
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

**(1) REVISION OF ANNUAL CAP FOR THE EXISTING FACTORING
SERVICES FRAMEWORK AGREEMENT,
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS,
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 25 to 45 of this circular.

A notice of the EGM of JD Logistics, Inc. to be held at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the PRC on Friday, November 24, 2023 at 11:00 a.m. or any adjournment thereof is set out on pages 54 to 56 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange at <https://www.hkexnews.hk> and the Company at <https://ir.jdl.com>.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, November 22, 2023) or any adjournment thereof.

Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

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

November 9, 2023

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DEFINITIONS

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

“2023 Existing Annual Cap”	the existing annual cap for the JD Technology Factoring Services for the year ending December 31, 2023 under the Existing Factoring Services Framework Agreement as set out in the July 2023 Announcement
“2023 Revised Annual Cap”	the revised annual cap for the provision of JD Technology Factoring Services for the year ending December 31, 2023 as set out in the September 2023 Announcement and this circular
“2024 Agreements”	collectively, (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and (iii) the 2024 Shared Services Framework Agreement
“2024 Factoring Services Framework Agreement”	the framework agreement dated September 1, 2023 entered into between the Company and JD Technology in relation to the provision of JD Technology Factoring Services to the Group
“2024 Shared Services Framework Agreement”	the framework agreement dated September 1, 2023 entered into between the Company and JD.com in relation to the provision of the general shared services (as defined below) and the technology shared services (as defined below) by JD Group and its associates to the Group
“2024 Supply Chain Solutions and Logistics Services Framework Agreement”	the framework agreement dated September 1, 2023 entered into between the Company and JD.com in relation to the provision of integrated supply chain solutions and other logistics services by the Group to JD Group and its associates
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of directors of the Company
“China” or “PRC”	the People’s Republic of China
“Company”	JD Logistics, Inc. (京东物流股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on January 19, 2012, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2618)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened at 11:00 a.m. on Friday, November 24, 2023 at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People’s Republic of China, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 54 to 56 of this circular, or any adjournment thereof
“Existing Factoring Services Framework Agreement”	the framework agreement dated July 2, 2023 entered into by the Company and JD Technology in relation to the provision of JD Technology Factoring Services to the Group
“Existing JD Technology Shared Services Framework Agreement”	the framework agreement dated July 2, 2021 entered into between the Company and JD Technology in relation to the provision of certain technology support related services by JD Technology to the Group
“Existing Shared Services Framework Agreement”	the framework agreement dated May 13, 2021 entered into between the Company and JD.com in relation to the provision of certain back-office and administrative support services by JD Group to the Group
“Existing Supply Chain Solutions and Logistics Services Framework Agreement”	the framework agreement dated May 13, 2021 entered into between the Company and JD.com in relation to the provision of integrated supply chain solutions and other logistics services by the Group to JD Group and its associates
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising Ms. Nora Gu Yi Wu, Ms. Jennifer Ngar-Wing Yu, Mr. Liming Wang, Dr. Xiande Zhao and Mr. Yang Zhang, being the independent non-executive Directors, established to advise the Independent Shareholders
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), (ii) the 2024 Factoring Services Framework Agreement, (iii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement, and (iv) the 2024 Shared Services Framework Agreement and the respective transactions contemplated thereunder (including the annual caps)

DEFINITIONS

“Independent Shareholders”	the Shareholders, other than (i) JD.com and its associates, including Jingdong Technology Group Corporation and Mr. Richard Qiangdong Liu; and (ii) those who are required to abstain from voting at the EGM to be convened to approve (a) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), (b) the 2024 Factoring Services Framework Agreement, (c) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement, and (d) the 2024 Shared Services Framework Agreement and the respective transactions contemplated thereunder (including the annual caps)
“JD.com”	JD.com, Inc., one of the controlling shareholders of the Company, a company incorporated in the British Virgin Islands on November 6, 2006 and subsequently redomiciled to the Cayman Islands on January 16, 2014 as an exempted company registered by way of continuation under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock codes: 9618 (HKD counter) and 89618 (RMB counter)) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol “JD” and, where the context requires, includes its consolidated subsidiaries and consolidated affiliated entities from time to time
“JD Group”	JD.com and its subsidiaries and consolidated affiliated entities, excluding the Group
“JD Technology”	Jingdong Technology Holding Co., Ltd. (京东科技控股股份有限公司), and, where the context requires, includes its subsidiaries and consolidated affiliated entities from time to time
“JD Technology Factoring Services”	factoring services provided by JD Technology to the Group, such as 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
“July 2021 Announcement”	the announcement of the Company dated July 2, 2021 in relation to the Existing JD Technology Shared Services Framework Agreement
“July 2023 Announcement”	the announcement of the Company dated July 2, 2023 in relation to the Existing Factoring Services Framework Agreement
“Latest Practicable Date”	October 31, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Prospectus”	the prospectus of the Company dated May 17, 2021
“RMB”	Renminbi, the lawful currency of China

DEFINITIONS

“September 2023 Announcement”	the announcement of the Company dated September 1, 2023 in relation to, among others, (a) the revision of annual cap for the Existing Factoring Services Framework Agreement, and (b) the renewal of the existing continuing connected transactions and the entering into of the 2024 Agreements
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.000025 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



JD Logistics, Inc.
京东物流股份有限公司

(A company incorporated in Cayman Islands with limited liability)

(Stock Code: 2618)

Executive Director:

Wei Hu (胡偉) (*Chief Executive Officer*)

Non-executive Directors:

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)

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

November 9, 2023

To the Shareholders

Dear Sir or Madam,

- (1) REVISION OF ANNUAL CAP FOR THE EXISTING FACTORING
SERVICES FRAMEWORK AGREEMENT,
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS,
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the September 2023 Announcement in relation to, among others, (a) the revision of annual cap for the Existing Factoring Services Framework Agreement, and (b) the renewal of the existing continuing connected transactions and the entering into of the 2024 Agreements (being (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and (iii) the 2024 Shared Services Framework Agreement).

The purpose of this circular is to provide the Shareholders with, among others, (i) details of (a) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), and (b) the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps); (ii) the recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Gram Capital to the Independent Board Committee and Independent Shareholders; and (iv) the notice of the EGM.

II. REVISION OF ANNUAL CAP FOR THE EXISTING FACTORING SERVICES FRAMEWORK AGREEMENT

1. Existing Factoring Services Framework Agreement

Reference is made to the July 2023 Announcement in respect of the Existing Factoring Services Framework Agreement entered into between the Company and JD Technology on July 2, 2023 in relation to the provision of JD Technology Factoring Services to the Group. The term of the Existing Factoring Services Framework Agreement commenced on July 2, 2023 and will end on December 31, 2023.

In view of the increasing demand for the JD Technology Factoring Services, the Board expects that the 2023 Existing Annual Cap would not be sufficient to meet the expected demand. Accordingly, on September 1, 2023, the Board proposed to revise and increase the 2023 Existing Annual Cap to the 2023 Revised Annual Cap.

Further, as the Existing Factoring Services Framework Agreement will expire on December 31, 2023, on September 1, 2023, the Company and JD Technology entered into the 2024 Factoring Services Framework Agreement to renew the Existing Factoring Services Framework Agreement. Details of which are set out in the section “III. Renewal of Continuing Connected Transactions — 2. 2024 Factoring Services Framework Agreement” in this circular.

Reasons for revision of the 2023 Existing Annual Cap for the Existing Factoring Services Framework Agreement and entering into the 2024 Factoring Services Framework Agreement

The entering into of the Existing Factoring Services Framework Agreement and the 2024 Factoring Services Framework Agreement for the provision of the JD Technology Factoring Services 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 and development needs and diversify its funding sources, and therefore optimizes the assets structure, increases capital efficiency and enhances operational capabilities of the Group. Further, JD Technology possesses a strong capital base and mature financing capabilities. The factoring services will enable the exertion of the synergy effect of the cooperation between JD Technology and the Group, enabling the Group to expand its financing channels and provide financial support for its logistics services business, which is conducive to the long term development of the Group and the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

When the Existing Factoring Services Framework Agreement was entered into on July 2, 2023, the Company originally expected to commence the transactions under the Existing Factoring Services Framework Agreement in around the fourth quarter of 2023 after all the necessary preparation work (such as system development and integration, etc.) has been completed and the 2023 Existing Annual Cap was initially set to mainly cover the anticipated transaction amounts for November and December 2023. Given that the preparation work had been completed earlier than expected, the Company has commenced the transactions since late August 2023 and as the 2023 Existing Annual Cap was originally intended to cover the anticipated transaction amounts for a shorter period of time, the Company anticipates that the 2023 Existing Annual Cap would be insufficient to cover the anticipated transaction amounts given the early commencement.

The Company estimated that the 2023 Existing Annual Cap will be fully utilized by the end of November 2023, which leads to the need to revise the 2023 Existing Annual Cap after considering the following factors:

- (i) the expected increase in the volume of the underlying business. The transactions contemplated under the Existing Factoring Services Framework Agreement are mainly dependent on the amount of trade receivables of the Group which is in turn subject to cyclical fluctuations. In light of the major promotional events in the fourth quarter (such as the new online shopping festival on November 11, December 12 and end of year sale) and based on the pattern of sales in November and December in the past two years, the Company anticipates that there will be an increase in sales amount in November and December 2023 and thereby increasing the demand for factoring services;
- (ii) the future business needs of the Group. The Company has the intention to broaden the cooperation with JD Technology under the Existing Factoring Services Framework Agreement, in terms of the customer base and aging group for the trade receivables to be transferred, due to increasing business needs for the Group to further enhance its trade receivables turnovers and reduce its credit risk. Further, the Company had not conducted any similar transactions prior to the Existing Factoring Services Framework Agreement and in July 2023, the Company set the 2023 Existing Annual Cap with the view to mainly cover the November and December 2023 transactions only, but after the early commencement, the Company re-assessed the 2023 Existing Annual Cap, the Group's capabilities of and capacity in conducting the transactions, the anticipated demand for the JD Technology Factoring Services in the coming months and in view of the benefits of the transactions, the Company considers it beneficial to increase the volume of such factoring transactions and to revise the 2023 Existing Annual Cap to cater for such increasing business needs for the Group;
- (iii) the benefits of the JD Technology Factoring Services as mentioned above. The Company believes that the JD Technology Factoring Services (by purchasing the Group's trade receivables) can enhance the Group's performance on the turnover of trade receivables and provides the Group with immediate funding for working capital and business development; and

LETTER FROM THE BOARD

- (iv) as the Company estimates that the 2023 Existing Annual Cap will be fully utilized by the end of November 2023 and given that the revision of the 2023 Existing Annual Cap is subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules, the Board has resolved to propose the revision of the 2023 Existing Annual Cap in early September 2023 when the Board was considering the renewal of the existing continuing connected transactions of the Group, so that the Company will have sufficient time to make the necessary arrangements to revise and increase the 2023 Existing Annual Cap without causing unnecessary disruption to its business (including holding the EGM for Independent Shareholders' approval).

Based on the above, the Company is of the view that there is a need to revise the 2023 Existing Annual Cap and such revision is beneficial to the Group and in the interest of the Company and its Shareholders as a whole.

Historical transaction amounts

As disclosed above, the transactions under the Existing Factoring Services Framework Agreement commenced in late August 2023, the historical transaction amount of receivables purchased by JD Technology for August and September 2023 was approximately RMB108.6 million and RMB290.6 million, respectively, and the historical transaction amount of service fees for the third quarter of 2023 was RMB0.9 million.

Revision of the 2023 Existing Annual Cap

Set out below is the 2023 Existing Annual Cap and the 2023 Revised Annual Cap:

	2023 Existing Annual Cap	2023 Revised Annual Cap
	<i>(RMB in million)</i>	
Amount of receivables to be purchased by JD Technology	2,700	6,000
Service fees payable by the Group	24.6	67.0

For the avoidance of doubt, the actual transaction amounts under the Existing Factoring Services Framework Agreement have not exceeded the 2023 Existing Annual Cap as at the Latest Practicable Date.

Save and except for the 2023 Revised Annual Cap, the terms and conditions of the Existing Factoring Services Framework shall remain unchanged.

Basis for the 2023 Revised Annual Cap

Amount of receivables to be purchased by JD Technology

The annual cap for the amount of receivables to be purchased by JD Technology under the 2023 Revised Annual Cap was determined with reference to:

- (i) the above historical transaction amounts under the Existing Factoring Services Framework Agreement for August and September 2023 based on the unaudited management accounts;

LETTER FROM THE BOARD

- (ii) the utilization rate of the 2023 Existing Annual Cap for August and September 2023 along with the expected accumulated utilization rate of the 2023 Existing Annual Cap by the end of November 2023;
- (iii) the expected credit sales amount of the Group for the year ending December 31, 2023 and the potential increase in demand for the factoring services, considering the early commencement of the transactions under the Existing Factoring Services Framework Agreement and the anticipated growth of the Group's business. Further, the amount of trade receivables of the Group is in turn subject to cyclical fluctuations. In light of the major promotional events in the fourth quarter (such as the new online shopping festival on November 11, December 12 and end of year sale) and based on the pattern of sales in November and December in the past two years, the Company anticipates that there will be an increase in sales amount in November and December 2023 and thereby increasing the demand for factoring services. The expected credit sales amount for the year ending December 31, 2023 was determined by the Company taking into account of revenue from external customers and the projected growth rate; and
- (iv) the capital turnover and business needs of the Group.

Service fees payable by the Group

The annual cap for the service fees to be paid by the Group to JD Technology under the 2023 Revised Annual Cap was determined with reference to (i) the expected amount of receivables to be purchased by JD Technology for the year ending December 31, 2023 under the 2023 Revised Annual Cap; and (ii) the factoring service fee rate and the range of the factoring service period.

LETTER FROM THE BOARD

III. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

2. 2024 Factoring Services Framework Agreement

In addition to the revision of annual cap, on September 1, 2023, the Company and JD Technology entered into the 2024 Factoring Services Framework Agreement to renew the Existing Factoring Services Framework Agreement. The principal terms of the 2024 Factoring Services Framework Agreement are set out below:

Date:	September 1, 2023
Parties:	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities) (ii) JD Technology (for itself, its subsidiaries and consolidated affiliated entities)
Term:	from January 1, 2024 to December 31, 2026
Subject matter:	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 (i.e. the JD Technology Factoring Services).

JD Technology takes on the credit risk of the relevant counterparty upon purchasing of trade receivables, and charges service fees for the purchase of such trade receivables from the Group, which is determined with reference to the amount of receivables and the creditworthiness of the relevant customers.

The reasons for entering into the 2024 Factoring Services Framework Agreement are set out in the above section "II. Revision of annual cap for the Existing Factoring Services Framework Agreement — 1. Existing Factoring Services Framework Agreement" in this circular.

Pricing policies

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

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

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Annual caps

In respect of the 2024 Factoring Services Framework Agreement, the transaction amounts for the three years ending December 31, 2026 shall not exceed the annual caps as set out in the table below:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in million)</i>		
Amount of receivables to be purchased by JD Technology	14,000	15,000	16,000
Service fees payable by the Group	166	191	196

Basis for the annual caps

Amount of receivables to be purchased by JD Technology

The annual caps for the amount of receivables to be purchased by JD Technology under the 2024 Factoring Services Framework Agreement were determined with reference to:

- (i) the expected credit sales amount of the Group for the year ending December 31, 2023 and the potential increase in demand for the factoring services, considering the anticipated growth of the Group's business. The expected credit sales amount for the year ending December 31, 2023 was determined by the Company taking into account of revenue from external customers and the projected growth rate; and
- (ii) the capital turnover and business needs of the Group.

Service fees payable by the Group

The annual caps for the service fees to be paid by the Group to JD Technology under the 2024 Factoring Services Framework Agreement were determined with reference to:

- (i) the expected amount of receivables to be purchased by JD Technology for the three years ending December 31, 2026; and
- (ii) the factoring service fee rate along with the estimated growth trend for the service fee rate, and the range of factoring service period.

LETTER FROM THE BOARD

3. 2024 Supply Chain Solutions and Logistics Services Framework Agreement

On September 1, 2023, the Company and JD.com entered into the 2024 Supply Chain Solutions and Logistics Services Framework Agreement to renew the Existing Supply Chain Solutions and Logistics Services Framework Agreement, the principal terms of which are set out below:

Date:	September 1, 2023
Parties:	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities) (ii) JD.com (for itself and its subsidiaries, its consolidated affiliated entities and its associate(s), excluding the Group)
Term:	from January 1, 2024 to December 31, 2026
Subject matter:	the Group shall provide integrated supply chain solutions and other logistics services to JD Group and its associates including but not limited to warehouse operation and storage services, domestic and international transportation and delivery services, after sales and maintenance services, cash on delivery services, and other related ancillary services in exchange for service fees.

Reasons and benefits for the renewal

Given that JD Group enjoys a leading position in the PRC's e-commerce industry with an extensive customer and user base, it is natural for, and in the best interest of the Group to provide JD Group with supply chain solutions and logistics services in exchange for service fees. Given the Group's leading position in integrated supply chain solutions and logistics services industry in the PRC (with its extensive network of warehouses and in-house delivery personnel), the Group is able to provide related comprehensive solutions and services to JD Group and ensure superior consumer experience, this collaboration will bring synergies to both the Group and JD Group in full play. Therefore, it is mutually beneficial for the Group and JD Group to cooperate on the provision of supply chain solutions and logistics services. In addition, the transactions under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement are part of the principal business activities of the Group, and are expected to contribute a significant portion of the integrated supply chain services revenue of the Group.

LETTER FROM THE BOARD

Pricing policies

The service fees charged by the Group shall be determined by both parties based on (i) the range of applicable fees the Group charges independent third party customers of strategic positions, taking into account various variables, including the customer's industry, the cooperation model between the Group and the customer, business scale, specific scenarios, and the range of services covered by the service fees and the billing models, all of which may vary significantly for different customers; or (ii) the prevailing market rates, taking into account the business volume. On an annual basis, the Group will review and ensure that the service fees under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement shall be on normal commercial terms and are fair and reasonable as compared to those provided by the Group to its independent third party customers of comparable profile. Further, the Group will only enter into a subsequent agreement with JD Group and its associates if (i) the terms and conditions are fair and reasonable, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

Historical transaction amounts

The historical transaction amounts for each of the two years ended December 31, 2022 and the six months ended June 30, 2023 are RMB46,018.3 million, RMB48,080.1 million and RMB23,656.5 million, respectively.

Annual caps

In respect of the 2024 Supply Chain Solutions and Logistics Services Framework Agreement, the transaction amounts to be paid by JD Group and its associates to the Group for the three years ending December 31, 2026 shall not exceed the annual caps as set out in the table below:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in million)</i>		
Transaction amounts to be paid by JD Group and its associates to the Group	60,260	72,289	86,723

LETTER FROM THE BOARD

Basis for the annual caps

The annual caps for the 2024 Supply Chain Solutions and Logistics Services Framework Agreement were determined with reference to:

- (i) the historical transaction amounts and the growth trend for each of the two years ended December 31, 2022 and the six months ended June 30, 2023 under the Existing Supply Chain Solutions and Logistics Services Agreement; and
- (ii) the projected growth rate of the overall e-commerce market in China and, in turn, the estimated growth rate of JD Group and its associates' business volume and consequently, their needs for supply chain solutions and logistics services. In particular, the Company adopted a year-on-year growth rate of approximately 20% for each of the three years ending December 31, 2026, which is close to the compounded annual growth rate (“CAGR”) of approximately 19% of JD.com. The CAGR of approximately 19% was determined with reference to the increase in JD.com's revenue generated from online retail and omni-channel initiatives (being revenue directly related to the transactions contemplated under 2024 Supply Chain Solutions and Logistics Services Framework Agreement, as calculated by JD Group's revenue from the overall segment of JD Retail less revenue from online marketplace and marketing services), from approximately RMB502.6 billion for the financial year ended December 31, 2019 to approximately RMB848.0 billion for the financial year ended December 31, 2022. Increase in JD.com's revenue generated from online retail and omni-channel initiatives indicated possible increase in demand for the transactions under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement. For further details, please refer to the “Letter from Gram Capital”.

LETTER FROM THE BOARD

4. 2024 Shared Services Framework Agreement

On September 1, 2023, the Company and JD.com entered into the 2024 Shared Services Framework Agreement to renew the Existing Shared Services Framework Agreement and the Existing JD Technology Shared Services Framework Agreement, the principal terms of which are set out below:

Date:	September 1, 2023
Parties:	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities) (ii) JD.com (for itself and its subsidiaries, its consolidated affiliated entities and its associate(s), excluding the Group)
Term:	from January 1, 2024 to December 31, 2026
Subject matter:	JD Group and its associate(s) (including JD Technology) shall provide to the Group certain (i) back-office and administrative support services, including but not limited to certain human resources services, in addition to certain shared services, including office premises sharing and related services, canteen facilities for staff, administrative purchases and various support services (the “ General Shared Services ”), and (ii) certain technology support related services, including but not limited to IDC (Internet data center) related services, cloud computing services, cloud storage services, intelligent customer services, online contract signing cloud platform, information technology support services and corporate business services (the “ Technology Shared Services ”).

For clarity, these transactions were previously provided under the Existing Shared Services Framework Agreement and the Existing JD Technology Shared Services Framework Agreement that are expenses in nature and both will expire on December 31, 2023. As the nature of the services under the aforementioned original agreements is similar, for better management, upon the renewal of such existing continuing connected transactions, the Company entered into the 2024 Shared Services Framework Agreement providing a framework for the provision of the aforementioned services. Please refer to the sections headed “Connected Transactions — 7. Shared Services Framework Agreement” in the Prospectus and the July 2021 Announcement for details.

Reasons and benefits for the renewal

The services provided under the 2024 Shared Services Framework Agreement can help enhance utilization and economies of scale of JD Group’s and its associates’ operational support resources, which in turn, reduces the administrative costs of the Group in procuring similar services from other providers. The 2024 Shared Services Framework Agreement will allow the Group to better leverage on the mature infrastructure, resources and coverage already built by JD Group and JD Technology (i.e. technology facilities previously built and owned by JD Group), and help reduce the administrative costs of the Group in procuring similar services from other providers.

LETTER FROM THE BOARD

Pricing policies

For the General Shared Services, JD Group will not charge the Group additional service fees on the arrangement of shared services beyond the cost it incurs. The Group shall pay JD Group the actual costs incurred during the service process including, among others, staff costs, office premises sharing and third party service costs. The Group will annually review the actual costs incurred by JD Group in providing relevant services with reference to prevailing market prices of such services to ensure they are on normal commercial terms and are fair and reasonable.

The relevant service fees for the Technology Shared Services shall be determined by both parties based on fair market rate with reference to (i) the price quotations that the Group obtain from independent third party service providers for comparable services., and (ii) the service fees charged by JD Group and its associate(s) (including JD Technology) to any independent third party for comparable services. The Group will review the service fees for these shared services annually by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms the Group obtain from JD Group and its associate(s) (including JD Technology) shall be on normal commercial terms or better as compared to those provided by independent third party service providers.

Further, the Group will only enter into a subsequent agreement with JD Group and its associate(s) (including JD Technology) if (i) the terms and conditions are fair and reasonable, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

Historical transaction amounts

The historical transaction amounts under the Existing Shared Services Framework Agreement and the Existing JD Technology Shared Services Framework Agreement are set out below:

	For the year ended December 31,		For the
	2021	2022	six months
			ended
			June 30,
			2023
	<i>(RMB in million)</i>		
Existing Shared Services Framework Agreement			
Transaction amounts to be paid by the Group to JD Group	2,276.2	2,160.3	1,160.0
Existing JD Technology Shared Services Framework Agreement			
Transaction amount to be paid by the Group to JD Technology	178.0	369.8	264.3

LETTER FROM THE BOARD

Annual caps

In respect of the 2024 Shared Services Framework Agreement, the transaction amounts to be paid by the Group to JD Group and its associate(s) (including JD Technology) for the three years ending December 31, 2026 shall not exceed the annual caps as set out in the table below:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in million)</i>		
Transaction amounts to be paid by the Group to JD Group and its associate(s) (including JD Technology)	3,314	3,754	4,205

Basis for the annual caps

The annual caps under the 2024 Shared Services Framework Agreement were determined with reference to:

- (i) the historical transaction amounts and its growth trend for each of the two years ended December 31, 2022 and the six months ended June 30, 2023 under the Existing Shared Services Framework Agreement and the Existing JD Technology Shared Services Framework Agreement. For the next three years ending December 31, 2026, the Group expects the annual caps to increase, as the expected growth of the business of the Group, due to the expansion of the Group's external customer base and the rising demand for the Group's services, will lead to the corresponding increase in the Group's need for various administrative and support services provided by JD Group and its associate(s) (including JD Technology);
- (ii) the estimated total transaction amounts payable by the Group under the 2024 Shared Services Framework Agreement with reference to estimates on usage pattern, volume, demand for the relevant services based on business development of the Group; and
- (iii) the shared service fees as a percentage of the Company's aggregate amount of cost of revenue, selling and marketing expenses, research and development expenses, and general and administrative expenses during the two years ended December 31, 2022 and the six months ended June 30, 2023. For the two years ended December 31, 2022 and six months ended June 30, 2023, the shared service fees paid by the Group to JD Group and its associates (including JD Technology) accounted for approximately 2.3%, 1.8% and 1.8%, respectively, of the Company's aggregate amount of cost of revenue, selling and marketing expenses, research and development expenses, and general and administrative expenses. For the three years ending December 31, 2026, the Group expects such percentages to remain relatively stable.

LETTER FROM THE BOARD

IV. LISTING RULES IMPLICATIONS

As at the date of the September 2023 Announcement, JD Technology is held as to approximately 41.7% by JD.com, and JD.com indirectly holds approximately 63.5% of the Company and is a controlling shareholder of the Company. Accordingly, JD.com is a connected person of the Company and JD Technology is considered connected person of the Company by virtue of each of them being an associate of JD.com. Accordingly, the transactions contemplated under the Existing Factoring Services Framework Agreement and the 2024 Agreements constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio in respect to the 2023 Revised Annual Cap exceeds 5%, the Existing Factoring Services Framework Agreement and the transactions contemplated thereunder (including the 2023 Revised Annual Cap) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the highest annual caps for the respective transactions contemplated under each of (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement, and (iii) the 2024 Shared Services Framework Agreement exceeds 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

V. INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company, since its listing, has adopted and implemented a series of internal control measures on the continuing connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. For instance, the Company has adopted and will continue to adopt the following existing internal control measures for the Existing Factoring Services Framework Agreement and the 2024 Agreements:

- (i) the Board and various internal departments of the Company (including finance, legal and compliance and business operation departments) will be jointly responsible for evaluating the terms under the Existing Factoring Services Framework Agreement and the 2024 Agreements, in particular, the fairness and reasonableness of the pricing policies and the annual caps under each agreement, on an annual basis;

LETTER FROM THE BOARD

- (ii) the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under each of the Existing Factoring Services Framework Agreement and the 2024 Agreements on a semi-annually basis. If the actual transaction amount reaches certain threshold of the annual caps of the relevant continuing connected transactions (i.e. 50% in the first half of the year), or if the business operation department and finance department expect that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the Chief Financial Officer. The Chief Financial Officer will assess if there is need to revise the existing annual caps, and if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules;
- (iii) before the Company enters into any of the transactions under each of the Existing Factoring Services Framework Agreement and the 2024 Agreements, the responsible business units must ensure the pricing policies are adhered to and the price of the transaction is the same as, or within the price range of, comparable transactions carried out with independent third parties in the market (where such transactions are available for references);
- (iv) the Company's internal audit department will monitor and assess the effectiveness and adequacy of the overall formulation and execution of internal control policies of the Company (including those in relation to the continuing connected transactions), and will make recommendation and report to the audit committee of the Company annually;
- (v) the Company's external auditors will review the continuing connected transactions under each of the Existing Factoring Services Framework Agreement and the 2024 Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded; and
- (vi) the independent non-executive Directors will also review the continuing connected transactions under each of the Existing Factoring Services Framework Agreement and the 2024 Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

Based on the above, the Board considers that the pricing policies and internal control mechanism and procedures in place for each of the Existing Factoring Services Framework Agreement and the 2024 Agreements can ensure the transactions contemplated thereunder will be conducted on normal commercial terms or better.

VI. INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 2618). As a leading technology-driven supply chain solutions and logistics services provider in China, the Group offers a full spectrum of supply chain solutions and high-quality logistics services covering various industries to customers and consumers.

LETTER FROM THE BOARD

JD.com

As of the Latest Practicable Date, JD.com, through its wholly-owned subsidiary Jingdong Technology Group Corporation, is indirectly interested in 4,192,271,100 Shares, representing approximately 63.5% of the Company's total issued share capital.

JD.com is a controlling shareholder of the Company, the shares of JD.com are listed on the Main Board of the Stock Exchange (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". JD.com is a leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its retail as a service offering to help drive productivity and innovation across a range of industries. As of the Latest Practicable Date, Mr. Richard Qiangdong Liu, a non-executive Director, held approximately 69.8% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.

JD Technology

JD Technology is a company incorporated in the PRC. Since 2017, JD Technology has made remarkable progress in the field of digital technology and is now a leading technology service provider in China, enabling corporates and organizations across industries to achieve digitalization and intelligentization and fueling their growth through accessible financial solutions. JD Technology is considered a connected person of the Company by virtue of it being an associate of JD.com, a controlling shareholder of the Company, as JD.com held approximately 41.7% equity interest in JD Technology as at the Latest Practicable Date.

VII. APPROVAL BY THE BOARD

Mr. Richard Qiangdong Liu is deemed or may be perceived to have a material interest in the Existing Factoring Services Framework Agreement and the 2024 Agreements, and as a result has abstained from voting on matters relating to the Existing Factoring Services Framework Agreement and the 2024 Agreements. Other than the aforesaid Director, no other Directors have a material interest in the Existing Factoring Services Framework Agreement and the 2024 Agreements or are required to abstain from voting on the resolutions of the Board approving the transactions thereunder.

The Directors (Mr. Richard Qiangdong Liu who has abstained) have, after due and careful consideration, determined that the terms of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps) are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

VIII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of each of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular. The letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 45 of this circular.

IX. EGM AND PROXY ARRANGEMENT

A notice of the EGM is set out on pages 54 to 56 to this circular. At the EGM, resolutions will be proposed, inter alia, to approve each of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps).

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

For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, November 21, 2023 to Friday, November 24, 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all instruments of transfer, accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, November 20, 2023.

A proxy form for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, November 22, 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting.

LETTER FROM THE BOARD

JD.com has a material interest in the transactions contemplated under the Existing Factoring Services Framework Agreement and the 2024 Agreements, as JD.com (a) is itself a party to each of the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and the 2024 Shared Services Framework Agreement, and (b) holds approximately 41.7% equity interests in JD Technology, which in turn is a party to each of the Existing Factoring Services Framework Agreement and the 2024 Factoring Services Framework Agreement. Accordingly, JD.com and its associates, including Jingdong Technology Group Corporation and Mr. Richard Qiangdong Liu, shall abstain from voting on the resolutions approving the terms of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps). Save as disclosed above and to the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in or otherwise interested in or involved in the said agreements, and is required to abstain from voting on the resolutions to be proposed at the EGM.

X. RESPONSIBILITY STATEMENT

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

IV. RECOMMENDATION

The Directors consider that the proposed resolutions for the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps) are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice and recommendations of Gram Capital, considers that the terms of each of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms or better and in the interests of the Company so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,
On behalf of the Board
JD Logistics, Inc.
Mr. Wei Hu
Executive Director



JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

November 9, 2023

To the Independent Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAP FOR THE EXISTING FACTORING
SERVICES FRAMEWORK AGREEMENT**
AND
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to this circular of the Company dated November 9, 2023 to its Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise the Independent Shareholders in respect of (a) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), and (b) the 2024 Agreements (being (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and (iii) the 2024 Shared Services Framework Agreement) and the respective transactions contemplated thereunder (including the annual caps). Gram Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 22 of the Circular and the letter from Gram Capital as set out on pages 25 to 45 of the Circular containing its advice in respect of the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap) and the 2024 Agreements and the respective transactions contemplated thereunder (including the annual caps) as set out in the Circular.

After taking into account the factors and reasons considered by Gram Capital and its conclusion and advice, we concur with its views and consider that the terms of each of (a) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), and (b) the 2024 Agreements (being (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and (iii) the 2024 Shared Services Framework Agreement) and the respective transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve each

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

of (a) the Existing Factoring Services Framework Agreement (including the 2023 Revised Annual Cap), and (b) the 2024 Agreements (being (i) the 2024 Factoring Services Framework Agreement, (ii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement and (iii) the 2024 Shared Services Framework Agreement) and the respective transactions contemplated thereunder (including the annual caps).

Yours faithfully
Independent Board Committee

Nora Gu Yi Wu

**Jennifer Ngar-
Wing Yu**

Liming Wang

Xiande Zhao

Yang Zhang

Independent Non-executive Directors

LETTER FROM GRAM CAPITAL

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



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

9 November 2023

To: *The independent board committee and the independent shareholders
of JD Logistics, Inc.*

Dear Sirs,

(1) REVISION OF ANNUAL CAP FOR THE EXISTING FACTORING SERVICES FRAMEWORK AGREEMENT AND (2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the renewal of transactions contemplated under (a) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement (the “**Supply Chain Solutions and Logistics Services Transactions**”); and (b) the 2024 Shared Services Framework Agreement (the “**Shared Services Transactions**”); and (ii) the proposed revision of annual caps under the Existing Factoring Services Framework Agreement (the “**Revision**”) and the renewal of transactions contemplated under the 2024 Factoring Services Framework Agreement (the “**Factoring Services Transactions**”, together with the Supply Chain Solutions and Logistics Services Transactions; the Shared Services Transactions; and the Revision, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 9 November 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 September 2023, the Company entered into (i) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement; (ii) the 2024 Shared Services Framework Agreement; and (iii) the 2024 Factoring Services Framework Agreement, to renew the existing continuing connected transactions contemplated under the respective Existing Agreements for a term of three years effective from 1 January 2024.

Also, the Board expects that the 2023 Existing Annual Cap under the Existing Factoring Services Framework Agreement would not be sufficient to meet the expected demand. Accordingly, the Board proposed to revise and increase the 2023 Existing Annual Cap to the 2023 Revised Annual Cap.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules (as the case may be).

The Independent Board Committee comprising Ms. Nora Gu Yi Wu, Ms. Jennifer Ngar-Wing Yu, Mr. Liming Wang, Dr. Xiande Zhao and Mr. Yang Zhang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are fair and reasonable and on normal commercial terms; and (ii) whether the Transactions are in the interests of the Company and its Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to the Company's connected transaction, details of which were set out in the Company's circular dated 25 April 2022. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

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

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial advisory engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

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

LETTER FROM GRAM CAPITAL

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

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

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources and such sources are reliable.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Information on the Group

With reference to the Board Letter, the Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 2618). As a leading technology-driven supply chain solutions and logistics services provider in China, the Group offers a full spectrum of supply chain solutions and high-quality logistics services covering various industries to customers and consumers.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2022 as extracted from the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”) and for the six months ended 30 June 2023 as extracted from the Company’s interim report for the six months ended 30 June 2023 (the “**2023 Interim Report**”):

	For the six months ended 30 June 2023 <i>(unaudited)</i> RMB’000	For the year ended 31 December 2022 <i>(audited)</i> RMB’000	For the year ended 31 December 2021 <i>(audited)</i> RMB’000	Change from 2021 to 2022 %
Revenue	77,761,309	137,402,008	104,693,402	31.2
Gross profit	5,029,922	10,099,637	5,784,076	74.6
Loss attributable to owners of the Company for the period/year	(637,211)	(1,396,834)	(15,841,960)	(91.2)
Non-IFRS (loss)/profit attributable to owners of the Company for the period/year	(95,570)	382,931	(1,553,598)	N/A

As illustrated in the above table, the Group’s revenue was approximately RMB137.4 billion for the year ended 31 December 2022 (“**FY2022**”), representing an increase of approximately 31.2% as compared to that for the year ended 31 December 2021 (“**FY2021**”). With reference to the 2022 Annual Report, such increase in the Group’s revenue was driven by increase in revenue from (i) integrated supply chain customers; and (ii) other customers. The increase in revenue from integrated supply chain customers was primarily driven by (i) increase in revenue from JD Group; and (ii) increase in the number of the Group’s external integrated supply chain customers; and (iii) increase of average revenue per customer. Increase in revenue from other customers was primarily due to the increases in business volume of the express delivery and freight delivery services, and consolidation of Deppon Logistics Co., Ltd. and its subsidiaries (“**Deppon Group**”).

The Group’s loss attributable to owners of the Company for FY2022 was approximately RMB1.4 billion, represented a significant decrease of approximately 91.2% as compared to that for FY2021.

To supplement the Group’s consolidated financial statements, which are presented in accordance with International Financial Reporting Standards (“**IFRSs**”), the Company also used non-IFRS profit/(loss) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The Company believed 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 the Company’s management considered not indicative of the Group’s core operating performance such as non-cash or nonrecurring items, and certain impact of investment transactions. The Company believed non-IFRS profit/(loss) provides useful information to investors and others in understanding and evaluating the Group’s results of operations in the same manner as it helps the Company’s management. Please refer to sub-section headed “Non-IFRS Measures” under the section headed “Management Discussion and Analysis” in the 2022 Annual Report or the 2023 Interim Report for more details.

LETTER FROM GRAM CAPITAL

The Group recorded a turnaround from non-IFRS loss attributable to owners of the Company of approximately RMB1,553.6 million for FY2021 to non-IFRS profit attributable to owners of the Company of approximately RMB382.9 million for FY2022.

With reference to the 2023 Interim Report, the Group's revenue increased by approximately 32.6% from approximately RMB58.6 billion for the six months ended 30 June 2022 ("1H2022") to approximately RMB77.8 billion for the six months ended 30 June 2023 ("1H2023"). Such increase in the Group's revenue was driven by increase in revenue from (i) integrated supply chain customers; and (ii) other customers. The increase in revenue from integrated supply chain customers was primarily driven by a year-over-year increase of the average revenue per customer. The increase in revenue from other customers was primarily attributable to the increase in business volume of the Group's express delivery and freight delivery services, and the effect of the consolidation of Deppon Group.

The Group's loss attributable to owners of the Company for 1H2023 was approximately RMB637.2 million, represented a substantial decrease of approximately 56.4% as compared to that for 1H2022. In respect of non-IFRS measures, the Group recorded a non-IFRS loss attributable to owners of the Company of approximately RMB95.6 million for 1H2023 as compared to that of approximately RMB689.4 million for 1H2022.

Information on JD.com

With reference to the Board Letter, JD.com is a controlling Shareholder, the shares of JD.com are listed on the Main Board of the Stock Exchange (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". JD.com is a leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its retail as a service offering to help drive productivity and innovation across a range of industries.

As at the Latest Practicable Date, JD.com, through its wholly-owned subsidiary Jingdong Technology Group Corporation, is indirectly interested in 4,192,271,100 Shares, representing approximately 63.5% of the Company's total issued share capital.

Information on JD Technology

With reference to the Board Letter, JD Technology is a company incorporated in the PRC. Since 2017, JD Technology has made remarkable progress in the field of digital technology and is now a leading technology service provider in China, enabling corporates and organizations across industries to achieve digitalization and intelligentization and fueling their growth through accessible financial solutions. JD.com held approximately 41.7% equity interest in JD Technology as at the Latest Practicable Date.

LETTER FROM GRAM CAPITAL

Reasons for and benefits of the Transactions

Supply Chain Solutions and Logistics Services Transactions

With reference to the Board Letter, given that JD Group enjoys a leading position in the PRC's e-commerce industry with an extensive customer and user base, it is natural for, and in the best interest of the Group to provide JD Group with supply chain solutions and logistics services in exchange for service fees. From the perspective of JD Group, given the Group's leading position in integrated supply chain solutions and logistics services industry in the PRC (with its extensive network of warehouses and in-house delivery personnel), the Group is able to provide related comprehensive solutions and services to JD Group and ensure superior consumer experience, this collaboration will bring synergies to both the Group and JD Group in full play. Therefore, it is mutually beneficial for the Group and JD Group to cooperate on the provision of supply chain solutions and logistics services.

As confirmed by the Directors, the Supply Chain Solutions and Logistics Services Transactions are revenue in nature. As also stated in the section headed "Information on the Group" above, the increase in revenue from integrated supply chain customers was one of the factors leading to year-on-year increases in the Group's revenue for 1H2023 and FY2022. As the Supply Chain Solutions and Logistics Services Transactions are expected to contribute a significant portion of the integrated supply chain services revenue of the Group, we consider the Supply Chain Solutions and Logistics Services Transactions are beneficial to the Company and the Shareholders as a whole.

Shared Services Transactions

With reference to the Board Letter, the services provided under the 2024 Shared Services Framework Agreement can help enhance utilization and economies of scale of JD Group's and its associates' operational support resources, which in turn, reduces the administrative costs of the Group in procuring similar services from other providers. The 2024 Shared Services Framework Agreement will allow the Group to better leverage on the mature infrastructure, resources and coverage already built by JD Group and JD Technology (i.e. technology facilities previously built and owned by JD Group), and help reduce the administrative costs of the Group in procuring similar services from other providers.

As further advised by the Directors, the use of General Shared Services (as defined below) with and through JD Group is mutually beneficial to both JD Group and the Group, having considered that (i) JD Group will not charge the Group additional service fees on the arrangement; (ii) the Group will annually review the actual costs incurred by JD Group in providing relevant services with reference to prevailing market prices of such services; and (iii) the collective purchase of services from third party suppliers enhances economy of scale, increases efficiency, and reduces costs for both parties. Notwithstanding the aforementioned benefits, the Group is able to reach out to third party supplier for similar services.

We also note from the section headed "Business — Our Strategies" in the Prospectus, the Group would continue to strengthen its capabilities in key fundamental technologies such as artificial intelligence, big data, cloud computing, and 5G, which form the building blocks of its fully-digitalized solutions and services. The Group also intended to strengthen its ability to provide smart supply chain solutions which can provide additional value and data insights to its customers in different industry verticals. As the Group could use the technology facilities built and owned by JD Group through the Technology Shared Services (as defined below) to proceed the aforesaid development, we concur with the Directors that the Technology Shared Services are beneficial to the Group.

LETTER FROM GRAM CAPITAL

Therefore, we consider the Shared Services Transactions are beneficial to the Company and the Shareholders as a whole.

Factoring Services Transactions and the Revision

With reference to the Board Letter, the transactions contemplated under both the Existing Factoring Services Framework Agreement and the 2024 Factoring Services Framework Agreement are beneficial to the Group as they (i) reduce amount of trade receivables and provide the Group with immediate funding for working capital and business development; (ii) allow expedite realization of trade receivables which will in turn enhance the Group's working capital efficiency; and (iii) allow the Group to meet liquidity and development needs and diversify its funding sources, and therefore optimize the assets structure, increase capital efficiency and enhance operational capabilities for the Group. In addition, JD Technology possesses a strong capital base and mature financing capabilities.

As disclosed in the section headed "Risk factors" in the Prospectus, the Group's results of operations, financial conditions and prospects may be adversely affected by the recoverability of the trade receivables. Any inability of the Group's customers to make repayment in a timely manner may adversely affect its liquidity and cash flows, which in turn has a material adverse effect on its business operations and financial condition.

As stated in the Board Letter, the factoring services will enable the exertion of the synergy effect of the cooperation between JD Technology and the Group, enabling the Group to expand its financing channels and provide financial support for its logistics services business, which is conducive to the long-term development of the Group and the interest of the Company and the Shareholders as a whole.

Based on the above and having considered that JD Technology takes on the credit risk of the relevant counterparty upon purchasing of trade receivables pursuant to the Existing Factoring Services Framework Agreement and the 2024 Factoring Services Framework Agreement, we consider the factoring services will be beneficial to the Company and the Shareholders as a whole.

As further stated in the Board Letter, it is anticipated that the 2023 Existing Annual Cap will be fully utilized by the end of November 2023, which leads to the need to revise the 2023 Existing Annual Cap to cater for the future business need of the Group.

Having considered that (i) the transactions contemplated under the Existing Factoring Services Framework Agreement are beneficial to the Company and the Shareholders as a whole; and (ii) it is anticipated that the 2023 Existing Annual Cap will be fully utilized by the end of November 2023, which leads to the need to revise the 2023 Existing Annual Cap to cater for future growth of the Group and our analysis on the fairness of the 2023 Revised Annual Cap as contained in the section headed "C. Revision and Factoring Services Transactions" below, we are of the view that the Revision is beneficial to the Company and the Shareholders as a whole.

Based on the above factors, we are of the view that the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interest of the Company and Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the Transactions

A. *Supply Chain Solutions and Logistics Services Transactions*

Set out below are the principal terms of the 2024 Supply Chain Solutions and Logistics Services Framework Agreement, details of which are set out under the section headed “3. 2024 Supply Chain Solutions and Logistics Services Framework Agreement” of the Board Letter:

- Agreement date:** 1 September 2023
- Parties:**
- (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and
 - (ii) JD.com (for itself and its subsidiaries, its consolidated affiliated entities and its associate(s), excluding the Group)
- Term:** from 1 January 2024 to 31 December 2026
- Subject matter:** the Group shall provide integrated supply chain solutions and other logistics services to JD Group and its associates including but not limited to warehouse operation and storage services, domestic and international transportation and delivery services, after sales and maintenance services, cash on delivery services, and other related ancillary services in exchange for service fees.

Pricing policies

The service fees charged by the Group shall be determined by both parties based on (i) the range of applicable fees the Group charges independent third party customers of strategic positions, taking into account various variables, including the customer’s industry, the cooperation model between the Group and the customer, business scale, specific scenarios, and the range of services covered by the service fees and the billing models, all of which may vary significantly for different customers; or (ii) the prevailing market rates, taking into account the business volume. On an annual basis, the Group will review and ensure that the service fees under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement shall be on normal commercial terms and are fair and reasonable as compared to those provided by the Group to its independent third party customers of comparable profile. Further, the Group will only enter into a subsequent agreement with JD Group and its associates if (i) the terms and conditions are fair and reasonable, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving purchase or sale of materials/products/services from/to their connected persons, we noted that comparing prices with those offered by/to independent third parties for the same/similar product/service is one of the commonly adopted pricing policies. Therefore, we consider the pricing policies under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement to be fair and reasonable.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Company, since its listing, has adopted and implemented a series of internal control measures on the continuing connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions.

Details of the internal controls are set out under the section headed “V. INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. Having considered that before the Company enters into any of the transactions under 2024 Supply Chain Solutions and Logistics Services Framework Agreement, the responsible business units must ensure the pricing policies and the price of the transaction is the same as, or within the price range of, comparable transactions carried out with independent third parties in the market (where such transactions are available for references), we consider the effective implementation of the internal control measures will ensure the fair pricing of the Supply Chain Solutions and Logistics Services Transactions.

To assess the effectiveness of the internal control procedures, we requested the Company to provide comparable transaction documents of the supply chain solutions and logistics services provided to JD Group for each quarter starting from July 2021 to June 2023 (which was the period from the effective date of Existing Supply Chain Solutions and Logistics Services Framework Agreement up to the end of the latest quarter immediately prior to the date of 2024 Supply Chain Solutions and Logistics Services Framework Agreement (the “**Sampling Period**”). However, the Directors advised us that due to the fact that transaction price of supply chain solutions and logistics services may be affected by multiple factors (the “**Pricing Factors**”) such as the category of goods to be delivered, and the delivery distance, weight and volume of the underlying parcels, etc.. It is not practical to locate transaction records with independent third party customers of strategic positions and transaction records with JD Group with identical Pricing Factors as abovementioned. For comparison purpose, the Company input the relevant Pricing Factors of the sampled transaction records with independent third party customers of strategic positions into the pricing models with JD Group, and recalculated the transaction prices as if they were charged to JD Group.

The Company provided sampled transaction records to us on a random selection basis and on a quarterly basis during the Sampling Period. As the sampled transaction records were selected on a random basis and covered each quarter during the Sample Period, we consider the sampled transaction records are fair and representative. To verify this matter, we (i) obtained written confirmation from the Company that the selection was made on a random basis; and (ii) discussed with a staff member of the Group (who was responsible for the collection of sampled transaction records) for the bases of selection. We understood that the staff member (a) did not set requirement on unit price as a selection basis; (b) set requirement for sampled transaction records entered into between year 2021 and 2023 and on a quarterly basis during the Sampling Period as per the requirement set by us; and (c) did not participate in the price determination procedures for such transactions. Therefore, we accepted that the Company selected the sampled transactions on a random basis.

Based on the above, we obtained at least one transaction record of supply chain solutions and logistics services with independent third party customers for each quarter of the Sampling Period and spreadsheets for the recalculation of the transaction prices chargeable to JD Group. Based on the aforesaid documents and spreadsheets, we noted that the recalculated prices chargeable to JD Group were not more favourable than the actual prices the Group charged to its independent third party customers of strategic positions.

LETTER FROM GRAM CAPITAL

Having also considered our above findings, we do not doubt the effectiveness of the implementation of the internal control measures.

In addition, the Group's business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement on a semi-annually basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there are sufficient measures to monitor the utilisation of the annual caps.

Proposed annual caps

The table below demonstrates (i) the historical amounts of Supply Chain Solutions and Logistics Services Transactions for the two years ended 31 December 2022 and 1H2023 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2026 (“**Proposed Logistics Cap(s)**”):

	For the year ended 31 December 2021 <i>RMB'million</i>	For the year ended 31 December 2022 <i>RMB'million</i>	For the year ending 31 December 2023 <i>RMB'million</i>
Historical amounts of Supply Chain Solutions and Logistics Services Transactions	46,018.3	48,080.1	23,656.5 <i>(Note)</i>
Existing annual caps (“ Existing Logistics Cap(s) ”)	52,200	66,900	84,100
Utilization rates (%)	88.2	71.9	N/A
	For the year ending 31 December 2024 <i>(“FY2024”)</i> <i>RMB'million</i>	For the year ending 31 December 2025 <i>(“FY2025”)</i> <i>RMB'million</i>	For the year ending 31 December 2026 <i>(“FY2026”)</i> <i>RMB'million</i>
Proposed Logistics Caps	60,260	72,289	86,723

Note: the figure was for 1H2023.

The basis for determining the Proposed Logistics Caps is set out under the sub-section headed “Basis for the annual caps” of the section headed “3. 2024 Supply Chain Solutions and Logistics Services Framework Agreement” of the Board Letter.

According to the above table, the utilization rates of the Existing Logistics Caps were approximately 88.2% and approximately 71.9% for FY2021 and FY2022, respectively.

The Company provided us a calculation of the Proposed Logistics Caps and we noted that the Proposed Logistics Caps were formulated based on (i) the estimated amount of Supply Chain Solutions and Logistics Services Transactions for FY2023; and (ii) the estimated growth rate for each of the three years ending 31 December 2026.

LETTER FROM GRAM CAPITAL

We noted that the proportion of estimated amount of Supply Chain Solutions and Logistics Services Transactions for 1H2023 to that for FY2023 falls within the ranges of proportion of historical amount of Supply Chain Solutions and Logistics Services Transactions for first half year to the full year during last five years. Therefore, we are of the view that the estimated amount of Supply Chain Solutions and Logistics Services Transactions for FY2023 is justifiable.

In formulating the estimated amounts of Supply Chain Solutions and Logistics Services Transactions for each of the three years ending 31 December 2026, the Company adopted a year-on-year growth rate of approximately 20% for each of the three years ending 31 December 2026. With reference to JD.com's annual report for FY2021 and FY2022, JD.com's revenue generated from online retail and omni-channel initiatives, (being revenue directly related to the Supply Chain Solutions and Logistics Services Transactions, as calculated by JD Group's revenue from the overall segment of JD Retail less revenue from online marketplace and marketing services) increased from approximately RMB502.6 billion for FY2019 to approximately RMB848.0 billion in FY2022, representing a compound annual growth rate ("CAGR") of approximately 19%. As advised by the Directors, increase in JD.com's revenue generated from online retail and omni-channel initiatives indicated possible increase in demand for Supply Chain Solutions and Logistics Services Transactions. As the estimated year-on-year growth rate of approximately 20% for each of the three years ending 31 December 2026 adopted in formulating the estimated amounts of Supply Chain Solutions and Logistics Services Transactions is close to the aforesaid CAGR of approximately 19%, we are of the view that the estimated year-on-year growth rate of approximately 20% is justifiable.

In light of the above factors, we are of the view that the Proposed Logistics Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the Proposed Logistics Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue to be generated from the Supply Chain Solutions and Logistics Services Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated from the Supply Chain Solutions and Logistics Services Transactions will correspond with the Proposed Logistics Caps.

Having considered the principal terms of the Supply Chain Solutions and Logistics Services Transactions as set out above, we consider that the terms of the Supply Chain Solutions and Logistics Services Transactions (including the Proposed Logistics Caps) are on normal commercial terms and are fair and reasonable.

B. Shared Services Transactions

Set out below are the principal terms of the Shared Services Transactions, details of which are set out under the section headed "4. 2024 Shared Services Framework Agreement" of the Board Letter:

Agreement date: 1 September 2023

Parties:

- (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and
- (ii) JD.com (for itself and its subsidiaries, its consolidated affiliated entities and its associate(s), excluding the Group)

LETTER FROM GRAM CAPITAL

Term: from 1 January 2024 to 31 December 2026

Subject matter: JD Group and its associate(s) (including JD Technology) shall provide to the Group certain (i) back-office and administrative support services, including but not limited to certain human resources services, in addition to certain shared services, including office premises sharing and related services, canteen facilities for staff, administrative purchases and various support services (the “**General Shared Services**”), and (ii) certain technology support related services, including but not limited to IDC (Internet data center) related services, cloud computing services, cloud storage services, intelligent customer services, online contract signing cloud platform, information technology support services and corporate business services (the “**Technology Shared Services**”).

Pricing policies

For the General Shared Services, JD Group will not charge the Group additional service fees on the arrangement of shared services beyond the cost it incurs. The Group shall pay JD Group the actual costs incurred during the service process including, among others, staff costs, office premises sharing and third party service costs. The Group will annually review the actual costs incurred by JD Group in providing relevant services with reference to prevailing market prices of such services to ensure they are on normal commercial terms and are fair and reasonable.

As (i) JD Group will not charge the Group additional service fees on the arrangement of shared services beyond the cost it incurs; and (ii) the Group will annually review the actual costs incurred by JD Group in providing relevant services with reference to prevailing market prices of such services, we are of the view that the pricing policies for the General Shared Services are fair and reasonable.

The relevant service fees for the Technology Shared Services shall be determined by both parties based on fair market rate with reference to (i) the price quotations that the Group obtain from independent third party service providers for comparable services, and (ii) the service fees charged by JD Group and its associate(s) (including JD Technology) to any independent third party for comparable services. The Group will review the service fees for these shared services annually by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms the Group obtain from JD Group and its associate(s) (including JD Technology) shall be on normal commercial terms or better as compared to those provided by independent third party service providers.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving purchase or sale of materials/products/services from/to their connected persons, we noted that comparing prices with those offered by/to independent third parties for the same/similar product/service is one of the commonly adopted pricing policies. Therefore, we consider that the pricing policies for the Technology Shared Services are fair and reasonable.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Company, since its listing, has adopted and implemented a series of internal control measures on the continuing connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal controls are set out under the section headed “V. INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. Having considered that before the Company enters into any of the transactions under 2024 Shared Services Framework Agreement, the responsible business units must ensure the pricing policies are adhered to and the price of the transaction is the same as, or within the price range of, comparable transactions carried out with independent third parties in the market (where such transactions are available for references), we consider the effective implementation of the internal control measures will ensure the fair pricing of the Shared Services Transactions.

The Company provided sampled transaction records to us on a random selection basis and on a quarterly basis during the Sampling Period. As the sampled transaction records were selected on a random basis and covered each quarter during the Sample Period, we consider the sampled transaction records are fair and representative. To verify this matter, we (i) obtained written confirmation from the Company that the selection was made on a random basis; and (ii) discussed with a staff member of the Group (who was responsible for the collection of the abovementioned documents/information) for the bases of selection. We understood that the staff member (a) did not set requirement on unit price as a selection basis; (b) set requirement for sampled transaction records entered into between year 2021 and 2023 and on a quarterly basis during the Sampling Period as per the requirement set by us; and (c) did not participate in the price determination procedures for such transactions. Therefore, we accepted that the Company selected the sampled transactions on a random basis.

Based on the above, we obtained from the Company the following documents/information on a quarterly basis during the Sampling Period:

- As for General Shared Services, we obtained one invoice for each quarter in the Sampling Period issued by JD Group to the Company (which were selected by the Company on a random selection basis) and original source documents of cost incurred and noticed that JD Group does not charge the Group additional service fees for the arrangement of shared services on top of the cost it incurred.
- As for Technology Shared Services, we obtained a set of recent price quotation for each public cloud services and short message services provided by JD Group to the Group (which were selected by the Company on a random selection basis), with price quotations showing the current market prices offered by two independent third party service providers for similar services. We noted that the service fees offered by JD Group were not higher than those offered by independent third party service providers for services of similar nature and scale.

Having considered our above findings, we do not doubt the effectiveness of the implementation of the internal control measures.

In addition, the Group’s business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the 2024 Shared Services Framework Agreement on a semi-annually basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there are sufficient measures to monitor the utilisation of the annual caps.

LETTER FROM GRAM CAPITAL

Proposed annual caps

The table below demonstrates (i) the historical transaction amounts under the Existing Shared Services Framework Agreement and the Existing JD Technology Shared Services Framework Agreement for the two years ended 31 December 2022 and 1H2023; and (ii) proposed annual caps of Shared Services Transactions for the three years ending 31 December 2026 (the “**Proposed Shared Services Cap(s)**”):

	For the year ended 31 December 2021 <i>RMB'million</i>	For the year ended 31 December 2022 <i>RMB'million</i>	For the six months ended 30 June 2023 <i>RMB'million</i>
Transaction amounts paid by the Group to JD Group under the Existing Shared Services Framework Agreement	2,276.2	2,160.3	1,160.0
Transaction amounts paid by the Group to JD Technology under the Existing JD Technology Shared Services Framework Agreement	178.0	369.8	264.3
Total	2,454.2	2,530.1	1,424.3
	For the year ending 31 December 2024 <i>RMB'million</i>	For the year ending 31 December 2025 <i>RMB'million</i>	For the year ending 31 December 2026 <i>RMB'million</i>
Proposed Shared Services Caps	3,314	3,754	4,205

The basis for determining the Proposed Shared Services Caps is set out under the sub-section headed “Basis for the annual caps” of the section headed “4. 2024 Shared Services Framework Agreement” of the Board Letter.

Based on the above table, we noted that (i) the Proposed Shared Services Cap for FY2024 represented CAGR of approximately 14% on the total transaction amounts for FY2022; and (ii) the Proposed Shared Services Caps for FY2025 and FY2026 represented year-on-year growth of approximately 13% and approximately 12% respectively (collectively, the “**Implied Growths of the Proposed Shared Services Caps**”).

LETTER FROM GRAM CAPITAL

Upon our enquiry, the Directors advised that the amounts of Shared Services Transactions are expected to be recorded in the Group's (i) cost of revenue; (ii) selling and marketing expenses; (iii) research and development expenses; and (iv) general and administrative expenses. We obtained a calculation of the breakdown of Shared Services Transactions for FY2021, FY2022 and 1H2023 classified by the above (i) to (iv) items and compared the aforesaid breakdown with expenses (i) to (iv) for FY2021, FY2022 and 1H2023 as stated in the 2022 Annual Report and 2023 Interim Report.

We noted that from the calculation the following:

- the proportions of historical amounts of Shared Services Transactions for FY2021, FY2022 and 1H2023 to summation of expenses (i) to (iv) for FY2021, FY2022 and 1H2023 as stated in the 2022 Annual Report and 2023 Interim Report are at similar levels;
- the proportions of historical amounts of Shared Services Transactions classified by each of above (iii) and (iv) item to historical amounts of expenses each of expenses (iii) and (iv) for FY2021, FY2022 and 1H2023 as stated in the 2022 Annual Report and 2023 Interim Report are more than 10% are at similar levels; and
- historical amounts of Shared Services Transactions classified by above (i) item accounted for 40% to 50% of historical amounts of Shared Services Transactions for FY2021, FY2022 and 1H2023 and the proportions of such amounts to expense (i) for FY2021, FY2022 and 1H2023 as stated in the 2022 Annual Report and 2023 Interim Report are at similar levels.

Therefore, we consider that it is justifiable to analyse the movement trend of estimated amounts of Shared Services Transactions by making reference to the movement trend of abovementioned expenses.

We noted from the 2022 Annual Report and the 2023 Interim Report that (i) the Group's cost of revenue was approximately RMB127.3 billion for FY2022, representing an increase of approximately 28.7% as compared to that for FY2021; (ii) the Group's cost of revenue was approximately RMB72.7 billion for 1H2023, representing an increase of approximately 32.3% as compared to that for 1H2022; (iii) the Group's sum of (a) selling and marketing expenses; (b) research and development expenses; and (c) general and administrative expenses was approximately RMB10.3 billion for FY2022, representing an increase of approximately 18.1% as compared to that for FY2021; and (iv) the sum of the above (a), (b) and (c) expenses was approximately RMB5.9 billion for 1H2023, representing an increase of approximately 26.0% as compared to that for 1H2022. Due to (i) the fact that the amounts of Shared Services Transactions will be recorded under the abovementioned cost/expenses items; and (ii) our analyses on increase in these expenses, we are of the view that the Implied Growths of the Proposed Shared Services Caps are justifiable.

In light of the above factors, we consider that the Proposed Shared Services Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the Proposed Shared Services Caps for the three years ending 31 December 2026 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of costs to be incurred from the Shared Services Transactions. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Shared Services Transactions will correspond with the Proposed Shared Services Caps.

LETTER FROM GRAM CAPITAL

Having considered the principal terms of the Shared Services Transactions as set out above, we consider that the terms of the Shared Services Transactions (including the Proposed Shared Services Caps) are on normal commercial terms and are fair and reasonable.

C. *Revision and Factoring Services Transactions*

Set out below are the principal terms of the Revision and Factoring Services Transactions, details of which are set out under the section headed “1. Existing Factoring Services Framework Agreement” and “2. 2024 Factoring Services Framework Agreement” of the Board Letter respectively:

Date: 1 September 2023

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

(ii) JD Technology (for itself, its subsidiaries and consolidated affiliated entities)

Term: from 1 January 2024 to 31 December 2026

Subject matter: JD Technology shall provide factoring services by purchasing the Group’s trade receivables originated from the sale of goods or provision of services to certain corporate customers that have entered into commercial agreements with the Group (i.e. the JD Technology Factoring Services).

JD Technology takes on the credit risk of the relevant counterparty upon purchasing of trade receivables, and charges service fees for the purchase of such trade receivables from the Group, which is determined with reference to the amount of receivables and the creditworthiness of the relevant customers.

Pricing policies

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

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

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As the service fees (including the interests and any other miscellaneous fees) payable by the Group to JD Technology shall be determined on terms not higher than the service fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions, we are of the view that pricing policies under the Factoring Services Transactions are fair and reasonable.

With reference to the Board Letter, the Company, since its listing, has adopted and implemented a series of internal control measures on the continuing connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal controls are set out under the section headed “V. INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. Having considered that the responsible business units must ensure the pricing policies are adhered to and the price of the transaction is the same as, or within the price range of, comparable transactions carried out with independent third parties in the market (where such transactions are available for references), we consider the effective implementation of the internal control measures will ensure the fair pricing of the Factoring Services Transactions.

For our due diligence purpose, we requested the Company to provide a list containing the details of the factoring services provided to the Group by JD Technology for August 2023. We selected five set of factoring services agreements for on a random selection basis and compared these records with service fees quoted by two independent third party service providers. We noted that the fee rates of the records were lower than the upper limit of service fees range offered by the two independent third party service providers in providing similar type of factoring services.

Having considered our above findings, we do not doubt the effectiveness of the implementation of the internal control measures.

In addition, the Group’s business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the JD Technology Factoring Services on a semi-annually basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there are sufficient measures to monitor the utilisation of the annual caps.

LETTER FROM GRAM CAPITAL

Proposed annual caps

The table below demonstrates (i) 2023 Existing Annual Cap; (ii) 2023 Revised Annual Cap; and (iii) proposed annual caps for the amount of receivables to be purchased by JD Technology (the “**Proposed Factoring Cap(s)**”) and service fees payable by the Group (the “**Proposed Fee Cap(s)**”) for the three years ending 31 December 2026:

	2023 Existing Annual Cap	2023 Revised Annual Cap	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Amount of receivables to be purchased by JD Technology	2,700	6,000	14,000	15,000	16,000
Service fees payable by the Group	24.6	67.0	166	191	196

The bases for determining the 2023 Revised Annual Cap and the Proposed Factoring Caps for the three years ending 31 December 2026 are set out under the sub-section headed “Basis for the 2023 Revised Annual Cap” of the section headed “1. Existing Factoring Services Framework Agreement” and the sub-section headed “Basis for the annual caps” of the section headed “2. 2024 Factoring Services Framework Agreement” of the Board Letter respectively.

The Company provided us a calculation of the 2023 Revised Annual Cap, Proposed Factoring Caps and Proposed Fee Caps for the three years ending 31 December 2026.

Revised/Proposed annual caps for factoring services

We noted that the 2023 Revised Annual Cap in respect of receivables to be purchased by JD Technology was based on the estimated amount of Factoring Services Transactions for FY2023 (the “**FY2023 Estimated Factoring Amount**”). As further advised by the Directors, under Existing Factoring Services Framework Agreement and 2024 Factoring Services Framework Agreement, the Group proposes to sell its trade receivables with long-term credit periods (i.e. normally periods of 60 days and above).

In formulating FY2023 Estimated Factoring Amount, the Directors considered (i) the estimated amount of the Group’s revenue from external customers (the “**External Revenue**”) for 2H2023 (Note: the term of Existing Factoring Services Framework Agreement was from 2 July 2023 to 31 December 2023); (ii) the target percentages of trade receivables that the Group intends to sell to JD Technology for FY2023.

The Group has undertaken business acquisitions in the past few years, including the acquisition of Kuayue-Express Group Co., Ltd. (“**Kuayue**”) in August 2020 and the acquisition of Deppon Group in July 2022. From the calculation, we noted that (a) the estimated External Revenue for FY2023 represents an increase of approximately 12.8% as compared to the pro-forma External Revenue for FY2022 (Note: the pro-forma External Revenue for FY2022 was adjusted to include Deppon Group’s revenue for the full year, which is calculated as the Group’s pro-forma revenue as if the acquisition of Deppon Group had been completed on 1 January 2022 less the Group’s revenue from JD Group, as extracted from the 2022 Annual Report); and (b) the External Revenue for 2H2023 is estimated by the External Revenue for FY2023 minus the actual External Revenue for 1H2023.

LETTER FROM GRAM CAPITAL

As per our request, the Company further provided us with the Group's pro-forma External Revenue from FY2020 to FY2022 (Note: the pro-forma External Revenue for FY2020 was adjusted to include revenue from Kuayue and Deppon Group for the full year; and the pro-forma External Revenue for FY2021 was adjusted to include revenue from Deppon Group for the full year). As the aforesaid implied increase of 12.8% from FY2022 to FY2023 (based on estimation) is not over-estimated as compared to the CAGR of the Group's pro-forma External Revenue from FY2020 to FY2022 (i.e. approximately 26.9%, based on the adjustment of External Revenue), we consider that the estimated External Revenue for FY2023 is justifiable. Accordingly, we consider that the estimated External Revenue for 2H2023, being the estimated External Revenue for FY2023 minus the External Revenue for 1H2023, is also justifiable.

Furthermore, we noted that the target percentages of trade receivables that the Group intends to sell to JD Technology for FY2023 are in line with the percentages of trade receivables with a long-term credit period. This is also in line with the Group's plan in dealing with its trade receivables with long-term credit periods as mentioned above.

In light of the above factors, we consider that the 2023 Revised Annual Cap in respect of receivables to be purchased by JD Technology is fair and reasonable.

We noted that (i) the Proposed Factoring Cap for FY2024 represents an increase of approximately 16.7% as compared to the annualised 2023 Revised Annual Cap in respect of receivables to be purchased by JD Technology; and (ii) the Proposed Factoring Caps for FY2025 and FY2026 represent year-on-year increases of approximately 7.1% and 6.7% respectively.

Having considered that the CAGR of the Group's pro-forma External Revenue from FY2020 to FY2022 (i.e. approximately 26.9%), we are of the view that the aforesaid increases in the Proposed Factoring Caps for the three years ending 31 December 2026 are justifiable.

In light of the above factor, we consider that the Proposed Factoring Caps for the three years ending 31 December 2026 are fair and reasonable.

Revised/Proposed annual caps for service fees

The Directors advised us that when determining the 2023 Revised Annual Cap in respect of service fees payable by the Group and Proposed Fee Caps for the three years ending 31 December 2026, the Directors took into account (i) the Proposed Factoring Caps; and (ii) the estimated fee rates for the Factoring Services Transactions (calculated on a daily basis), for the four years ending 31 December 2026.

The Directors advised us the estimated fee rates for FY2023, FY2024, FY2025 and FY2026 were close to actual annualised fee rate of factoring services charged by JD Technology to the Group in August 2023.

LETTER FROM GRAM CAPITAL

Accordingly, we consider the estimated fee rate for determination of the 2023 Revised Annual Cap in respect of service fees payable by the Group and Proposed Fee Caps to be justifiable. We further noted that the duration of factoring services was made with reference to the credit period of trade receivables and the invoice date relating to the trade receivables (which is estimated with reference to and in line with the arrangement for factoring services accepted by the Group for August 2023) when calculating the estimated service fees.

In light of the above factors, we consider that the 2023 Revised Annual Cap in respect of service fees payable by the Group and Proposed Fee Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the 2023 Revised Annual Cap, Proposed Factoring Caps and Proposed Fee Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue to be generated or cost to be incurred from the Revision and the Factoring Services Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated or cost to be incurred from the Revision and the Factoring Services Transactions will correspond with the 2023 Revised Annual Cap, Proposed Factoring Caps and Proposed Fee Caps.

Having considered the principal terms of the Revision and the Factoring Services Transactions as set out above, we consider that the terms of the Revision and the Factoring Services Transactions (including the 2023 Revised Annual Cap, Proposed Factoring Caps and Proposed Fee Caps for the three years ending 31 December 2026) are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATION

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the Transactions must be restricted by the relevant annual caps (if applicable); (ii) the terms of the Transactions (together with the proposed annual caps, where applicable) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transactions (together with the proposed annual caps, where applicable) must be included in the Company's subsequent published annual reports and financial accounts.

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

In the event that the value of the Transactions is anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and hence the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

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

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

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

I. RESPONSIBILITY STATEMENT

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

II. DISCLOSURE OF INTERESTS

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

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

(i) Interest in the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding ⁽¹⁾
Wei Hu	Beneficial owner ⁽²⁾	6,222,091(L)	0.09%
Richard Qiangdong Liu	Beneficial owner ⁽³⁾ ; Interest in a controlled corporation ⁽⁴⁾	4,291,457,805(L)	64.95%
Nora Gu Yi Wu	Beneficial owner ⁽⁵⁾	21,859(L)	0.00%
Jennifer Ngar-Wing Yu	Beneficial owner ⁽⁶⁾	53,568(L)	0.00%
Liming Wang	Beneficial owner ⁽⁷⁾	18,289(L)	0.00%
Xiande Zhao	Beneficial owner ⁽⁸⁾	44,432(L)	0.00%
Yang Zhang	Beneficial owner ⁽⁹⁾	44,432(L)	0.00%

Notes:

- (1) The percentages are calculated on the basis of 6,607,181,772 Shares in issue as of the Latest Practicable Date.
- (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 share option scheme, subject to the conditions (including vesting conditions) of those options; and up to 4,927,227 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.
- (3) Includes Mr. Richard Qiangdong Liu's entitlement to receive up to 49,593,354 Shares pursuant to the exercise of options granted to him under the pre-IPO share option scheme, 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 the Latest Practicable Date, Mr. Richard Qiangdong Liu is interested in approximately 69.8% 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 35,712 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.
- (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.

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

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

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

The calculations in the table below are based on 3,158,132,279 ordinary shares of JD.com outstanding as of the Latest Practicable Date.

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

Director	Ordinary Shares Beneficially Owned*				% of aggregate voting power [#]
	Class A ordinary shares	Class B ordinary shares	Total ordinary shares	% of beneficial ownership	
Richard Qiangdong Liu	34,774,550 ⁽¹⁾	305,630,780 ⁽¹⁾	340,405,330 ⁽¹⁾	10.7 ⁽¹⁾	69.8 ⁽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.

- (1) 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 the Latest Practicable Date and (ii) 305,630,780 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 17,880,096 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in note (2) below.
- (2) The aggregate voting power includes the voting power with respect to the 17,880,096 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.
- (3) Fortune Rising Holdings Limited holds the 17,880,096 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.

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 International Inc. (“**JD Health**”) and China Logistics Property Holdings Co., Ltd. (“**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 the Latest Practicable Date:

Name of Director	Associated corporation	Nature of Interest	Number of shares/ underlying shares	Interest in associated corporation
Wei Hu	JD.com	Beneficial owner ⁽¹⁾	48,360(L)	0.00%
Xiande Zhao	JD.com	Beneficial owner	661(L)	0.00%
Richard Qiangdong Liu	JD Health	Interest in controlled corporation ⁽²⁾ ; Beneficial owner ⁽³⁾	2,184,655,829(L)	68.69%
Richard Qiangdong Liu	CNLP	Interest in controlled corporation ⁽⁴⁾	3,474,283,058(L)	100.00%

Notes:

- (1) 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.
- (2) JD Jiankang Limited, which holds 2,149,253,732 shares of JD Health, is wholly-owned by JD.com. As of the Latest Practicable Date, Mr. Richard Qiangdong Liu is interested in approximately 69.8% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (3) Includes Mr. Richard Qiangdong Liu’s entitlement to receive up to 26,521,259 shares of JD Health pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options.
- (4) These interests comprise of 3,474,283,058 shares of CNLP directly held by JINGDONG Property, Inc. which is owned as to 74.96% by JD.com as of the Latest Practicable Date. As of the Latest Practicable Date, Mr. Richard Qiangdong Liu is interested in approximately 69.8% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (5) (L) denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had 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 the Model Code.

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

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

Name of Shareholder	Nature of interest	Number of Shares	Approximate % of holding ⁽¹⁾
Jingdong Technology Group Corporation ⁽¹⁾	Beneficial owner	4,192,271,100(L)	63.45
JD.com ⁽¹⁾	Interest in controlled corporation	4,192,271,100(L)	63.45
TCT (BVI) Limited ⁽²⁾	Trustee	508,954,726(L)	7.70
The Core Trust Company Limited ⁽²⁾	Trustee	508,954,726(L)	7.70

Notes:

- (1) The percentages are calculated on the basis of 6,607,181,772 Shares in issue as of the Latest Practicable Date.
- (2) 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.
- (3) The Core Trust Company Limited, as a trustee, holds 508,954,726 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.
- (4) (L) denotes a long position in the Shares.
- (5) 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 for the foregoing, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the Company had not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

Mr. Richard Qiangdong Liu serves as chairman of the board of JD.com. Apart from the foregoing, no director or proposed director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

III. DIRECTORS' INTERESTS

(a) Interest in service contracts

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

(b) Interest in competing business

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

(c) Interest in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since December 31, 2022, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Interests in contract or arrangement

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

IV. LITIGATION

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

V. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since December 31, 2022, the date to which the latest published audited financial statements of the Group were made up.

VI. EXPERT AND CONSENT

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

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

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

As at the Latest Practicable Date, Gram Capital (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022, being the date to which the latest published audited accounts of the Group were made up.

VII. DOCUMENTS ON DISPLAY

Copies of the below documents will be available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://ir.jdl.com>) from the date of this circular up to 14 days thereafter:

- (i) the Existing Factoring Services Framework Agreement;
- (ii) the 2024 Factoring Services Framework Agreement;
- (iii) the 2024 Supply Chain Solutions and Logistics Services Framework Agreement; and
- (iv) the 2024 Shared Services Framework Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of JD Logistics, Inc. (the “Company”) will be held at 11:00 a.m. on Friday, November 24, 2023 at Building A, No. 18 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People’s Republic of China, for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT

1. (i) the framework agreement dated July 2, 2023 (the “**Existing Factoring Services Framework Agreement**”) entered into between the Company and Jingdong Technology Holding Co., Ltd. (京东科技控股股份有限公司) (“**JD Technology**”) in relation to the provision of factoring services by JD Technology to the Company and its subsidiaries and consolidated affiliated entities (the “**Group**”), the proposed revised annual cap for the year ending December 31, 2023 and the transactions contemplated under the Existing Factoring Services Framework Agreement, details of which are more particularly described in the circular of the Company dated November 9, 2023 (the “**Circular**”), be and are hereby confirmed, approved and ratified; and (ii) any director of the Company (the “**Director**”) be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the Existing Factoring Services Framework Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the Directors);
2. (i) the framework agreement dated September 1, 2023 (the “**2024 Factoring Services Framework Agreement**”) entered into between the Company and JD Technology, in relation to the provision of factoring services by JD Technology to the Group and the transactions contemplated thereunder (including the annual caps), details of which are more particularly described in the Circular, be and are hereby confirmed, approved and ratified; and (ii) any Director be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the 2024 Factoring Services Framework Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the Directors);

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. (i) the framework agreement dated September 1, 2023 (the “**2024 Supply Chain Solutions and Logistics Services Framework Agreement**”) entered into between the Company and JD.com, Inc. (“**JD.com**”) in relation to the provision of integrated supply chain solutions and other logistics services by the Group to JD.com, its subsidiaries and consolidated affiliated entities (excluding the Group, the “**JD Group**”) and its associates and the transactions contemplated thereunder (including the annual caps), details of which are more particularly described in the Circular, be and are hereby confirmed, approved and ratified; and (ii) any Director be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the 2024 Supply Chain Solutions and Logistics Services Framework Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the Directors); and
4. (i) the framework agreement dated September 1, 2023 (the “**2024 Shared Services Framework Agreement**”) entered into between the Company and JD.com in relation to the provision of certain back-office and administrative support services and technology support related services by JD Group and its associates to the Group and the transactions contemplated thereunder (including the annual caps), details of which are more particularly described in the Circular, be and are hereby confirmed, approved and ratified; and (ii) any Director be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the 2024 Shared Services Framework Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the Directors).”

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

Hong Kong, November 9, 2023

Notes:

- (1) Pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Third Amended and Restated Memorandum and Articles of Association of the Company, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend, and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
- (3) In the case of joint holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (4) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, November 22, 2023) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
- (5) The transfer books and register of members of the Company will be closed from Tuesday, November 21, 2023 to Friday, November 24, 2023, both days inclusive, to determine the entitlement of shareholders to attend and vote at the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, November 20, 2023.
- (6) References to time and dates in this notice are to Hong Kong time and dates.
- (7) The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.