assets structure, increase capital efficiency and enhance operational capabilities of the Group.

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

For details, please refer to the Company's announcement dated July 2, 2023.

Save as disclosed above and in this interim report, there were no other important events affecting the Company which occurred after June 30, 2023 and up to the Latest Practicable Date.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the Board of Directors of JD Logistics, Inc.

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of JD Logistics, Inc. (the "**Company**") and its subsidiaries and consolidated affiliated entities (collectively referred to as the "**Group**") set out on pages 35 to 73, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 16, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	5	77,761,309	58,623,176
Cost of revenue		(72,731,387)	(54,988,579)
Gross profit		5,029,922	3,634,597
Selling and marketing expenses		(2,353,216)	(1,902,797)
Research and development expenses		(1,824,511)	(1,438,016)
General and administrative expenses		(1,675,410)	(1,303,415)
Other income, gains/(losses), net	6	433,325	36,491
Finance income	7	683,976	161,978
Finance costs	8	(541,629)	(408,404)
Impairment losses under expected credit loss model, net of reversal	9	(140,144)	(88,887)
Share of results of associates and joint ventures		5,475	(14,320)
Loss before income tax	11	(382,212)	(1,322,773)
Income tax expense	10	(146,662)	(110,726)
Loss for the period		(528,874)	(1,433,499)
(Loss)/profit for the period attributable to:			
Owners of the Company		(637,211)	(1,462,059)
Non-controlling interests		108,337	28,560
		(528,874)	(1,433,499)
		RMB	RMB
Loss per share			
Basic and diluted loss per share	12	(0.10)	(0.25)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss for the period		(528,874)	(1,433,499)
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value on equity instruments at fair value through other comprehensive income		(25,854)	—
Exchange differences on translation from functional currency to presentation currency		719,858	920,613
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		499,741	344,462
Share of other comprehensive income of associates, net of related income tax		—	1
Other comprehensive income for the period		1,193,745	1,265,076
Total comprehensive income/(loss) for the period		664,871	(168,423)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		563,791	(196,983)
Non-controlling interests	20	101,080	28,560
		664,871	(168,423)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	13	15,002,913	14,988,598
Right-of-use assets	14	17,484,351	17,454,348
Investment properties		91,181	92,291
Goodwill		6,849,216	6,849,216
Other intangible assets		4,118,218	4,434,626
Interests in associates		150,893	280,282
Interests in joint ventures		19,454	17,645
Financial assets at fair value through profit or loss	15	1,775,719	1,636,474
Equity instruments at fair value through other comprehensive income	16	447,805	834,224
Deferred tax assets	26	130,301	150,455
Prepayments, other receivables and other assets	18	1,953,844	2,354,955
Total non-current assets		48,023,895	49,093,114
Current assets			
Inventories		536,535	647,445
Trade receivables	17	15,655,105	14,935,066
Contract assets		343,874	301,359
Prepayments, other receivables and other assets	18	7,177,963	6,054,860
Financial assets at fair value through profit or loss	15	2,721,787	1,271,454
Term deposits		16,644,311	12,660,868
Restricted cash		234,306	237,753
Cash and cash equivalents		15,456,398	21,495,352
Total current assets		58,770,279	57,604,157
Total assets		106,794,174	106,697,271

Condensed Consolidated Statement of Financial Position (Continued)

	Notes	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,040	1,039
Treasury shares		(69)	(70)
Reserves		74,545,564	72,890,641
Accumulated losses		(26,977,622)	(26,310,910)
Equity attributable to owners of the Company		47,568,913	46,580,700
Non-controlling interests	20	6,758,205	6,627,861
Total equity		54,327,118	53,208,561
Liabilities			
Non-current liabilities			
Borrowings	25	4,405,992	5,108,162
Lease liabilities		10,265,081	10,502,864
Deferred tax liabilities	26	1,458,679	1,596,883
Other non-current liabilities		2,075,793	2,034,574
Total non-current liabilities		18,205,545	19,242,483
Current liabilities			
Trade payables	23	8,304,582	9,099,869
Contract liabilities		221,187	192,788
Accrued expenses and other payables	24	15,015,658	16,091,369
Advances from customers		242,518	222,242
Borrowings	25	3,088,319	1,300,602
Lease liabilities		7,058,360	6,862,661
Derivative financial instruments		934	30,064
Payables to interest holders of consolidated investment funds		52,769	41,164
Tax liabilities		277,184	405,468
Total current liabilities		34,261,511	34,246,227
Total liabilities		52,467,056	53,488,710
Total equity and liabilities		106,794,174	106,697,271

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Treasury shares	Share premium	Contribution reserve	Other reserves ¹	Accumulated losses	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As of January 1, 2023 (audited)		1,039	(70)	66,850,140	(2,851,784)	8,892,285	(26,310,910)	46,580,700	6,627,861	53,208,561
(Loss)/profit for the period		—	—	—	—	—	(637,211)	(637,211)	108,337	(528,874)
Other comprehensive income/(loss) for the period		—	—	—	—	1,201,002	—	1,201,002	(7,257)	1,193,745
Total comprehensive income/(loss) for the period		—	—	—	—	1,201,002	(637,211)	563,791	101,080	664,871
Issuance of ordinary shares to Share Scheme Trusts	19	1	(1)	—	—	—	—	—	—	—
Share-based payments, surplus of tax effects	21	—	—	—	—	422,179	—	422,179	13,892	436,071
Exercise of share options and vesting of RSUs	19	—	2	182,765	—	(182,443)	—	324	—	324
Capital injection from non-controlling interest shareholders	20	—	—	—	—	—	—	—	14,625	14,625
Disposal of investments in equity instruments at fair value through other comprehensive income		—	—	—	—	29,501	(29,501)	—	—	—
Share of other changes in net assets of an associate		—	—	—	—	1,919	—	1,919	747	2,666
As of June 30, 2023 (unaudited)		1,040	(69)	67,032,905	(2,851,784)	10,364,443	(26,977,622)	47,568,913	6,758,205	54,327,118
As of January 1, 2022 (audited)		971	(74)	59,478,659	(2,851,784)	5,671,218	(24,360,894)	37,938,096	2,451,037	40,389,133
(Loss)/profit for the period		—	—	—	—	—	(1,462,059)	(1,462,059)	28,560	(1,433,499)
Other comprehensive income for the period		—	—	—	—	1,265,076	—	1,265,076	—	1,265,076
Total comprehensive income/(loss) for the period		—	—	—	—	1,265,076	(1,462,059)	(196,983)	28,560	(168,423)
Issuance of ordinary shares, net of issuance costs	19	68	—	6,924,080	—	—	—	6,924,148	—	6,924,148
Issuance of ordinary shares to Share Scheme Trusts	19	*	*	—	—	—	—	—	—	—
Share-based payments	21	—	—	—	—	556,314	—	556,314	11,545	567,859
Repurchase of share options		—	—	—	—	(1,444)	—	(1,444)	—	(1,444)
Exercise of share options and vesting of RSUs	19	—	1	73,214	—	(72,951)	—	264	—	264
Acquisition of partial interests of subsidiaries	20	—	—	—	—	(146,860)	—	(146,860)	36,391	(110,469)
Disposal of a subsidiary under common control	29	—	—	—	—	(1,004)	—	(1,004)	—	(1,004)
As of June 30, 2022 (unaudited)		1,039	(73)	66,475,953	(2,851,784)	7,270,349	(25,822,953)	45,072,531	2,527,533	47,600,064

* Less than RMB1,000.

1. Other reserves mainly consist of share-based payments reserve from the deemed contribution from JD.com, Inc. and granting of share options and restricted share units ("RSUs") under the Company's share award scheme, exchange differences on foreign currency translation recognized in other comprehensive income/(loss), fair value changes of equity instruments at fair value through other comprehensive income and statutory reserves required by relevant laws of the People's Republic of China (the "PRC") applicable to the Company's PRC subsidiaries and consolidated affiliated entities.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	4,095,130	4,027,440
Interest received	486,523	136,966
Income tax paid	(282,740)	(70,098)
Net cash generated from operating activities	4,298,913	4,094,308
INVESTING ACTIVITIES		
Placement of restricted cash	(35,879)	(10,994)
Withdrawal of restricted cash	56,664	3,428
Placement of term deposits	(8,037,840)	(419,281)
Maturity of term deposits	4,732,980	3,331,603
Payment for financial assets at fair value through profit or loss	(1,750,270)	(1,845,749)
Maturity of financial assets at fair value through profit or loss	336,060	1,843,211
Proceeds from disposal of financial assets at fair value through profit or loss	77,976	22,000
Purchases of wealth management products at amortized cost	(690,840)	—
Proceeds from disposal of equity instruments at fair value through other comprehensive income, net of income tax paid	234,575	—
Proceeds from disposal of investment in associates	27,942	65,487
Increase in prepayment for investments	—	(728,800)
Dividends received from equity investments	9,801	—
Net cash outflow on disposal of a subsidiary	—	(1,324)
Purchases of property and equipment	(2,181,578)	(1,422,227)
Proceeds from disposal of property and equipment	105,116	39,087
Purchases of other intangible assets	(9,352)	(10,381)
Payments for right-of-use assets	(57,764)	(19,089)
Payments for rental deposits	(99,360)	(115,277)
Net cash (used in)/generated from investing activities	(7,281,769)	731,694

Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	—	6,924,148
Proceeds from borrowings	4,387,640	1,530,000
Repayment of borrowings	(3,308,165)	(730,000)
Repurchase of share options	—	(2,888)
Principal portion of lease payments	(3,694,065)	(2,836,499)
Interest paid	(547,604)	(389,528)
Acquisition of partial interests of subsidiaries	—	(756,277)
Capital injection from non-controlling shareholders	14,625	—
Payment for deferred consideration payables arising on acquisition of a subsidiary	(574,888)	—
Net cash (used in)/generated from financing activities	(3,722,457)	3,738,956
Net (decrease)/increase in cash and cash equivalents	(6,705,313)	8,564,958
Cash and cash equivalents at the beginning of the period	21,495,352	17,922,779
Effects of foreign exchange rate changes on cash and cash equivalents	666,359	934,850
Cash and cash equivalents at the end of the period	15,456,398	27,422,587

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

1.1 General information

JD Logistics, Inc. (the “**Company**”) was incorporated in the Cayman Islands in January 2012 as an exempted company registered under the laws of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are stated in the section headed “Corporate Information” of this interim report.

The Company is an investment holding company. The Company and its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”), engage in the business of providing integrated supply chain solutions and logistics services to customers across a wide array of industries through its leading logistics network. The Group’s principal operations and geographic markets are in the PRC.

Jingdong Technology Group Corporation is the immediate parent company of the Company and owned by JD.com, Inc., which is the Company’s ultimate parent company. JD.com, Inc., its subsidiaries and consolidated affiliated entities, excluding the Group, are collectively referred to as “**JD Group**”.

The issued shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) since May 28, 2021 (the “**Listing**”).

The condensed consolidated financial statements comprise the condensed consolidated statement of financial position as of June 30, 2023, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive loss, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes (the “**Condensed Consolidated Financial Statements**”). The Condensed Consolidated Financial Statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The current interim period refers to the six-month period ended June 30, 2023.

1.2 Basis of preparation

The Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The Condensed Consolidated Financial Statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), as set out in the 2022 annual report of the Company released on April 28, 2023 (the “**2022 Annual Report**”).

Notes to the Condensed Consolidated Financial Statements (Continued)

1. General information and basis of preparation (Continued)

1.2 Basis of preparation (Continued)

The Condensed Consolidated Financial Statements are presented in RMB, which is different from the Company's functional currency of United States dollars ("USD"). The management adopted RMB as the presentation currency as the management controls and maintains the performance and financial position of the Group based on RMB.

2. Application of new and amendments to IFRSs

During the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2023 for the preparation of the Condensed Consolidated Financial Statements:

Standards/Amendments	Content
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(a) Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

2. Application of new and amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(a) Accounting policies (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities and provisions for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies IAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

(b) Transition and summary of effects

As disclosed in the 2022 Annual Report, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after January 1, 2022 and;
- (ii) the Group also, as of January 1, 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities, and decommissioning and restoration and the corresponding amounts recognized as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized the related deferred tax assets and deferred tax liabilities on a gross basis but it has no impact on the accumulated losses at the earliest period presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

3. Summary of significant accounting policies

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than additional accounting policies resulting from application of new and amendments to IFRSs, the accounting policies and methods of computation used in the Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the 2022 Annual Report.

4. Segment information

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer (the "CEO"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment.

5. Revenue

Given the central role of inventory management in the Group's integrated supply chain solutions and logistics services, customers of the Group are categorized based on whether such customers have utilized the Group's warehouse or inventory management related services. Customers are reviewed by the Group on a regular basis, and customers who have utilized the Group's warehouse or inventory management related services in the recent past are classified as the Group's integrated supply chain customers.

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Type of customer:		
Integrated supply chain customers	38,852,514	38,062,155
Other customers	38,908,795	20,561,021
Total	77,761,309	58,623,176
Timing of revenue recognition:		
Overtime	74,675,740	55,419,121
A point in time	3,085,569	3,204,055
Total	77,761,309	58,623,176

Notes to the Condensed Consolidated Financial Statements (Continued)

6. Other income, gains/(losses), net

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants	374,245	314,733
Fair value changes of financial assets at fair value through profit or loss	129,245	(62,826)
Gains/(losses) on disposal of property and equipment	7,855	(16,302)
Investment (gains)/losses attributable to interest holders of consolidated investment funds	(11,605)	4,685
Contract termination costs	(20,799)	(46,989)
Foreign exchange losses, net	(17,793)	(30,898)
Others	(27,823)	(125,912)
Total	433,325	36,491

The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group's support and contribution for the development of local economies. As of June 30, 2023, there were no unfulfilled conditions or contingencies relating to these government grants (December 31, 2022: none).

7. Finance income

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income from bank deposits	683,976	161,978

Notes to the Condensed Consolidated Financial Statements (Continued)

8. Finance costs

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest expense on lease liabilities	438,360	375,570
Interest expense from borrowings	103,150	18,040
Others	119	14,794
Total	541,629	408,404

9. Impairment losses under expected credit loss model, net of reversal

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment losses recognized, net of reversal, on:		
— trade receivables	136,431	90,862
— other receivables	3,713	(1,975)
Total	140,144	88,887

The basis of determining the inputs and assumptions and the estimation techniques used in the Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the 2022 Annual Report.

Notes to the Condensed Consolidated Financial Statements (Continued)

10. Income tax expense

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax	203,252	54,040
Deferred tax (Note 26)	(56,590)	56,686
Total	146,662	110,726

11. Loss before income tax

Loss before income tax has been arrived at after charging:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expenses	29,490,847	23,553,186
Outsourcing cost	27,953,693	21,089,656
Depreciation of right-of-use assets	3,731,842	2,989,576
Depreciation of property and equipment	1,907,175	1,179,028
Amortization of other intangible assets	324,831	188,334

Notes to the Condensed Consolidated Financial Statements (Continued)

12. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Numerator:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	(637,211)	(1,462,059)
Denominator:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	6,167,802,393	5,854,587,253
Basic and diluted loss per share attributable to owners of the Company (RMB per share)	(0.10)	(0.25)

For the current interim period, the potential dilutive ordinary shares and the impact of subsidiaries' diluted earnings were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the current interim period was the same as basic loss per share (six months ended June 30, 2022: diluted loss per share was the same as basic loss per share).

13. Property and equipment

Property and equipment of the Group primarily consists of (a) buildings, (b) logistics equipment, (c) vehicles, (d) aircraft, engines and flight equipment, (e) leasehold improvement, (f) electronic equipment, (g) office equipment, and (h) construction in progress. During the current interim period, additions to property and equipment amounted to RMB2,019.5 million (six months ended June 30, 2022: RMB1,953.6 million).

14. Right-of-use assets

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 1 to 10 years (six months ended June 30, 2022: 1 to 15 years). On lease commencement, the Group recognized right-of-use assets of RMB3,711.2 million (six months ended June 30, 2022: RMB2,960.8 million) and lease liabilities of RMB3,560.1 million (six months ended June 30, 2022: RMB2,802.7 million).

Notes to the Condensed Consolidated Financial Statements (Continued)

15. Financial assets at fair value through profit or loss

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Non-current:		
Equity securities in listed entities	458,688	345,056
Preferred shares investments in unlisted entities	1,314,531	1,288,918
Equity investments in unlisted entities	2,500	2,500
	1,775,719	1,636,474
Current:		
Wealth management products	2,721,787	1,271,454

Equity securities in listed entities

The fair values of equity securities in listed entities are determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on quoted market prices (level 1: quoted price (unadjusted) in active markets) without any deduction for transaction costs.

Preferred shares investments in unlisted entities

All of these investments are convertible redeemable preferred shares or ordinary shares with preferential rights. The Group has the right to require and demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events which are out of control of issuers. Hence, these investments are accounted for as debt instruments and are measured at financial assets at fair value through profit or loss. The major assumptions used in the valuation for investment in these unlisted entities are set out in Note 28.1.

Equity investments in unlisted entities

These investments represent equity investments in unlisted entities, in the form of ordinary shares without significant influence. The major assumptions used in the valuation for investment in these unlisted entities are set out in Note 28.1.

Wealth management products

Wealth management products purchased by the Group are issued by major and reputable commercial banks without guaranteed returns. The expected rates of return for such wealth management products held by the Group as of June 30, 2023 range from 2.8% to 5.1% (December 31, 2022 range from 3.1% to 3.6%). The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. The major assumptions used in the valuation for wealth management products are set out in Note 28.1.

16. Equity instruments at fair value through other comprehensive income

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Equity securities in listed entities	200,420	586,839
Equity investments in unlisted entities	247,385	247,385
	447,805	834,224

These equity investments are not held for trading, instead, they are held for long-term strategic purposes. The Group elected to designate these investments as equity instruments at fair value through other comprehensive income since the recognition of short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During the current interim period, the Group disposed of the investment in Eastern Air Logistics Co., Ltd., a listed company on the Shanghai Stock Exchange, at an aggregate consideration of RMB331.5 million (six months ended June 30, 2022: none), as the investment no longer meets the investment objective of the Group. A cumulative loss on disposal of RMB32.3 million has been transferred to accumulated losses (six months ended June 30, 2022: none).

Equity securities in listed entities

The fair values of equity securities in listed entities are determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on quoted market prices (level 1: quoted price (unadjusted) in active markets) without any deduction for transaction costs.

Equity investments in unlisted entities

These investments represent equity investments in unlisted entities, in the form of ordinary shares without significant influence. The major assumptions used in the valuation for investment in these unlisted entities are set out in Note 28.1.

Notes to the Condensed Consolidated Financial Statements (Continued)

17. Trade receivables

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Trade receivables from third parties	10,942,261	11,231,500
Trade receivables from related parties (Note 27)	5,270,816	4,221,342
Less: allowance for credit losses	(557,972)	(517,776)
	15,655,105	14,935,066

The Group allows a credit period of 30 to 180 days to its trade customers. The following is an aging analysis of trade receivables presented based on the billing date:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	15,495,278	14,838,678
3 to 6 months	257,921	239,433
6 to 12 months	175,583	131,484
Over 12 months	284,295	243,247
	16,213,077	15,452,842
Less: allowance for credit losses	(557,972)	(517,776)
	15,655,105	14,935,066

The Group held notes received for future settlement of trade receivables with insignificant amount. The Group continues to recognize their full carrying amounts at the end of each reporting period. All notes received by the Group were with a maturity period of less than one year.

Notes to the Condensed Consolidated Financial Statements (Continued)

18. Prepayments, other receivables and other assets

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Non-current:		
Refundable deposits	644,778	724,950
Prepayments for property and equipment	563,328	553,538
Pallets	401,591	377,707
Long-term prepaid expenses	341,505	308,545
Amount due from the Founding Vendors ²	—	371,009
Others	2,642	19,206
	1,953,844	2,354,955
Current:		
Deductible value-added tax	2,427,197	2,334,773
Prepaid expenses	2,047,496	2,073,653
Wealth management products at amortized cost ¹	728,773	—
Refundable deposits	722,569	619,509
Prepayments to suppliers	506,923	500,586
Amount due from the Founding Vendors ²	370,996	—
Funds receivable from third party payment platforms	109,473	217,067
Amounts due from related parties (Note 27)	—	73,461
Others	325,845	295,500
	7,239,272	6,114,549
Less: allowance for credit losses	(61,309)	(59,689)
	7,177,963	6,054,860

1. Wealth management products at amortized cost purchased by the Group were issued by certain major and reputable commercial banks. The expected rates of return for such wealth management products at amortized cost held by the Group as of June 30, 2023 range from 5.4% to 5.5% per annum.

2. Arising on the acquisition of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited (“Deppon Holdco”), the controlling shareholder of Deppon Logistics Co., Ltd. (“Deppon”), as set out in the 2022 Annual Report.

Notes to the Condensed Consolidated Financial Statements (Continued)

19. Share capital

Authorized

As of June 30, 2023 and 2022, the authorized share capital of the Company in the amount of USD1,000,000, comprised of 40,000,000,000 ordinary shares with par value of USD0.000025 per share.

Issued and fully paid

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Nominal value of ordinary shares RMB'000	Share premium RMB'000
As of January 1, 2023 (audited)	6,597,581,772	165	1,039	66,850,140
Issuance of ordinary shares to Share Scheme Trusts ¹	7,100,000	*	1	—
Exercise of share options and vesting of RSUs ²	—	—	—	182,765
As of June 30, 2023 (unaudited)	6,604,681,772	165	1,040	67,032,905
As of January 1, 2022 (audited)	6,183,281,772	155	971	59,478,659
Issuance of ordinary shares to Share Scheme Trusts ¹	1,200,000	*	*	—
Exercise of share options and vesting of RSUs ²	—	—	—	73,214
Issuance of ordinary shares pursuant to the placing and subscription agreement, net of issuance costs ³	411,900,000	10	68	6,924,080
As of June 30, 2022 (unaudited)	6,596,381,772	165	1,039	66,475,953

* Less than USD1,000 or RMB1,000.

- Jungle Den Limited, Jazz Dream Limited, Perfect Match Limited and Mille Stelle Limited were established to hold the shares on trust for the benefit of the participants of the JD Logistics Share Incentive Plan as defined in Note 21 (collectively, "Share Scheme Trusts"). As the Company has control over the Share Scheme Trusts, the shares held by the Share Scheme Trusts were consolidated and presented as treasury shares. During the current interim period, the Company issued an aggregate of 7,100,000 ordinary shares with par value of USD0.000025 per share with respect to the Post-IPO Share Award Scheme to Mille Stelle Limited (six months ended June 30, 2022: 1,200,000 ordinary shares with par value of USD0.000025 per share).
- The exercised share options and vested RSUs were satisfied by the ordinary shares previously issued to and held by the Share Scheme Trusts.
- In April 2022, pursuant to the placing agreement dated March 25, 2022, the Company issued 150,500,000 ordinary shares with par value of USD0.000025 per share to independent investors at a placing price of Hong Kong dollars ("HKD") 20.71 per share. In May 2022, pursuant to the subscription agreement dated March 25, 2022, the Company issued 261,400,000 ordinary shares with par value of USD0.000025 per share to Jingdong Technology Group Corporation at a subscription price of HKD20.71 per share. The premium on the issue of shares, amounting to approximately RMB6,938 million, was credit to the share premium account. The share issuance costs amounting to approximately RMB14 million were treated as a deduction against the share premium arising from the issuance.

20. Non-controlling interests

	Share of net assets of subsidiaries RMB'000	Share-based payment reserve of subsidiaries RMB'000	Total RMB'000
As of January 1, 2023 (audited)	6,557,032	70,829	6,627,861
Capital injection from non-controlling shareholders	14,625	—	14,625
Share of total comprehensive income for the period	101,080	—	101,080
Share options of subsidiaries	—	13,892	13,892
Share of other changes in net assets of an associate	747	—	747
As of June 30, 2023 (unaudited)	6,673,484	84,721	6,758,205
As of January 1, 2022 (audited)	2,420,377	30,660	2,451,037
Acquisition of partial interests of subsidiaries*	36,391	—	36,391
Share of total comprehensive income for the period	28,560	—	28,560
Share options of subsidiaries	—	11,545	11,545
As of June 30, 2022 (unaudited)	2,485,328	42,205	2,527,533

* For the six months ended June 30, 2022, acquisition of partial interests of subsidiaries mainly include the following transactions:

1. In January and February 2022, the Group acquired an aggregate of 47.1% equity interest in Zhongjing Supply Chain Technology Co., Ltd. from third-party investors, at cash consideration of RMB36.2 million. Upon completion of the acquisition, Zhongjing Supply Chain Technology Co., Ltd. became a wholly-owned subsidiary of the Company.
2. In June 2022, the Group acquired equity interest in Kuayue-Express Group Co., Ltd. (“**Kuayue Express**”) from third-party investors, at cash consideration of RMB720.1 million. Upon completion of the acquisition, the proportion of ordinary shares of Kuayue Express held by the Group increased from 60.2% to 63.6%, and the proportion of equity interest on fully diluted basis and voting rights held by the Group increased from 55.1% to 63.6%.

21. Share-based payments

JD Group granted share-based awards to the Group’s employees and non-employees under a share incentive plan of JD Group (the “**JD Group Share Incentive Plan**”). As detailed in Note 21.2, the Group launched the Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Awards Scheme (collectively, the “**JD Logistics Share Incentive Plan**”). In addition, share-based awards to the employees and non-employees of Kuayue Express and Deppon are granted under a share incentive plan of Kuayue Express (the “**Kuayue Express Share Incentive Plan**”) and a share incentive plan of Deppon (the “**Deppon Share Incentive Plan**”), respectively.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Share-based payments (Continued)

The table below sets forth share-based payments for RSUs and share options:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Share options	184,633	365,014
RSUs	267,066	202,845
Total	451,699	567,859

21.1 JD Group Share Incentive Plan

The Condensed Consolidated Financial Statements include allocation of the expenses recorded at JD Group based on the Group's employees and non-employees participating under JD Group Share Incentive Plan. JD Group grants its service-based share options and RSUs to the Group's eligible employees and non-employees, which are treated as deemed contribution from JD Group and recorded in "other reserves".

Under the JD Group Share Incentive Plan, the RSUs and share options are generally service-based and scheduled to be vested over two to ten years. One-second, one-third, one-fourth, one-fifth, one-sixth, or one-tenth of the awards, depending on different vesting schedules of the JD Group Share Incentive Plan, shall be vested upon the end of the calendar year in which the awards were granted or the first anniversary dates of the grants, and the remaining of the awards shall be vested on straight line basis at the end of the remaining calendar or the anniversary years. Starting from the year ended December 31, 2016, certain awards had multiple tranches with tiered vesting commencement dates from 2016 to 2025, and each of the tranches is subject to a six-year vesting schedule. Starting from the year ended December 31, 2021, certain granted RSUs are subject to vesting ratably over a four-year vesting period from the grant dates.

The Group recognizes share-based payments in its condensed consolidated statement of profit or loss based on awards ultimately expected to vest, after considering estimated forfeitures of the Group. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit or loss over the remaining vesting period, with a corresponding adjustment to other reserves.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Share-based payments (Continued)

21.1 JD Group Share Incentive Plan (Continued)

RSUs

A summary of activities of the service-based RSUs is presented as follows:

	Number of RSUs	Weighted average grant- date fair value USD
Unvested as of January 1, 2023	2,764,174	19.50
Granted	150,392	22.05
Vested	(991,006)	18.42
Forfeited or cancelled	(353,086)	22.93
Transferred	433,682	29.20
Unvested as of June 30, 2023	2,004,156	21.72
Unvested as of January 1, 2022	5,242,700	17.59
Granted	262,766	30.66
Vested	(1,574,686)	15.56
Forfeited or cancelled	(412,888)	29.01
Transferred	132,348	27.19
Unvested as of June 30, 2022	3,650,240	18.47

The estimated compensation cost of RSUs was based on the fair value of JD.com, Inc.'s ordinary shares on the date of the grant. The Group recognizes the compensation cost, net of estimated forfeitures, over the vesting term of the RSUs.

21.2 JD Logistics Share Incentive Plan

On March 31, 2018, the Board of Directors of the Company approved and adopted a share incentive plan (the "Pre-IPO ESOP"). As of June 30, 2023, the maximum aggregate number of underlying shares which may be issued pursuant to all awards under the Pre-IPO ESOP was 598,847,916 shares that are reserved under the Pre-IPO ESOP (December 31, 2022: 598,847,916). The Pre-IPO ESOP is valid and effective for ten years from the approval of the Board of Directors of the Company.

On May 10, 2021, the Company approved and adopted a share option scheme (the "Post-IPO Share Option Scheme"). As of June 30, 2023, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme was 609,160,767 shares (December 31, 2022: 609,160,767). The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the date of the Listing.

21. Share-based payments (Continued)

21.2 JD Logistics Share Incentive Plan (Continued)

On May 10, 2021, the Company approved and adopted a share award scheme (the “**Post-IPO Share Award Scheme**”). As of June 30, 2023, the aggregate number of shares underlying all grants made pursuant to the Post-IPO Share Award Scheme should not exceed 609,160,767 shares without shareholders’ approval, excluding award shares which have been forfeited in accordance with the Post-IPO Share Award Scheme (December 31, 2022: 609,160,767).

Under the JD Logistics Share Incentive Plan, the Company granted share options and RSUs to employees and non-employees. The share options and RSUs are generally scheduled to be vested between one and six years. All, one-second, one-third, one-fourth, one-fifth, or one-sixth of the awards, which are with service conditions, shall be vested upon agreed dates and the remaining of the awards shall be vested on straight line basis at the anniversary years. Certain share options granted with performance conditions, shall be vested upon the end of the calendar quarter if performance conditions are met and the remaining of awards shall be vested on a straight-line basis at the end of the remaining calendar quarters if performance conditions are met. Certain granted RSUs are subject to vesting ratably over a four-year vesting period from the grant dates.

(a) Pre-IPO ESOP

The Company would not grant further share options under the Pre-IPO ESOP after the Listing.

As of June 30, 2023, the Company has issued 208,111,646 ordinary shares with respect to the Pre-IPO ESOP to Share Scheme Trusts (December 31, 2022: 208,111,646).

During the current interim period, 4,675,563 share options under the Pre-IPO ESOP were exercised (six months ended June 30, 2022: 4,076,789). The weighted average share price at the dates of exercise was HKD13.94 (six months ended June 30, 2022: HKD21.37) per share.

Service-based share options

A summary of activities of the service-based share options is presented as follows:

	Number of share options	Weighted average exercise price USD	Weighted average remaining contractual term Year
Outstanding as of January 1, 2023	160,054,315	0.01	7.2
Exercised	(4,635,564)	0.01	
Forfeited or cancelled	(5,685,152)	0.01	
Outstanding as of June 30, 2023	149,733,599	0.01	6.8
Outstanding as of January 1, 2022	198,161,717	0.01	8.2
Exercised	(4,035,123)	0.01	
Forfeited or cancelled	(8,115,667)	0.01	
Outstanding as of June 30, 2022	186,010,927	0.01	7.8

The number of exercisable share options as of June 30, 2023 was 36,251,766 (December 31, 2022: 22,963,117).

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Share-based payments (Continued)

21.2 JD Logistics Share Incentive Plan (Continued)

(a) Pre-IPO ESOP (Continued)

Performance-based share options

A summary of activities of the performance-based share options is presented as follows:

	Number of share options	Weighted average exercise price USD	Weighted average remaining contractual term Year
Outstanding as of January 1, 2023	1,435,751	0.01	6.2
Exercised	(39,999)	0.01	
Forfeited or cancelled	(26,001)	0.01	
Outstanding as of June 30, 2023	1,369,751	0.01	5.7
Outstanding as of January 1, 2022	1,934,356	0.01	7.2
Exercised	(41,666)	0.01	
Forfeited or cancelled	(141,670)	0.01	
Outstanding as of June 30, 2022	1,751,020	0.01	6.7

The number of exercisable share options as of June 30, 2023 was 690,715 (December 31, 2022: 373,723). At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on performance conditions, with the impact of the revision to original estimates, if any, in profit or loss, along with a corresponding adjustment to equity.

(b) Post-IPO Share Option Scheme

As of June 30, 2023, no share options had been granted under the Post-IPO Share Option Scheme (December 31, 2022: none).

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Share-based payments (Continued)

21.2 JD Logistics Share Incentive Plan (Continued)

(c) Post-IPO Share Award Scheme

A summary of activities of the service-based RSUs is presented as follows:

	Number of RSUs	Weighted average grant- date fair value HKD
Unvested as of January 1, 2023	44,164,035	19.94
Granted	33,937,128	14.26
Vested	(6,239,061)	19.97
Forfeited or cancelled	(4,547,660)	19.42
Unvested as of June 30, 2023	67,314,442	17.10
Unvested as of January 1, 2022	9,040,533	34.81
Granted	26,459,306	19.72
Vested	(605,323)	32.31
Forfeited or cancelled	(2,204,697)	30.21
Unvested as of June 30, 2022	32,689,819	22.95

As of June 30, 2023, the total number of shares which may be issued upon vest of all RSUs to be granted under the Post-IPO Share Awards Scheme was 533,318,027 shares (December 31, 2022: 562,707,495). The fair values of the RSUs granted during the current interim period were determined based on the market value of the Company's shares at the respective grant dates.

As of June 30, 2023, the Company has issued 324,800,000 ordinary shares with respect to the Post-IPO Share Award Scheme to Share Scheme Trusts (December 31, 2022: 317,700,000).

21. Share-based payments (Continued)

21.3 Kuayue Express Share Incentive Plan

Kuayue Express granted share-based awards to eligible employees to attract and retain the best available personnel, provide additional incentives to employees and directors and promote the success of Kuayue Express under the Kuayue Express Share Incentive Plan. The Kuayue Express Share Incentive Plan consists of service-based share options, which are generally scheduled to be vested over one to three years.

As of June 30, 2023, a total of 17,625,053 share options had been granted under the Kuayue Express Share Incentive Plan (December 31, 2022: 17,625,053). For the current interim period, total share-based payments of RMB0.7 million was recognized in profit or loss and included in non-controlling interests for the share options granted under the Kuayue Express Share Incentive Plan (six months ended June 30, 2022: RMB11.5 million).

21.4 Deppon Share Incentive Plan

Deppon granted share-based awards to eligible employees to attract and retain the best available personnel, provide additional incentives to employees and directors and promote the success of Deppon under the Deppon Share Incentive Plan. The Deppon Share Incentive Plan consists of performance-based RSUs, which are generally scheduled to be vested over five years.

As of June 30, 2023, a total of 7,133,300 RSUs had been granted under the Deppon Share Incentive Plan (December 31, 2022: 7,133,300). For the current interim period, total share-based payments of RMB8.4 million was recognized in profit or loss and included in non-controlling interests for the RSUs granted under the Deppon Share Incentive Plan (six months ended June 30, 2022: none).

22. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for the current interim period, nor has any dividend been proposed since the end of the reporting period (six months ended June 30, 2022: none).

Notes to the Condensed Consolidated Financial Statements (Continued)

23. Trade payables

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Trade payables	8,252,575	9,049,161
Trade payables under supplier financing arrangements*	52,007	50,708
	8,304,582	9,099,869

* Certain reputable financial institutions offer supply chain financing services to the Group's suppliers. Suppliers can sell one or more of the Group's payment obligations at their sole discretion to the financial institutions to receive funds ahead of time from the financial institutions to meet their cash flow needs. The Group's rights and obligations to suppliers are not impacted. The original payment terms, timing and amount of trade payables remain unchanged. In the condensed consolidated statement of cash flows, settlements of these payables are included within operating cash flows based on the nature of the arrangements.

The following is an aging analysis of trade payables presented based on the recognition date:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	7,693,226	8,403,131
3 to 6 months	226,702	367,572
6 to 12 months	191,660	153,678
Over 12 months	192,994	175,488
	8,304,582	9,099,869

The credit period of trade payables mainly ranges from 30 to 120 days.

Notes to the Condensed Consolidated Financial Statements (Continued)

24. Accrued expenses and other payables

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Salary and welfare payables	5,358,487	6,032,599
Accrued expenses	2,979,209	3,079,451
Property and equipment payables	1,680,045	1,855,265
Deposits	1,641,031	1,353,942
Packing materials payables	1,200,168	1,210,512
Other tax payables	466,432	557,793
Temporary receipts	348,930	355,789
Amounts due to related parties (Note 27)	184,883	55,072
Amount due to non-controlling shareholder ¹	112,892	110,606
Deferred consideration payables ²	—	574,888
Others	1,043,581	905,452
	15,015,658	16,091,369

1. Amount due to non-controlling shareholder was originated from the interest-bearing borrowings provided by non-controlling shareholder of Kuayue Express.
2. Arising on the acquisition of Deppon Holdco as set out in the 2022 Annual Report since the consideration of the acquisition shall be settled in installments. As of June 30, 2023, deferred consideration payables of RMB444.6 million was included in "other non-current liabilities" (December 31, 2022: RMB574.9 million was included in "accrued expenses and other payables" and RMB444.6 million was included in "other non-current liabilities").

25. Borrowings

As of June 30, 2023, the Group had bank borrowings amounted to RMB7,494.3 million (December 31, 2022: RMB6,408.8 million), with interest rates ranging from 2.0% to 4.3% per annum (December 31, 2022: from 2.3% to 4.3% per annum), which were repayable within periods from within one year to over five years.

Notes to the Condensed Consolidated Financial Statements (Continued)

26. Deferred tax assets/liabilities

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Deferred tax assets	130,301	150,455
Deferred tax liabilities	(1,458,679)	(1,596,883)
	(1,328,378)	(1,446,428)

The movements in deferred tax assets and liabilities during the current and preceding interim periods are as follows:

	Tax losses	ECL provision and others	Share-based payments and other employee benefits	Accelerated depreciation	Other intangible assets acquired in business combinations	Changes in fair value of financial instruments	Right-of-use assets	Lease liabilities and provision for restoration	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2023 (audited)	184,296	103,724	86,023	(521,473)	(1,084,156)	(214,842)	—	—	(1,446,428)
Adjustments	—	—	—	—	—	—	(4,230,570)	4,230,570	—
As of January 1, 2023 (restated)(unaudited)	184,296	103,724	86,023	(521,473)	(1,084,156)	(214,842)	(4,230,570)	4,230,570	(1,446,428)
(Charge)/credit to profit or loss	(67,262)	(9,116)	(4,048)	27,014	70,984	4,749	79,300	(45,031)	56,590
Disposal	—	—	—	—	—	68,470	—	—	68,470
(Charge)/credit to other reserves	—	—	(15,628)	—	—	8,618	—	—	(7,010)
As of June 30, 2023 (unaudited)	117,034	94,608	66,347	(494,459)	(1,013,172)	(133,005)	(4,151,270)	4,185,539	(1,328,378)
As of January 1, 2022 (audited)	105,394	42,650	—	(142,361)	(605,837)	(32,236)	—	—	(632,390)
Adjustments	—	—	—	—	—	—	(3,674,405)	3,674,405	—
As of January 1, 2022 (restated)(unaudited)	105,394	42,650	—	(142,361)	(605,837)	(32,236)	(3,674,405)	3,674,405	(632,390)
(Charge)/credit to profit or loss	(24,092)	(7,899)	—	(66,968)	44,382	(2,109)	7,190	(7,190)	(56,686)
As of June 30, 2022 (restated)(unaudited)	81,302	34,751	—	(209,329)	(561,455)	(34,345)	(3,667,215)	3,667,215	(689,076)

Notes to the Condensed Consolidated Financial Statements (Continued)

27. Related party transactions

Other than as disclosed elsewhere in the Condensed Consolidated Financial Statements, the following significant transactions and balances were carried out between the Group and its related parties during the reporting period.

27.1 Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the reporting period.

Name of related parties	Relationships
JD.com, Inc.	Ultimate parent company of the Company
Jingdong Technology Group Corporation	Immediate parent company of the Company
JD Group	Controlled by JD.com, Inc.
ATRenew Inc. and its subsidiaries ("ATRenew Group")	An associate of JD Group
JD Logistics Properties Core Fund, L.P., JD Logistics Properties Core Fund II, L.P., JD Logistics Properties Core Fund III, L.P., and JD Logistics Properties Development Fund I, L.P. ("Core Funds and Development Fund")	Joint ventures of JD Group
Dada Nexus Limited and its subsidiaries ("Dada Group")*	Controlled by JD Group
Jingdong Technology Holding Co., Ltd. and its subsidiaries ("JD Technology")	An associate of JD Group, and controlled by Mr. Richard Qiangdong Liu
China Railway Jingdong Logistics Co., Ltd. ("Railway Jingdong")	A joint venture of the Group

* JD Group consolidated Dada Group since February 28, 2022.

27.2 Significant transactions with related parties

In May and July 2021, the Group entered into a series of continuing connected transaction arrangements (the "CCT Arrangements") with JD Group and its associates in respect of Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. Majority of related party transactions between the Group and JD Group/associates of JD Group are recognized based on the terms stipulated in the CCT Arrangements.

Notes to the Condensed Consolidated Financial Statements (Continued)

27. Related party transactions (Continued)

27.2 Significant transactions with related parties (Continued)

The related party transactions with other related parties other than JD Group were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies of the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

Save as disclosed in Note 29, details of significant transactions with related parties recorded with the abovementioned terms and pricing policies for the reporting period are separately shown as follows:

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Rendering of services:			
Services provided to JD Group	(i)	23,864,353	24,438,783
Expenses claimed by JD Group	(i)	(275,165)	(152,656)
Services provided to Dada Group	(ii)	—	50,404
Services provided to ATRenew Group	(ii)	55,858	53,457
Services provided to JD Technology	(iii)	168,759	168,525
Receiving of services:			
Services received from JD Group	(iv)	1,005,348	822,847
Share-based compensation received from JD.com, Inc.	(iv)	64,919	101,322
Services received from Dada Group	(v)	—	118,363
Services received from Railway Jingdong	(vi)	158,658	88,423
Services received from JD Technology	(vii)	336,910	200,004
Lease arrangements:			
Interest on lease liabilities for leases with Core Funds and Development Fund	(viii)	86,696	78,088
Interest on lease liabilities for leases with JD Group	(ix)	56,731	61,239

27. Related party transactions (Continued)

27.2 Significant transactions with related parties (Continued)

Rendering of services

- (i) The Group provides integrated supply chain solutions and logistics services to JD Group in exchange for service fees, including but not limited to warehousing and distribution services, express and freight delivery services, after sales and maintenance services, and other related ancillary services. JD Group may claim compensation from the Group for any delay, missing, damage or shortage of goods or parcels.

The Group provides advertising services to JD Group in return for the advertising fees.

- (ii) The Group is primarily engaged in providing integrated supply chain solutions and logistics services to Dada Group and ATRenew Group. The amount of services provided to Dada Group represents the transaction amount prior to it was consolidated by JD Group on February 28, 2022, and subsequent transactions with Dada Group had been included in the transaction amounts with JD Group.
- (iii) The Group is primarily engaged in providing installation and maintenance services, and advertising services to JD Technology.

Receiving of services

- (iv) JD Group provides back-office and administrative support services to the Group, including but not limited to cloud service, provision of servers, information technology support service, certain human resources services, in addition to certain shared services, including office premises sharing, transportation and canteen facilities for staff, administrative purchases and various support services. The Group pays JD Group the actual costs incurred during the service process.

JD Group grants share options and RSUs to the Group's eligible employees under the JD Group Share Incentive Plan. In addition, the share-based payments of JD Group's employees in the headquarters are allocated to the Group based on corresponding drivers.

Upon completion of the acquisition of Dada Group, JD Group provides platform and on-demand delivery services to the Group.

- (v) Dada Group primarily provides platform and on-demand delivery services to the Group. The amount of services received from Dada Group represents the transaction amount prior to it was consolidated by JD Group on February 28, 2022, and subsequent transactions with Dada Group had been included in the transaction amounts with JD Group.
- (vi) Railway Jingdong primarily provides railway transportation services to the Group.
- (vii) JD Technology primarily provides the Group with payment and ancillary services, along with certain technology support related services.

Notes to the Condensed Consolidated Financial Statements (Continued)

27. Related party transactions (Continued)

27.2 Significant transactions with related parties (Continued)

Lease arrangements

- (viii) During the current interim period, the Group entered into several lease agreements for operational purposes with Core Funds and Development Fund for 1 to 10 years (six months ended June 30, 2022: 4 years). As of June 30, 2023, right-of-use assets amounted to RMB2,213.7 million (December 31, 2022: RMB2,291.7 million), and lease liabilities amounted to RMB2,480.4 million (December 31, 2022: RMB2,545.1 million).
- (ix) During the current interim period, the Group entered into several lease agreements for operational purposes with JD Group for 1 to 6 years (six months ended June 30, 2022: 1 to 10 years). As of June 30, 2023, right-of-use assets amounted to RMB2,070.1 million (December 31, 2022: RMB2,180.2 million), and lease liabilities amounted to RMB2,149.7 million (December 31, 2022: RMB2,263.5 million).

27.3 Significant balances with related parties

The Group had the following significant balances with related parties:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Due from related parties:		
Amount due from JD Group	5,233,079	4,085,785
Amount due from JD Technology	—	189,733
Amount due from ATRenew Group	15,290	12,173
Amounts due from other related parties	22,447	7,112
	5,270,816	4,294,803
Due to related parties:		
Amount due to JD Technology	169,785	—
Amount due to Railway Jingdong	45,364	28,253
Amount due to Core Funds and Development Fund	15,098	55,072
Amounts due to other related parties	6,357	10,048
	236,604	93,373

As of June 30, 2023, amounts due from related parties of RMB5,270.8 million were included in trade receivables (December 31, 2022: RMB4,221.3 million were included in trade receivables and RMB73.5 million were included in prepayments, other receivables and other assets).

Notes to the Condensed Consolidated Financial Statements (Continued)

27. Related party transactions (Continued)

27.3 Significant balances with related parties (Continued)

As of June 30, 2023, amounts due to related parties of RMB51.7 million were included in trade payables (December 31, 2022: RMB38.3 million), and RMB184.9 million were included in accrued expenses and other payables (December 31, 2022: RMB55.1 million).

The above amounts due from/due to related parties were unsecured, non-interest bearing and either repayable on demand or due within one year from the end of reporting period.

27.4 Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries and bonuses	2,339	3,131
Share-based payments	149,726	208,600
Pension cost — defined contribution plans	53	67
Welfare, medical and other benefits	642	736
Total	152,760	212,534

28. Fair value measurements of financial instruments

28.1 Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements (Continued)

28. Fair value measurements of financial instruments (Continued)

28.1 Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as of		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)			
Financial assets					
Equity securities in listed entities	659,108	931,895	Level 1	Quoted bid prices in an active market	N/A
Equity investments in unlisted entities	2,500	2,500	Level 2	Recent transaction price	N/A
Equity investments in unlisted entities	247,385	247,385	Level 3	A combination of observable and unobservable inputs	Discount for lack of marketability; expected volatility
Preferred shares investments in unlisted entities	167,901	166,595	Level 2	Recent transaction price	N/A
Preferred shares investments in unlisted entities	1,146,630	1,122,323	Level 3	A combination of observable and unobservable inputs	Discount for lack of marketability; expected volatility
Wealth management products	2,721,787	1,271,454	Level 2	Cash flow discounted using the expected return based on observable market inputs	N/A

Notes to the Condensed Consolidated Financial Statements (Continued)

28. Fair value measurements of financial instruments (Continued)

28.1 Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/ financial liabilities	Fair value as of		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)			
Financial liabilities					
Foreign currency forward contracts	934	30,064	Level 2	Cash flow estimated based on the observable forward exchange rates at the end of reporting period and contracted forward rates	N/A
Payables to interest holders of consolidated investment funds	52,769	41,164	Level 3	Net assets value of the investment funds	Net assets value of the investment funds

For the current interim period, fair value changes arose from the financial assets and financial liabilities measured at fair value classified within Level 3 as listed in the table above were insignificant. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting end.

Notes to the Condensed Consolidated Financial Statements (Continued)

28. Fair value measurements of financial instruments (Continued)

28.2 Reconciliation of Level 3 fair value measurements

	Preferred shares investments in unlisted entities RMB'000	Wealth management products RMB'000	Equity investments in unlisted entities RMB'000	Payables to interest holders of consolidated investment funds RMB'000
As of January 1, 2023 (audited)	1,122,323	—	247,385	41,164
Capital contribution	9,458	—	—	—
Changes in fair value	(6,473)	—	—	11,605
Currency translation differences	21,322	—	—	—
As of June 30, 2023 (unaudited)	1,146,630	—	247,385	52,769
As of January 1, 2022 (audited)	725,882	—	—	46,145
Purchase/capital contribution	5,000	1,000,000	—	—
Transferred to Level 2	(100,603)	—	—	—
Changes in fair value	89,414	14,422	—	(4,685)
Disposal or redemption	(22,000)	(13,951)	—	—
Currency translation differences	29,289	—	—	—
As of June 30, 2022 (unaudited)	726,982	1,000,471	—	41,460

28.3 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Condensed Consolidated Financial Statements approximate their fair values.

29. Disposal of a subsidiary

On May 19, 2022, the Group entered into the equity transfer agreement with JD Technology, pursuant to which the Group has conditionally agreed to sell, and JD Technology has conditionally agreed to acquire 100% equity interest in Jingdong International Financial Leasing Co., Ltd. (“**Jingdong International Financial Leasing**”), at cash consideration of USD30.0 million (equivalent to approximately RMB201.3 million as of the disposal date).

Upon completion of the disposal on June 30, 2022, Jingdong International Financial Leasing was ultimately deconsolidated from the Group’s Condensed Consolidated Financial Statements. As the Group and JD Technology are both controlled by Mr. Richard Qiangdong Liu before and after the disposal, the disposal was achieved through an under the common control transaction and the disposal loss was recorded under other reserves.

30. Subsequent events

On July 2, 2023, the Company entered into a factoring services framework agreement with JD Technology, for a term up to December 31, 2023, pursuant to which JD Technology shall provide factoring services by purchasing the Group’s trade receivables originated from the provision of services or sale of goods to certain corporate customers that have entered into commercial agreements with the Group. For details, please refer to the Company’s announcement dated July 2, 2023.



DEFINITIONS

“3C”	Computer, communication, and consumer electronics
“ADSs”	American Depositary Shares (each representing two Class A ordinary shares) of JD.com
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor”	Deloitte Touche Tohmatsu, the auditor of the Company
“Award”	the grant of Award Shares to the Eligible Persons in accordance with the terms of the Post-IPO Share Award Scheme
“Award Shares”	the Shares granted under the Post-IPO Share Award Scheme
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code set out in Appendix 14 of the Listing Rules, as amended from time to time
“China” or “the PRC”	the People’s Republic of China
“Class A ordinary share(s)”	Class A ordinary shares in the share capital of JD.com with par value of US\$0.00002 each, conferring a holder of a Class A ordinary share to one vote per share on any resolution tabled at JD.com’s general meeting
“Class B ordinary share(s)”	Class B ordinary shares in the share capital of JD.com with par value of US\$0.00002 each, conferring weighted voting rights in JD.com such that a holder of a Class B ordinary share is entitled to 20 votes per share on any resolution tabled at JD.com’s general meeting
“CNLP”	China Logistics Property Holdings Co., Ltd. (中國物流資產控股有限公司), an associated corporation of the Company that is also a subsidiary of JD.com (i.e. a fellow subsidiary)

Definitions (Continued)

“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “JD Logistics”	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
“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 and unless the context otherwise requires, refers to Jingdong Technology Group Corporation, JD.com, Mr. Richard Qiangdong Liu (劉強東), Max Smart Limited and Fortune Rising Holdings Limited
“Deppon” or “Deppon Logistics”	Deppon Logistics Co., Ltd. (德邦物流股份有限公司), a logistics company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 603056)
“Deppon Group”	Deppon and its subsidiaries
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group”, “our Group”, “we”, “us”, or “our”	the Company, its subsidiaries and the consolidated affiliated entities from time to time
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“JD.com”	JD.com, Inc., one of our Controlling Shareholders, a company incorporated in the BVI 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”

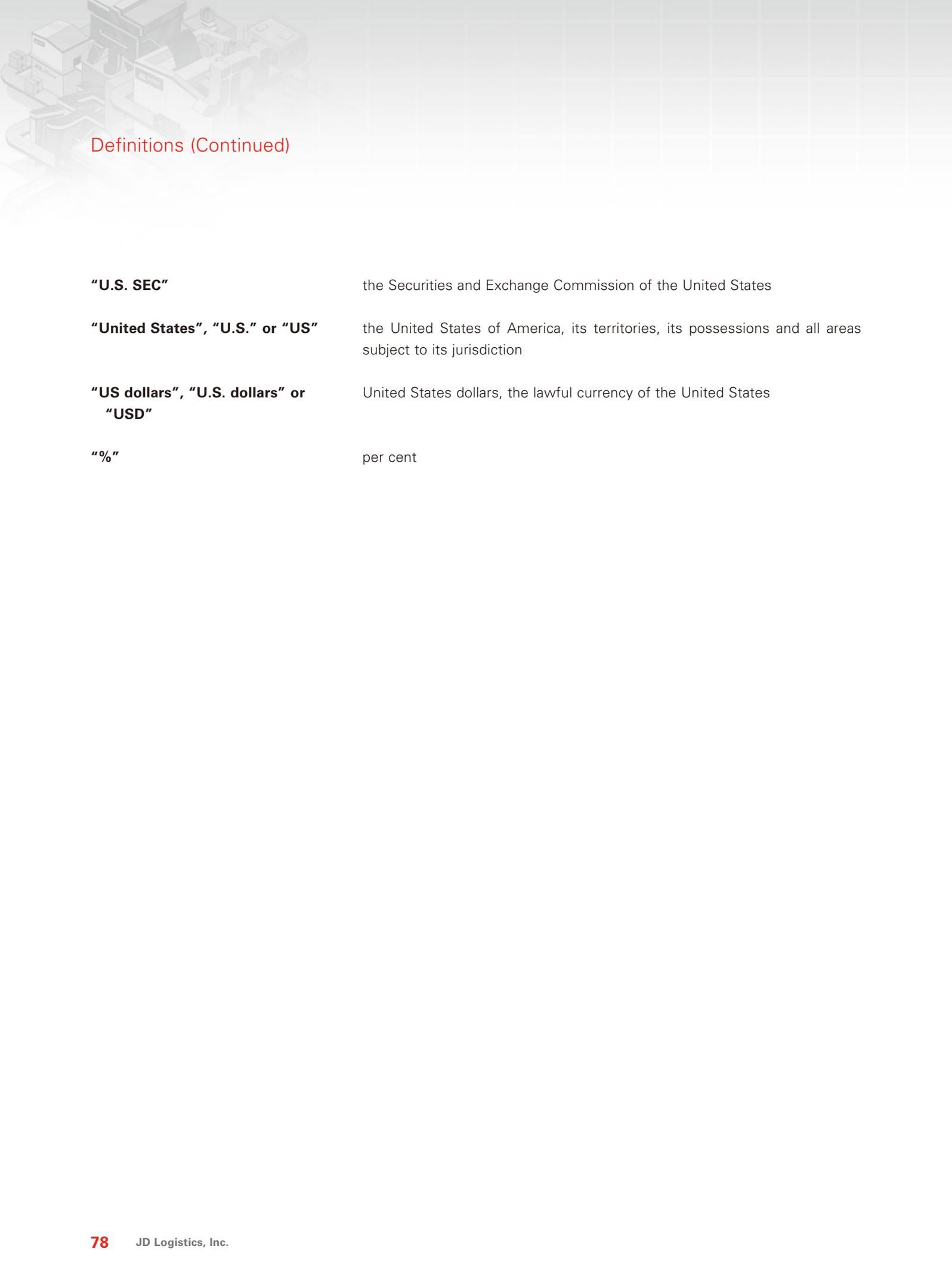


Definitions (Continued)

“JD Group”	JD.com and its subsidiaries and consolidated affiliated entities, excluding our Group
“JD Health”	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 and the shares of which are listed on the Main Board (stock codes: 6618 (HKD counter) and 86618 (RMB counter))
“JD Property”	JINGDONG Property, Inc. (京东智能产发股份有限公司), (formerly known as JD Property Group Corporation), an exempted company with limited liability incorporated in the Cayman Islands on January 19, 2012
“JD Technology”	Jingdong Technology Holding Co., Ltd. (京东科技控股股份有限公司)
“Kuayue Express”	Kuayue-Express Group Co., LTD.
“Latest Practicable Date”	August 31, 2023, being the latest practicable date for the inclusion of certain information and data in this interim report prior to its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	May 28, 2021, 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, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Placing”	the placement of 150,500,000 Shares to the Placing Agents at the placing price of HK\$20.71 for each Share in accordance with the Placing Agreement
“Placing Agents”	Goldman Sachs (Asia) L.L.C., Merrill Lynch (Asia Pacific) Limited, Haitong International Securities Company Limited and UBS AG Hong Kong Branch

Definitions (Continued)

“Placing Agreement”	the agreement entered into between the Company and the Placing Agents dated March 25, 2022 in respect of the Placing
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by our Company on May 10, 2021
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on May 10, 2021
“Pre-IPO ESOP”	the pre-IPO employee share incentive plan adopted by our Company on March 31, 2018
“Prospectus”	the prospectus of the Company dated May 17, 2021
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended June 30, 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital our Company with par value of US\$0.000025 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Jingdong Technology Group Corporation of an aggregate of 261,400,000 Shares issued by the Company pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and Jingdong Technology Group Corporation dated March 25, 2022 in respect of the Subscription
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules



Definitions (Continued)

“U.S. SEC”	the Securities and Exchange Commission of the United States
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

JDL 京东物流