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JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

CONTINUING CONNECTED TRANSACTIONS FREIGHT SERVICES FRAMEWORK AGREEMENT

FREIGHT SERVICES FRAMEWORK AGREEMENT

The Board announces that on November 17, 2023, the Company entered into the Freight Services Framework Agreement with Dada, pursuant to which Dada Group shall provide local on-demand freight services to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dada is a subsidiary of JD.com, and JD.com indirectly holds approximately 63.4% of the Company and is a controlling shareholder of the Company. Accordingly, JD.com is a connected person of the Company, and Dada is considered a connected person of the Company by virtue of being an associate of JD.com. Accordingly, the transactions contemplated under the Freight Services Framework Agreement constitute continuing connected transactions of the Company pursuant to the Listing Rules.

As all of the applicable percentage ratios calculated with reference to the highest annual caps for the transactions contemplated under the Freight Services Framework Agreement are more than 0.1% but less than 5%, the entering into of the Freight Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

FREIGHT SERVICES FRAMEWORK AGREEMENT

The Board announces that on November 17, 2023, the Company and Dada entered into the Freight Services Framework Agreement, the principal terms of which are set out below:

Date: November 17, 2023

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

(b) Dada (for itself, its subsidiaries and consolidated affiliated entities)

Term: November 17, 2023 to December 31, 2025

Subject matter: Dada Group shall provide the Group with local on-demand freight services to supplement the Group's transportation and freight capacity. Such services mainly include the transportation of consignment of goods between service stations and end users, and are primarily designated for the Group's freight delivery services, utilizing Dada's platform, its network of local freight service providers and four-wheel vehicles.

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

Reasons and benefits for entering into the Freight Services Framework Agreement

It is beneficial for the Group to use Dada Group's freight services to supplement the Group's transportation and freight capacity, given that Dada Group operates the leading local on-demand delivery platform in China, and the Group and Dada Group have a long-standing business relationship. The Company believes that Dada Group can utilize its (i) abundant transportation and delivery resources, (ii) well-established system and platform equipped with advanced algorithm, and (iii) matured service offering along with extensive experience, in providing the more cost-efficient, rapid and high-quality solutions as compared to independent third party freight service providers to satisfy the Group's increasing demands for outsourcing capacity driven by the growth of the Group's freight delivery business.

The Group is not bound and will not be bound to use freight services offered by Dada Group. The Group also engages other independent third party freight service providers to supplement transportation and freight capacity, and will continue to engage other independent third party freight service providers if the terms and conditions for the services provided by independent third party freight service providers are more favorable to the Group.

The Directors (including the independent non-executive Directors, and Mr. Richard Qiangdong Liu who has abstained) have, after due and careful consideration, determined that terms of Freight Services Framework Agreement and the 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.

Pricing policies

The relevant service fees for the freight services shall be determined by both parties based on fair market rate with reference to (i) the price quotations that the Group obtained from independent third party service providers for comparable services, and (ii) the service fees charged by Dada Group to any independent third party customers of strategic positions, taking into account the business volume. The Group will from time to time review the service fees for the freight services by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms the Group obtained from Dada Group 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 Dada Group 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 the period from January 2023 to September 2023 were approximately RMB55.1 million.

Annual caps

In respect of the Freight Services Framework Agreement, the transaction amounts for the year ending December 31, 2025 shall not exceed the annual caps as set out in the table below:

	For the year ending December 31,		
	2023	2024	2025
	<i>(RMB in million)</i>		
Transaction amounts to be paid by the Group to Dada Group	136	388	427

Basis for annual caps

The annual caps for the Freight Services Framework Agreement were determined with reference to:

- (a) the historical transaction amounts for the period from January 2023 to September 2023;
- (b) the expected increase in the overall demand for freight services by the Group, considering the expected growth in the Group's supply chain solutions and logistics services business volume in the next two years; and
- (c) the expected increase in the demand for freight services to be provided by Dada Group. In light of the benefits for engaging Dada Group in the provision of freight services as stated above and in accordance with the Group's business strategy, if the terms and conditions offered by Dada Group are more favorable to the Group as compared to other independent third party service providers, the Group will engage Dada Group for the provision of such services more frequently and instead of using other independent third party service providers for the provision of such services.

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 Freight Services Framework Agreement:

- (a) 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 Freight Services Framework Agreement, in particular, the fairness and reasonableness of the pricing policies and the annual caps under the said agreement, on an annual basis;
- (b) the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the Freight Services Framework Agreement 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;

- (c) before the Company enters into any of the transactions under the Freight 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);
- (d) 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;
- (e) the Company's external auditors will review the continuing connected transactions under the Freight Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded; and
- (f) the independent non-executive Directors will also review the continuing connected transactions under the Freight Services Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the 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 the Freight Services Framework Agreement can ensure the transactions contemplated thereunder will be conducted on normal commercial terms or better.

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. As of the date of this announcement, JD.com, through its wholly-owned subsidiary Jingdong Technology Group Corporation, is indirectly interested in 4,192,271,100 Shares, representing approximately 63.4% of the Company's total issued share capital. As of October 31, 2023, 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.

Dada

Dada is a listed company on NASDAQ under the symbol “DADA”, it is a platform for local on demand retail and delivery in China, and has become a subsidiary of JD.com since February 28, 2022. Dada operates (a) JD-Daojia, a local on-demand retail platform for retailers and brand owners to offer their products for consumers through its platform; and (b) Dada Now, a local on-demand delivery platform in China providing both intra-city delivery and last-mile delivery services.

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GENERAL

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

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“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
“Dada”	Dada Nexus Limited
“Dada Group”	Dada and its subsidiaries
“Director(s)”	the director(s) of the Company
“Freight Services Framework Agreement”	the framework agreement dated November 17, 2023 entered into between the Company and Dada in relation to the provision of freight services by Dada Group to the Group
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of our Company with par value of US\$0.000025 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, November 17, 2023

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