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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the “**Board**”) of directors (the “**Directors**”) of JD Logistics, Inc. (the “**Company**” or “**JD Logistics**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the year ended December 31, 2023. These annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group. In addition, “**JD Group**” refers to JD.com, Inc. (NASDAQ: JD; HKEX: 9618 (HKD counter) and 89618 (RMB counter)) and its subsidiaries, including JD Health International Inc. (HKEX: 6618 (HKD counter) and 86618 (RMB counter)), and its consolidated affiliated entities, excluding the Group. Any discrepancies in percentage ratios are due to rounding.

FINANCIAL HIGHLIGHTS

	Unaudited		Year-over-year
	Three months ended December 31,		change
	2023	2022	
	<i>(RMB in thousands, except for percentages)</i>		
Revenue	47,200,757	43,008,326	9.7%
Gross profit	4,352,806	3,816,033	14.1%
Profit before income tax	1,409,469	620,530	127.1%
Profit for the period	1,241,769	491,892	152.4%
Non-IFRS profit for the period ⁽¹⁾	1,803,595	1,004,210	79.6%
<i>Non-IFRS profit margin for the period⁽¹⁾</i>	3.8%	2.3%	<i>1.5 percentage points</i>
Non-IFRS EBITDA for the period ⁽¹⁾	4,970,796	3,944,003	26.0%
<i>Non-IFRS EBITDA margin for the period⁽¹⁾</i>	10.5%	9.2%	<i>1.4 percentage points</i>

	Year ended December 31, 2023	2022	Year-over-year change
	<i>(RMB in thousands, except for percentages)</i>		
Revenue	166,624,712	137,402,008	21.3%
Gross profit	12,683,157	10,099,637	25.6%
Profit/(loss) before income tax	1,618,912	(814,180)	N/A
Profit/(loss) for the year	1,167,195	(1,090,294)	N/A
Non-IFRS profit for the year ⁽¹⁾	2,760,844	866,031	218.8%
<i>Non-IFRS profit margin for the year⁽¹⁾</i>	1.7%	0.6%	<i>1.0 percentage points</i>
Non-IFRS EBITDA for the year ⁽¹⁾	14,605,753	10,988,724	32.9%
<i>Non-IFRS EBITDA margin for the year⁽¹⁾</i>	8.8%	8.0%	<i>0.8 percentage points</i>

(1) See the section headed “Non-IFRS Measures” for more information about the non-IFRS measures.

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023.

CEO STATEMENT

Dear shareholders,

In 2023, as China’s economy showed signs of recovery and improvement, with supply and demand improving steadily, JD Logistics pursued progress while ensuring stability. With the mission to “drive superior efficiency and sustainability for global supply chain through technology”, we continued to cultivate our primary business in the integrated supply chain services market, constantly creating value through offering trusted supply chain services to a broad range of domestic and overseas customers.

Leveraging our nationwide logistics infrastructure network, leading digital and intelligence capabilities and in-depth industry insights, we consolidated our differentiated competitive advantages centered on integrated supply chain solutions and high-quality logistics services. This drove efficiency enhancements, cost optimizations, elevation of customer experience, and sustainable business growth, empowering us to help many corporate customers achieve their goals of cost reduction and efficiency enhancement. Amid evolving international dynamics and in the era of global supply chain reconstruction, we have constructed a global supply chain network with overseas warehousing as the core, providing high-quality, efficient and comprehensive integrated supply chain services for an increasing number of Chinese go-global brands and overseas customers.

In 2023, our total revenue reached RMB166.6 billion, increased by 21.3% year-over-year. Revenue from external customers increased by 30.8% year-over-year to RMB116.6 billion, accounting for 70.0% of total revenue, representing a larger proportion compared with 2022. We have deepened our collaborations with leading customers in various industries, such as fast-moving consumer goods (“FMCG”), home appliances and home furniture, apparel, and automotive, leading to

ongoing upgrades of our industry-specific digital and intelligent supply chain solutions and services. We have helped a large number of customers achieve cost reductions and efficiency improvements.

In the meantime, we also focused on elevating customer experience across our standardized service products, such as express delivery and freight delivery services. Our broad service product matrix has enabled us to expand the scope of collaboration with existing customers. We are pleased to see that in 2023, both the number of customers and the average revenue per customer (“**ARPC**”) of our external integrated supply chain customers with annual revenue contribution of no less than RMB10 million increased year-over-year, representing a strong endorsement reflecting customers’ recognition of our services.

As our revenue increased steadily, we continued to strengthen our logistics infrastructure and promoted network integration with Deppon Logistics Co., Ltd. (“**Deppon Logistics**”). We continued our investment and innovation in technology throughout logistics operations, in order to provide more professional and reliable solutions and services that deliver the best-in-class customer experience.

In 2023, which marked the 10th year since the operation of our Asia No. 1 smart industrial park, we enhanced operational efficiency by improving the intelligence level of our warehouses. In particular, our warehouse automation solutions and products have served external customers across various industries, facilitating upgrades to automated and intelligent warehousing models. For example, our self-developed and produced automatic put walls have been available for a number of external customers in industries such as automotive spare parts, apparel, and pharmaceuticals, effectively overcoming the challenges associated with multiple-SKU sorting and helping customers achieve cost reductions and efficiency improvements.

We continued to drive the organic integration of technological innovation and operational scenarios. For example, in the transportation stage, we have applied intelligent algorithms to practical operational scenarios to develop a smart coordination and deployment system of transportation capacity resources, elevating our refined operation capabilities. We explored the application of large language models across multiple scenarios within our internal operations. Going forward, we will continue to upgrade our logistics technology products and solutions, cultivating a highly efficient and synergistic ecosystem.

Rooted in the real economy and guided by the principle of “long-termism”, we are committed to doing what is valuable in the long run. In 2023, we continued to fulfill our social responsibilities by fully leveraging our advantages in the integrated supply chain logistics services and exporting the capabilities of supply chain logistics we have cultivated over the years to promote high-quality supply chain development for society as a whole. In addition, as the first Chinese logistics company to set scientific carbon emission reduction targets, we have not only created an industry-leading new model for green logistics supply chain growth, but also collaborated with relevant professional institutions to launch the Supply Chain Emission Management Platform. The platform facilitates more direct, efficient, and cost-effective carbon reduction for more enterprises, ultimately empowering them to achieve their “net zero emissions” targets and truly realize low-carbon, green, and sustainable development.

Appreciation

On behalf of the Board, I would like to say thank you to all our employees, customers and business partners. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their long-time support and trust. Looking ahead into 2024, JD Logistics is committed to working with all parties to drive end-to-end supply chains towards integration, intelligence, and green initiatives, making great contributions to sustainable development and economic resilience recovery.

Wei Hu

Executive Director and CEO

March 6, 2024

BUSINESS REVIEW

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

In 2023, China’s economy showed signs of recovery and improvement, with supply and demand improving steadily. “Cost reductions and efficiency enhancements” has become a priority for a large number of corporate customers in post-pandemic recovery and development.

We remained dedicated to reducing costs, enhancing efficiency, and improving customer experience, continuously reinforcing our competitive advantage in integrated supply chain solutions and services, and driving high-quality growth. In 2023, our total revenue reached RMB166.6 billion, increased by 21.3% year-over-year. Revenue from external customers increased by 30.8% year-over-year to RMB116.6 billion, accounting for 70.0% of total revenue, representing a larger proportion compared with 2022.

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

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

In 2023, revenue from integrated supply chain customers reached RMB81.5 billion, of which RMB31.4 billion was from external customers, representing an increase of 7.7% year-over-year, maintaining quality growth momentum. We have deepened our collaboration with leading customers in various industries, including but not limited to Volvo Cars, Li Auto, China Feihe and Bosideng, among others. Through our integrated supply chain service offering, we effectively helped our customers enhance supply chain efficiency and achieve comprehensive cost reductions and efficiency improvements.

As we expand the breadth of our partnerships with these customers, we are enhancing our industry-specific expertise and building a strong reputation, supporting our business development and helping more customers achieve the digital and intelligent transformation of their supply chains.

In 2023, our external integrated supply chain customers, with annual revenue contributions of no less than RMB10 million, maintained year-over-year growth in both the number of customers and the ARPC. The number of such customers reached 384, a year-over-year increase of 6.1%, while their ARPC was RMB45.9 million, a year-over-year increase of 8.8%.

Meanwhile, we continued to optimize our customer mix and business structure to promote our business health, as we believe that a healthy, high-quality customer and business mix is crucial for our steady and long-term development.

While making rapid progress in our business, we have remained guided by our core value of “customer-first”. As a result, we have received widespread recognition from customers and consumers for our professional and reliable services. According to survey results published by the State Post Bureau of the People’s Republic of China, our express delivery services have constantly maintained best-in-class customer satisfaction ratings.

Firmly committed to innovation and investment in technologies, we strive to bring cutting-edge scientific breakthroughs into real-world applications with a team of dedicated research and development personnel, which totaled approximately 4,600 members as of December 31, 2023. At the same time, through service automation, operational digitalization and decision-making intelligentization, we continually seek solutions that strike a balance between cost and efficiency while optimizing user experience.

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

As of December 31, 2023, we operated more than 1,600 warehouses, over 19,000 delivery stations and service outlets, and employed approximately 350,000 in-house delivery and operation personnel.

Integrated Supply Chain Logistics Solutions and Services

We provide supply chain management services to our customers through integrated supply chain solutions, helping customers realize cost reductions and efficiency improvements and facilitating fast decision-making in a rapidly changing business environment. As supply chain management plays an important role in supporting the competitive strategy of a growing number of companies, we continually develop diversified supply chain solutions and service products. While capturing new business opportunities and attracting and serving more customers, we also continue to deepen our collaborations with existing customers.

In 2023, our revenue from integrated supply chain customers reached RMB81.5 billion, of which RMB31.4 billion was from external customers, a year-over-year increase of 7.7%. The number of our external integrated supply chain customers amounted to 74,714. The ARPC of our external integrated supply chain customers amounted to RMB420 thousand, a year-over-year increase of 15.2%. The increase in ARPC was primarily attributable to our consistent expansion of the breadth and depth of our collaborations with existing customers, helping more of them achieve digital and intelligent transformation of supply chain.

The following table sets forth the information of our external integrated supply chain customers.

	Year ended December 31,	
	2023	2022
External integrated supply chain customers with annual revenue contribution of no less than RMB10 million:		
Number of customers	384	362
ARPC (RMB in millions)	45.9	42.2
Revenue (RMB in millions)	17,624	15,271
% of revenue from external integrated supply chain customers	56.1%	52.3%
External integrated supply chain customers with annual revenue contribution of less than RMB10 million:		
Number of customers	74,330	79,566
ARPC (RMB in thousands)	185.4	174.8
Revenue (RMB in millions)	13,783	13,904
% of revenue from external integrated supply chain customers	43.9%	47.7%

We provide industry-specific integrated supply chain solutions and service products to customers in FMCG, home appliances and home furniture, 3C, apparel, automotive, and fresh produce, and other industries. In the face of the constantly evolving business landscape and consumer market, we remain focused on “cost, efficiency and experience”, continuously upgrading and expanding our supply chain offerings to provide differentiated products and solutions tailored to our customers’ diverse needs.

In the automotive industry, leveraging our integrated nationwide warehousing network, big data computing capabilities, and platform system strength, we have successfully developed integrated supply chain solutions and service products for automotive after-sales spare parts in serving brands such as Volvo Cars, SAIC GM Wuling and Li Auto. These initiatives have helped them to optimize and upgrade supply chain networks, reduce costs, elevate efficiency, and improve customer experience such as delivery timelines. We continued to deepen our collaboration with these leading automotive brands, extending the scope of our services from the after-sales spare parts sector to integrated supply chain cooperation in specific segments. In the second half of 2023, we exclusively provided nationwide integrated supply chain services of home charging piles for a well-known international new energy vehicle customer, and expanded the services to home charging pile delivery and installation service for their new energy vehicle owners. Leveraging our digital technology strengths, we have effectively enhanced the level of digitalization and management precision for the customer’s home charging pile business.

In the apparel industry, given the large number of SKUs and the frequent occurrence of returns and exchanges, we implemented zoning operation management in warehouses according to the characteristics of our customers’ products, to improve outbound efficiency. Meanwhile, we provided value-added services such as quality inspection, product cleaning, and repackaging for the returned goods to create full-spectrum supply chain services in the apparel industry.

In the second half of 2023, we collaborated with a well-known domestic sportswear brand to provide full spectrum of supply chain services, such as integrated forward-and-reverse logistics and value-added quality inspection services, while further expanding into areas such as store-to-customer delivery and store-to-store delivery. The in-depth cooperation with this customer helped us not only fortify our industry-specific capabilities, but also establish a benchmark for serving the apparel industry.

While continuously expanding our market share in China's integrated supply chain market, we also provide high-quality, efficient, and comprehensive integrated supply chain solutions to a growing number of Chinese go-global brands and overseas customers.

In the fourth quarter of 2023, we deepened our collaboration with a Chinese technology company, efficiently allocating their merchandise inventory in Europe based on the characteristics of its merchandise flow. Our solutions allowed the orders of their European customers to rapidly leave the warehouse no matter on which platform the orders were placed, and enabled fast delivery across core European countries and regions.

We see more and more overseas customers choose our integrated supply chain services with overseas warehousing as the core. Taking a well-known drinkware brand in the United States as an example, as their order volume surges year-over-year during the Black Friday shopping season, the fulfillment capabilities of logistics and supply chain greatly affect the satisfaction of its end-consumers. Before the promotion period, our local professional team communicated with the customer in advance to conduct sales forecasts and reasonable inventory deployment. During the promotion, we responded to customers' questions in a timely manner. Relying on our self-developed warehousing automation equipment, systems and extensive operational experiences, we helped this customer improve the fulfillment rate effectively. Based on trust, our cooperation with this customer has been deepened.

In addition, given our stable and high-quality fulfillment experience, we see an expansion in the scope of our collaborations with many existing overseas customers. For instance, in 2023, our cooperation with an overseas e-commerce platform primarily specializing in women's apparel expanded from North America to multiple countries in Oceania and Europe.

Other customers

In 2023, our revenue from other customers increased by 42.0% year-over-year to RMB85.2 billion. While improving our integrated supply chain logistics solutions and services capabilities, we have also collaborated with Deppon Logistics to continually strengthen the development of our foundational network capabilities, promote network integration, and elevate customer experience and satisfaction. This will ensure that our standardized products, such as express delivery and freight delivery services, represent the highest industry standards all the way in terms of quality, reliability and convenience.

We continued to elevate customer experience and satisfaction, which in turn facilitated our business expansion. In December 2023, JD Express launched the timeliness-enhanced plan for personal delivery by offering the "Next Morning Delivery" service available in nine cities, such as Beijing and Shanghai, allowing consumers to receive their packages as early as 8:00 a.m. the next morning. Additionally, we launched personalized pickup and delivery services such as nighttime pick-ups and morning deliveries based on the unique demands of our diverse customer base.

We continued to expand cooperation with Douyin, Kuaishou and multiple e-commerce platforms. Leveraging our comprehensive infrastructure and network coverage and digital capabilities for real-time tracking throughout the process, we not only provided high-quality services and experience to customers, but also achieved significant revenue growth. JD Logistics served as Kuaishou's official logistics partner during Kuaishou E-commerce Double 11 Shopping Festival in 2023, providing solid logistics operational support for Kuaishou's merchants and high-quality delivery services such as to-door delivery for Kuaishou's users.

We also steadily advanced the network integration of Deppon Logistics and JD Logistics' freight delivery business, particularly with respect to transit and transportation, to achieve cost reduction and efficiency enhancement. As of the end of December 2023, we had successfully transferred partial assets of 83 transit centers of JD Logistics' freight delivery business to Deppon Logistics.

Logistics Technology

Technological innovation has always been our priority. We are committed to seamlessly and naturally integrating innovative technology-based services into diverse scenarios and exploring pioneering technologies, through our digital, intelligent hardware and software integrated logistics technology products and solutions, to foster cost reductions, efficiency enhancements and industry upgrades, ultimately promoting the industry's high-quality development. Currently, our technology-driven products and solutions cover key supply chain logistics processes across logistics parks, warehousing, sortation, transportation and delivery. Our product portfolio including logistics technology software and hardware covering the entire supply chain process has empowered us to break through key scenarios, such as smart warehousing and intelligent logistics parks. Furthermore, we have built technical service capabilities covering the full spectrum of supply chain scenarios, through critical technologies such as digital twinning and artificial intelligence. Our core technology products include high-density storage and goods-to-person systems, automatic guided vehicles, automatic put walls, intelligent delivery vehicles, among others. Meanwhile, we continue to improve the level of automation throughout the supply chain process.

In the warehousing stage, we consistently upgrade our warehousing automation solutions and integrate digital and intelligent capabilities such as algorithm technology into our daily operations, optimizing category layout within our warehouses, effectively improving storage density and sorting efficiency, and optimizing our network configuration.

In the sorting stage, we have improved operational efficiency by deploying flexible, automated sorting equipment. In 2023, JD Logistics' self-developed and produced automatic put walls were applied to several of our internal sites handling various product categories. Our automatic put walls simplified the sorting process for operators, reduced sorting errors, and lowered operational costs. Additionally, we have extended this service to external customers in industries such as automotive spare parts, apparel, and pharmaceuticals, advancing the automation and intelligent upgrading of their warehouse operations to enhance operational efficiency.

In the road transportation stage, we integrate intelligent algorithms with actual operational scenarios to create a system dedicated to intelligent coordinating, planning, and deployment of transport capacity resources. Meanwhile, we achieve instant abnormal deployment with the help of visual tools, and improve the refined management capabilities through vehicle upgrading and optimized allocation of transportation resources. Collectively, these enhancements have effectively lowered comprehensive transportation costs.

We continuously pursue cutting-edge technologies. We explore the application of large language models across multiple scenarios within our internal operations. For example, we have developed a control platform for logistics abnormalities that can quickly identify, alert, and intervene in abnormal events during pickup and delivery processes by analyzing multidimensional data such as videos, photos, and texts. Additionally, we have integrated voice assistants into the operating systems of our frontline delivery personnel, significantly enhancing operational efficiency.

As of December 31, 2023, we had received authorization for over 4,000 patents and software, among which, more than 2,000 are related to automation technology and unmanned technology.

Logistics Infrastructure and Networks

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

Warehouse network

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

As of December 31, 2023, our warehouse network covered nearly all counties and districts in China, consisting of over 1,600 self-operated warehouses and over 2,000 third-party warehouse-owner operated cloud warehouses under our Open Warehouse Platform. Our warehouse network has an aggregate gross floor area (“GFA”) of more than 32 million square meters, including warehouse space managed through the Open Warehouse Platform.

We harness the power of technology to enhance the operational efficiency of our warehouse network. One notable example is our Asia No. 1 smart industrial parks, which also demonstrate our industry-leading technological innovations and high technology standards. As of December 31, 2023, we operated 41 Asia No. 1 smart industrial parks in 30 cities across China. In 2023, which marked the 10th year since the operation of our Asia No. 1 smart industrial park, we enhanced operational efficiency by making our warehouse more intelligent. In addition, we further expanded the coverage of our smart warehouse network, opening or upgrading Asia No. 1 smart industrial parks in cities such as Qingdao, Kunshan, and Lanzhou in 2023. Among them, phase II of Kunshan Asia No. 1 smart industrial park (“**Kunshan Asia No. 1**”) officially commenced operation in June 2023 with a GFA of over 500,000 square meters. Its automatic sorting center boasts more than 80 automatic sorting lines. During the 618 Grand Promotion this year, the sorting center of Kunshan Asia No. 1 operated around the clock, processing over 4.5 million parcels per day, which set the leading global standard.

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

Line-haul transportation network

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

As of December 31, 2023, we had a self-operated fleet of over 40,000 vehicles, with new energy vehicles deployed in numerous cities nationwide. Through our partnerships, we covered more than 600 railway routes and over 1,000 air cargo routes. In addition, we operated approximately 400 sorting centers in China.

As of December 31, 2023, JD Airlines has achieved regular operations with six proprietary all-cargo airplanes, covering routes connecting cities such as Beijing, Shenzhen, Wuxi, Nantong, and Hangzhou, bringing more reliable on-time services to core cities in the Beijing-Tianjin-Hebei area, the Pearl River Delta and the Yangtze River Delta, with flights departing at sunset and arriving at sunrise. In addition, JD Airlines launched the first international all-cargo route between Shenzhen, China, and Ho Chi Minh City, Vietnam in September 2023 and had four international cargo routes in 2023, which enhanced the efficiency of logistics fulfillment for cross-border e-commerce merchants.

Last-mile delivery network

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

As of December 31, 2023, we employed approximately 350,000 in-house delivery and operation personnel and operated over 19,000 delivery stations and service outlets, covering more than 300 prefecture-level administrative regions in 33 provincial-level regions in China. The vast majority of our delivery stations and service outlets are self-operated to ensure top quality services.

Bulky item logistics network

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

As of December 31, 2023, we had over 200 warehouses with bulky- and heavy-item storage capabilities and more than 200 sorting centers, with an aggregate GFA of over 4 million square meters.

For lower-tier cities with growing e-commerce penetration, we leverage the resources of our network partners under the Jing Dong Bang (京東幫) brand to expand our network coverage. As of December 31, 2023, we utilized approximately 1,800 bulky item delivery and installation stations under Jing Dong Bang (京東幫).

Cold chain logistics network

As of December 31, 2023, we operated nearly 100 temperature-controlled cold storage warehouses designated for fresh, frozen and refrigerated products with an operation area of approximately 500,000 square meters. In addition, as of December 31, 2023, we operated more than 30 warehouses designated for pharmaceuticals and medical devices with an operation area of over 300,000 square meters.

Cross-border logistics network

As of December 31, 2023, we operated approximately 90 bonded warehouses, international direct distribution warehouses and overseas warehouses, covering an aggregate GFA of nearly 900,000 square meters.

Leveraging our domestic warehousing operation experience, we help Chinese manufacturers and other Chinese brands enter overseas markets through our one-stop services, driven by the application of advanced automation equipment, upgrading of inventory management system, and optimization of operational processes. We also provide global customers with high-quality, efficient, comprehensive integrated supply chain solutions. We have established self-operated overseas warehouses in the United States, Germany, the Netherlands, France, the United Kingdom, Vietnam, the United Arab Emirates, Australia and Malaysia, among other countries. Meanwhile, with overseas warehousing capabilities as the core, we continue to construct our comprehensive global supply chain logistics network encompassing overseas warehouse networks, international transit hubs, local transportation and delivery networks in overseas countries, and cross-border transportation networks to provide services to more customers.

Corporate Social Responsibility

JD Group is a new real economy-based enterprise with digitalized technologies and capabilities. As such, JD Logistics has always fulfilled our social responsibilities by fully leveraging our advantages in integrated supply chain logistics services and exporting the supply chain logistics capabilities we have cultivated over the years, thereby promoting high-quality supply chain development for society as a whole.

In 2023, JD Logistics swiftly responded to several emergencies, including the flood disasters in the Beijing-Tianjin-Hebei area and the Jishishan earthquake in Linxia, Gansu, timely mobilizing resources from nearby warehouses to aid those affected. By leveraging our stable and efficient integrated supply chain capabilities, we actively upheld our social responsibilities during these crises.

As the first Chinese logistics company to set scientific carbon emission reduction targets, we have continuously advanced carbon reduction in all aspects of our operations, including warehousing, transportation, and packaging materials. By applying smart and intelligent algorithms to enhance efficiency, utilizing clean energy and transportation equipment, and recycling packaging materials, we have pioneered an industry-leading model for green logistics supply chain development.

In April 2023, we jointly released the Supply Chain Emission Management Platform (“**SCEMP**”) with the Green Supply Chain Special Committee of the All-China Environment Federation. Through the platform, enterprises can directly and accurately track carbon emissions from logistics and transportation, tally their carbon assets, implement carbon reduction technologies with precision through big data calculations, and ultimately achieve their “net zero emissions” targets. For example, we established a carbon account for Decathlon China through SCEMP and provided solutions for the measuring of greenhouse gas carbon footprint and decarbonization pathways for its e-commerce business, meeting its requirements for precision, granularity and visualization in carbon management.

Furthermore, we are actively promoting the use of clean energy vehicles to reduce carbon emissions in transportation. In 2023, JD Logistics deployed dozens of hydrogen-powered heavy-duty trucks, marking the first large-scale implementation of such trucks in China’s logistics sector.

In 2023, JD Logistics’ commitment to ESG (Environmental, Social, and Governance) standards once again garnered industry recognition with an improved score from the S&P Global Corporate Sustainability Assessment, securing an industry-leading position. Additionally, JD Logistics was included in the MSCI ESG Ratings for the first time, earning a “BB” rating.

Driven by our unwavering commitment and unremitting efforts to create more jobs and make contribution to the society, JD Logistics’ total expenditure for human resources, including both our own employees and external personnel who work for JD Logistics, amounted to RMB22.8 billion and RMB82.1 billion for the three months and the year ended December 31, 2023, respectively.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Three Months Ended December 31, 2023 Compared to Three Months Ended December 31, 2022

The following table sets forth the comparative figures for the three months ended December 31, 2023 and 2022, respectively:

	Unaudited	
	Three months ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	47,200,757	43,008,326
Cost of revenue	(42,847,951)	(39,192,293)
Gross profit	4,352,806	3,816,033
Selling and marketing expenses	(1,290,803)	(1,177,911)
Research and development expenses	(880,135)	(892,366)
General and administrative expenses	(868,646)	(969,120)
Others, net ⁽¹⁾	96,247	(156,106)
Profit before income tax	1,409,469	620,530
Income tax expense	(167,700)	(128,638)
Profit for the period	1,241,769	491,892
Profit for the period attributable to:		
Owners of the Company	1,039,098	352,572
Non-controlling interests	202,671	139,320
	1,241,769	491,892
Non-IFRS measures:		
Non-IFRS profit for the period	1,803,595	1,004,210
Non-IFRS EBITDA for the period	4,970,796	3,944,003

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

Revenue

Given the central role of inventory management in the Group's integrated supply chain solutions and logistics services, customers of the Group are categorized based on whether such customers have utilized the Group's warehouse or inventory management related services. Customers are reviewed by the Group on a regular basis, and customers who have utilized the Group's warehouse or inventory management related services in the recent past are classified as the Group's integrated supply chain customers. The following table sets forth a breakdown of our revenue by integrated supply chain customers and other customers, both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Three months ended December 31, 2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Integrated supply chain customers	23,012,399	48.8	21,143,921	49.2
Other customers	24,188,358	51.2	21,864,405	50.8
Total	47,200,757	100.0	43,008,326	100.0

Revenue increased by 9.7% to RMB47.2 billion for the three months ended December 31, 2023, from RMB43.0 billion for the same period of 2022. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 8.8% to RMB23.0 billion for the three months ended December 31, 2023, from RMB21.1 billion for the same period of 2022. The increase in revenue from integrated supply chain customers was primarily attributable to (i) an increase in revenue from JD Group, and (ii) the increase of revenue from external integrated supply chain customers, with a year-over-year increase in the ARPC. Our ARPC increased to RMB155,974 for the three months ended December 31, 2023, from RMB135,172 for the same period of 2022, representing a year-over-year increase of 15.4%. Our ARPC improvement reflected customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, was 55,391 for the three months ended December 31, 2023, compared to 60,859 for the same period of 2022.

Revenue from other customers increased by 10.6% to RMB24.2 billion for the three months ended December 31, 2023, from RMB21.9 billion for the same period of 2022, primarily driven by the increase in business volume of our express delivery and freight delivery services.

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others (including revenue generated from third-party merchants on the online marketplace of JD Group), both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Three months ended December 31,		2022	
	2023			
	RMB'000	%	RMB'000	%
From JD Group	14,372,842	30.5	12,917,494	30.0
From others	32,827,915	69.5	30,090,832	70.0
Total	<u>47,200,757</u>	<u>100.0</u>	<u>43,008,326</u>	<u>100.0</u>

Cost of revenue

Cost of revenue increased by 9.3% to RMB42.8 billion for the three months ended December 31, 2023, from RMB39.2 billion for the same period of 2022, which was in line with the growth of our revenue during the corresponding period.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 20.5% to RMB15.4 billion for the three months ended December 31, 2023, from RMB12.8 billion for the same period of 2022, primarily driven by the increase in the number of operational employees, which was in line with the continued growth of our business.

Outsourcing cost, mainly including costs charged by third-party transportation companies, express delivery companies and other service providers for sorting, shipping, delivery and labor outsourcing services, increased by 3.4% to RMB17.7 billion for the three months ended December 31, 2023, from RMB17.1 billion for the same period of 2022, primarily driven by the growth of our business which required higher outsourcing capacity.

Rental cost, mainly including depreciation of right-of-use assets and leasing expenses for short-term leases, increased by 8.1% to RMB3.3 billion for the three months ended December 31, 2023, from RMB3.1 billion for the same period of 2022, primarily driven by the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services.

Depreciation of property and equipment and amortization of other intangible assets increased by 3.9% to RMB1.0 billion for the three months ended December 31, 2023, from RMB0.9 billion for the same period of 2022, primarily driven by the increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 3.0% to RMB5.4 billion for the three months ended December 31, 2023, from RMB5.3 billion for the same period of 2022, primarily driven by the increase in fuel cost, cost of packaging and other consumable materials, and office expenses.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit and gross profit margin for the three months ended December 31, 2023 was RMB4.4 billion and 9.2%, respectively, compared to gross profit and gross profit margin of RMB3.8 billion and 8.9% for the same period of 2022, respectively. The increase in the gross profit margin was primarily due to (i) optimized business structure and customer mix, and (ii) economies of scale with business expansion, driving efficiency gains in most of our cost components.

Selling and marketing expenses

Selling and marketing expenses increased by 9.6% to RMB1,290.8 million for the three months ended December 31, 2023, from RMB1,177.9 million for the same period of 2022, primarily driven by the increase in headcount of sales and marketing personnel to promote our service offerings.

Research and development expenses

Research and development expenses decreased by 1.4% to RMB880.1 million for the three months ended December 31, 2023, from RMB892.4 million for the same period of 2022, primarily driven by the decrease in share-based payments expenses.

General and administrative expenses

General and administrative expenses decreased by 10.4% to RMB868.6 million for the three months ended December 31, 2023, from RMB969.1 million for the same period of 2022, primarily driven by the decrease in share-based payments expenses.

Profit for the period

We recorded a net profit of RMB1,241.8 million for the three months ended December 31, 2023, compared to a net profit of RMB491.9 million for the same period of 2022.

Year Ended December 31, 2023 Compared to year Ended December 31, 2022

The following table sets forth the comparative figures for the years ended December 31, 2023 and 2022, respectively:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	166,624,712	137,402,008
Cost of revenue	(153,941,555)	(127,302,371)
Gross profit	12,683,157	10,099,637
Selling and marketing expenses	(4,998,685)	(4,062,150)
Research and development expenses	(3,571,157)	(3,122,863)
General and administrative expenses	(3,353,142)	(3,157,073)
Others, net ⁽¹⁾	858,739	(571,731)
Profit/(loss) before income tax	1,618,912	(814,180)
Income tax expense	(451,717)	(276,114)
Profit/(loss) for the year	1,167,195	(1,090,294)
Profit/(loss) for the year attributable to:		
Owners of the Company	616,193	(1,396,834)
Non-controlling interests	551,002	306,540
	1,167,195	(1,090,294)
Non-IFRS measures:		
Non-IFRS profit for the year	2,760,844	866,031
Non-IFRS EBITDA for the year	14,605,753	10,988,724

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

Revenue

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

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Integrated supply chain customers	81,470,338	48.9	77,435,959	56.4
Other customers	85,154,374	51.1	59,966,049	43.6
Total	166,624,712	100.0	137,402,008	100.0

Revenue increased by 21.3% to RMB166.6 billion in 2023, from RMB137.4 billion in 2022. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 5.2% to RMB81.5 billion in 2023, from RMB77.4 billion in 2022. The increase in revenue from integrated supply chain customers was primarily attributable to (i) an increase in revenue from JD Group, and (ii) the increase of revenue from external integrated supply chain customers, with a year-over-year increase in the ARPC. Our ARPC increased to RMB420,363 in 2023, from RMB365,015 in 2022, representing a year-over-year increase of 15.2%. Our ARPC improvement reflected customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness. The number of our external integrated supply chain customers, who have contributed to our revenue for the years presented, was 74,714 in 2023, compared to 79,928 in 2022.

Revenue from other customers increased by 42.0% to RMB85.2 billion in 2023, from RMB60.0 billion in 2022, partially driven by the increase in business volume of our express delivery and freight delivery services. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others (including revenue generated from third-party merchants on the online marketplace of JD Group), both in absolute amount and as a percentage of our total revenue for the years presented.

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
From JD Group	50,063,365	30.0	48,261,010	35.1
From others	116,561,347	70.0	89,140,998	64.9
Total	166,624,712	100.0	137,402,008	100.0

Cost of revenue

Cost of revenue increased by 20.9% to RMB153.9 billion for the year ended December 31, 2023, from RMB127.3 billion in 2022, which was in line with the growth of our revenue during the corresponding period.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 23.9% to RMB55.3 billion in 2023, from RMB44.6 billion in 2022, partially driven by the increase in the number of operational employees, which was in line with the continued growth of our business. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Outsourcing cost, mainly including costs charged by third-party transportation companies, express delivery companies and other service providers for sorting, shipping, delivery and labor outsourcing services, increased by 16.9% to RMB60.3 billion in 2023, from RMB51.6 billion in 2022, partially driven by the growth of our business which required higher outsourcing capacity. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Rental cost, mainly including depreciation of right-of-use assets and leasing expenses for short-term leases, increased by 14.7% to RMB12.8 billion in 2023, from RMB11.2 billion in 2022, partially driven by the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Depreciation of property and equipment and amortization of other intangible assets increased by 34.8% to RMB3.9 billion in 2023, from RMB2.9 billion in 2022, partially driven by the increase in the depreciation expenses of logistics equipment and vehicles. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Other cost of revenue increased by 27.0% to RMB21.6 billion in 2023, from RMB17.0 billion in 2022, partially driven by the increase in fuel cost, cost of packaging and other consumable materials, and office expenses. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit and gross profit margin in 2023 was RMB12.7 billion and 7.6%, respectively, compared to gross profit and gross profit margin of RMB10.1 billion and 7.4% in 2022, respectively. The increase in the gross profit margin was primarily due to (i) optimized business structure and customer mix, and (ii) economies of scale with business expansion, driving efficiency gains in most of our cost components.

Selling and marketing expenses

Selling and marketing expenses increased by 23.1% to RMB5.0 billion in 2023, from RMB4.1 billion in 2022, partially driven by the increase in headcount of sales and marketing personnel to promote our service offerings. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Research and development expenses

Research and development expenses increased by 14.4% to RMB3.6 billion in 2023, from RMB3.1 billion in 2022, partially driven by our continuing investment in technology and innovation. In addition, the increase was also attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

General and administrative expenses

General and administrative expenses increased by 6.2% to RMB3.4 billion in 2023, from RMB3.2 billion in 2022. The increase was primarily attributable to the consolidation of Deppon Logistics for the full year of 2023, while we only consolidated Deppon Logistics since July 26 in 2022.

Others, net

Others, net in 2023 was a gain of RMB858.7 million, compared to a loss of RMB571.7 million in 2022. The turnaround was primarily attributable to (i) other income, gains/(losses), net increased to a gain of RMB727.0 million in 2023, from a gain of RMB8.4 million in 2022, primarily driven by the increase in government grants, the decrease in losses on fair value changes of financial instruments at fair value through profit or loss, the decrease in contract termination costs, and the turnaround to a gain in 2023 from a loss in 2022 on disposal of property and equipment, and (ii) finance income increased by 127.6% to RMB1,404.1 million in 2023, from RMB616.8 million in 2022, primarily driven by the increase in interest income from bank deposits and treasury investments at amortized cost.

Profit/(loss) for the year

We recorded a net profit of RMB1.2 billion in 2023, compared to a net loss of RMB1.1 billion in 2022.

Non-IFRS Measures

To supplement our consolidated results, which are presented in accordance with the International Financial Reporting Standards (“IFRS”), we also use non-IFRS profit and non-IFRS EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of core operating performance from period to period and from company to company by eliminating potential impacts of items which our management considers not-indicative of our core operating performance.

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

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

	Unaudited	
	Three months ended December 31,	
	2023	2022
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit to non-IFRS profit:		
Profit for the period	1,241,769	491,892
<i>Adjusted for:</i>		
Share-based payments	142,550	311,957
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	141,829	141,829
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	277,447	58,532
	<hr/>	<hr/>
Non-IFRS profit for the period	1,803,595	1,004,210
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS profit for the period attributable to:		
Owners of the Company	1,526,608	817,640
Non-controlling interests	276,987	186,570
	<hr/>	<hr/>
	1,803,595	1,004,210
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS profit margin for the period⁽³⁾	3.8%	2.3%

Year ended December 31,
2023 2022
(RMB in thousands, except for percentages)

Reconciliation of profit/(loss) to non-IFRS profit:

Profit/(loss) for the year	1,167,195	(1,090,294)
<i>Adjusted for:</i>		
Share-based payments	786,639	1,242,901
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	567,316	446,387
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	239,694	267,037
	2,760,844	866,031
Non-IFRS profit for the year	2,760,844	866,031
 Non-IFRS profit for the year attributable to:		
Owners of the Company	1,985,458	382,931
Non-controlling interests	775,386	483,100
	2,760,844	866,031
	2,760,844	866,031
 Non-IFRS profit margin for the year⁽³⁾	 1.7%	 0.6%

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

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

(3) Represents non-IFRS profit divided by revenue for the periods/years presented.

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

	Unaudited	
	Three months ended December 31,	
	2023	2022
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit to non-IFRS EBITDA:		
Profit for the period	1,241,769	491,892
<i>Adjusted for:</i>		
Share-based payments	142,550	311,957
Fair value changes of financial assets at fair value through profit or loss ⁽¹⁾	277,447	58,532
Depreciation and amortization ⁽²⁾	3,256,109	3,012,487
Finance income	(355,342)	(309,280)
Finance costs	240,563	249,777
Income tax expense	167,700	128,638
	<hr/>	<hr/>
Non-IFRS EBITDA for the period	4,970,796	3,944,003
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS EBITDA margin for the period⁽³⁾	10.5%	9.2%

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit/(loss) to non-IFRS EBITDA:		
Profit/(loss) for the year	1,167,195	(1,090,294)
<i>Adjusted for:</i>		
Share-based payments	786,639	1,242,901
Fair value changes of financial assets at fair value through profit or loss ⁽¹⁾	239,694	267,037
Depreciation and amortization ⁽²⁾	12,327,926	10,016,489
Finance income	(1,404,136)	(616,846)
Finance costs	1,036,718	893,323
Income tax expense	451,717	276,114
	<hr/>	<hr/>
Non-IFRS EBITDA for the year	14,605,753	10,988,724
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS EBITDA margin for the year⁽³⁾	8.8%	8.0%

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

(2) Includes depreciation of right-of-use assets, depreciation of property and equipment, depreciation of investment properties and amortization of other intangible assets.

(3) Represents non-IFRS EBITDA divided by revenue for the periods/years presented.

Liquidity and Free Cash Flow

In 2023, we funded our cash requirements principally from cash generated from operating activities.

Our cash resources include cash and cash equivalents, term deposits, wealth management products classified as financial assets at fair value through profit or loss, treasury investments at amortized cost included in “prepayments, other receivables and other assets”, and restricted cash. As of December 31, 2023, the aggregate amount of cash resources of the Group was RMB42.2 billion.

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net cash generated from operating activities	16,352,016	13,314,224
Net cash used in investing activities	(15,099,215)	(13,107,418)
Net cash (used in)/generated from financing activities	(5,546,825)	1,480,998
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(4,294,024)	1,687,804
Cash and cash equivalents at the beginning of the year	21,495,352	17,922,779
Effects of foreign exchange rate changes on cash and cash equivalents	5,699	1,884,769
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>17,207,027</u>	<u>21,495,352</u>

In the coming year, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities and financing activities.

In 2023, the Group had free cash inflow of RMB2.8 billion, compared to a free cash inflow of RMB1.3 billion in 2022. This was a result of net cash generated from operating activities of RMB16.4 billion, less payments for capital expenditures of RMB5.1 billion and payments relating to leases of RMB8.5 billion.

Net cash generated from operating activities

In 2023, net cash generated from operating activities was RMB16.4 billion. Our cash generated from operations was primarily attributable to our net profit of RMB1.2 billion, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of right-of-use assets of RMB7.6 billion, and depreciation of property and equipment of RMB4.1 billion, and share-based payments of RMB0.8 billion, (ii) changes in working capital, which was primarily resulted from an increase in accrued expenses, other payables and other non-current liabilities of RMB1.1 billion, and (iii) interest received of RMB1.4 billion.

In 2022, net cash generated from operating activities was RMB13.3 billion. Our cash generated from operations was primarily attributable to our net loss of RMB1.1 billion, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of right-of-use assets of RMB6.5 billion, depreciation of property and equipment of RMB3.1 billion, and share-based payments of RMB1.2 billion, and (ii) changes in working capital, which was primarily resulted from an increase in accrued expenses, other payables and other non-current liabilities of RMB2.2 billion, and an increase in trade payables of RMB1.5 billion, partially offset by an increase in trade receivables of RMB1.1 billion.

Net cash used in investing activities

In 2023, net cash used in investing activities was RMB15.1 billion, which was primarily attributable to placement of term deposits of RMB13.5 billion, payment for financial assets at fair value through profit or loss of RMB12.9 billion, purchases of treasury investments at amortized cost of RMB8.9 billion, and capital expenditures of RMB5.1 billion, partially offset by maturity of term deposits of RMB18.8 billion and maturity of financial assets at fair value through profit or loss of RMB6.2 billion.

In 2022, net cash used in investing activities was RMB13.1 billion, which was primarily attributable to placement of term deposits of RMB12.6 billion, net cash outflow on acquisition of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited of RMB7.7 billion, capital expenditures of RMB4.7 billion, and payment for financial assets at fair value through profit or loss of RMB2.8 billion, partially offset by maturity of term deposits of RMB9.1 billion, and maturity of financial assets at fair value through profit or loss of RMB5.5 billion.

Net cash (used in)/generated from financing activities

In 2023, net cash used in financing activities was RMB5.5 billion, which was primarily attributable to principal portion of lease payments of RMB7.4 billion, repayment of borrowings of RMB4.4 billion, interest paid of RMB1.1 billion, and payment for deferred consideration payables arising on acquisition of a subsidiary of RMB0.6 billion, partially offset by proceeds from borrowings of RMB7.8 billion.

In 2022, net cash generated from financing activities was RMB1.5 billion, which was primarily attributable to proceeds from borrowings of RMB9.5 billion, and net proceeds from issuance of ordinary shares relating to the placing and the subscription of RMB6.9 billion, partially offset by repayment of borrowings of RMB6.6 billion, principal portion of lease payments of RMB6.2 billion, acquisition of partial interests of subsidiaries of RMB1.5 billion, and interest paid of RMB0.9 billion.

Gearing Ratio

As of December 31, 2023, our gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was approximately 20.7%.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the year ended December 31, 2023.

Significant Investments Held

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2023) during the year ended December 31, 2023.

Future Plans for Material Investments and Capital Assets

As of December 31, 2023, we did not have any plans for material investments and capital assets.

Employee and Remuneration Policy

The following table sets forth the number of our employees categorized by function as of December 31, 2023.

Function	Number of employees	% of total
Operations	436,208	95.4
Selling and marketing	10,011	2.2
Research and development	4,553	1.0
General and administrative	6,243	1.4
Total	457,015	100.0

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

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

The total employee benefit expenses, including share-based payments expenses, were RMB62.2 billion in 2023, as compared to RMB50.8 billion in 2022, representing a year-over-year increase of 22.3%.

Foreign Exchange Risk

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

Pledge of Assets

As of December 31, 2023, restricted cash of RMB194.0 million was pledged. We also had pledged certain equity interest in a subsidiary for borrowings.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities or guarantees.

Borrowings

As of December 31, 2023, our outstanding borrowings amounted to RMB10.0 billion.

Significant Events after December 31, 2023

Save as disclosed in this announcement and as at the date of this announcement, there were no other significant events that might affect the Group since December 31, 2023.

FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	166,624,712	137,402,008
Cost of revenue	(153,941,555)	(127,302,371)
Gross profit	12,683,157	10,099,637
Selling and marketing expenses	(4,998,685)	(4,062,150)
Research and development expenses	(3,571,157)	(3,122,863)
General and administrative expenses	(3,353,142)	(3,157,073)
Other income, gains/(losses), net	727,023	8,404
Finance income	1,404,136	616,846
Finance costs	(1,036,718)	(893,323)
Impairment losses under expected credit loss model, net of reversal	(251,556)	(290,622)
Share of results of associates and joint ventures	15,854	(13,036)
Profit/(loss) before income tax	1,618,912	(814,180)
Income tax expense	(451,717)	(276,114)
Profit/(loss) for the year	1,167,195	(1,090,294)
Profit/(loss) for the year attributable to:		
Owners of the Company	616,193	(1,396,834)
Non-controlling interests	551,002	306,540
	1,167,195	(1,090,294)
	<i>RMB</i>	<i>RMB</i>
Earnings/(loss) per share		
Basic earnings/(loss) per share	0.10	(0.23)
Diluted earnings/(loss) per share	0.10	(0.23)

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	1,167,195	(1,090,294)
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value on equity instruments at fair value through other comprehensive income	(16,266)	(101,462)
Exchange differences on translation from functional currency to presentation currency	9,183	1,811,564
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	200,141	690,371
Net changes in expected credit loss of receivables at fair value through other comprehensive income	17,577	—
Share of other comprehensive income of associates, net of related income tax	108	4
Other comprehensive income for the year	210,743	2,400,477
Total comprehensive income for the year	1,377,938	1,310,183
Total comprehensive income for the year attributable to:		
Owners of the Company	831,735	1,032,123
Non-controlling interests	546,203	278,060
	1,377,938	1,310,183

Consolidated Statement of Financial Position

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Property and equipment	16,060,401	14,988,598
Right-of-use assets	17,359,780	17,454,348
Investment properties	42,385	92,291
Goodwill	6,849,216	6,849,216
Other intangible assets	3,803,082	4,434,626
Interests in associates	153,556	280,282
Interests in joint ventures	21,656	17,645
Financial assets at fair value through profit or loss	1,394,613	1,636,474
Equity instruments at fair value through other comprehensive income	299,887	834,224
Deferred tax assets	87,166	150,455
Prepayments, other receivables and other assets	10,171,553	2,354,955
	<hr/>	<hr/>
Total non-current assets	56,243,295	49,093,114
	<hr/>	<hr/>
Current assets		
Inventories	624,288	647,445
Trade receivables	14,709,125	14,935,066
Contract assets	343,436	301,359
Prepayments, other receivables and other assets	7,445,136	6,054,860
Financial assets at fair value through profit or loss	8,150,970	1,271,454
Term deposits	7,714,757	12,660,868
Restricted cash	193,960	237,753
Cash and cash equivalents	17,207,027	21,495,352
Assets classified as held for sale	269,723	—
	<hr/>	<hr/>
Total current assets	56,658,422	57,604,157
	<hr/>	<hr/>
Total assets	112,901,717	106,697,271
	<hr/> <hr/>	<hr/> <hr/>

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,041	1,039
Treasury shares	(66)	(70)
Reserves	74,198,356	72,890,641
Accumulated losses	(26,041,416)	(26,310,910)
	<hr/>	<hr/>
Equity attributable to owners of the Company	48,157,915	46,580,700
Non-controlling interests	7,215,720	6,627,861
	<hr/>	<hr/>
Total equity	55,373,635	53,208,561
	<hr/>	<hr/>
Liabilities		
Non-current liabilities		
Borrowings	5,345,000	5,108,162
Lease liabilities	10,180,823	10,502,864
Deferred tax liabilities	1,454,218	1,596,883
Other non-current liabilities	1,216,641	2,034,574
	<hr/>	<hr/>
Total non-current liabilities	18,196,682	19,242,483
	<hr/>	<hr/>
Current liabilities		
Trade payables	8,729,612	9,099,869
Contract liabilities	298,305	192,788
Accrued expenses and other payables	17,760,888	16,091,369
Advances from customers	379,734	222,242
Borrowings	4,620,326	1,300,602
Lease liabilities	7,106,378	6,862,661
Derivative financial instruments	—	30,064
Payables to interest holders of consolidated investment funds	50,305	41,164
Tax liabilities	367,832	405,468
Liabilities associated with assets classified as held for sale	18,020	—
	<hr/>	<hr/>
Total current liabilities	39,331,400	34,246,227
	<hr/>	<hr/>
Total liabilities	57,528,082	53,488,710
	<hr/>	<hr/>
Total equity and liabilities	112,901,717	106,697,271
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	16,352,016	13,314,224
Net cash used in investing activities	(15,099,215)	(13,107,418)
Net cash (used in)/generated from financing activities	(5,546,825)	1,480,998
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(4,294,024)	1,687,804
Cash and cash equivalents at the beginning of the year	21,495,352	17,922,779
Effects of foreign exchange rate changes on cash and cash equivalents	5,699	1,884,769
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>17,207,027</u>	<u>21,495,352</u>

Notes to the Financial Information

General information, basis of preparation and presentation

The Company is an investment holding company. The Group engages in the business of providing integrated supply chain solutions and logistics services to customers across a wide array of industries through its leading logistics network. The Group's principal operations and geographic markets are in the PRC.

The consolidated financial statements are presented in RMB, which is different from the Company's functional currency of USD.

The consolidated financial statements have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Application of new and amendments to IFRSs

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on January 1, 2023 for the preparation of the consolidated financial statements:

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

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Revenue

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

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Type of customer:		
Integrated supply chain customers	81,470,338	77,435,959
Other customers	85,154,374	59,966,049
Total	<u>166,624,712</u>	<u>137,402,008</u>
Timing of revenue recognition:		
Overtime	159,995,453	130,562,130
A point in time	6,629,259	6,839,878
Total	<u>166,624,712</u>	<u>137,402,008</u>

Income tax expense

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	445,983	236,977
Deferred tax	5,734	39,137
Total	<u>451,717</u>	<u>276,114</u>

Profit/(loss) before income tax

Profit/(loss) before income tax has been arrived at after charging:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses	62,174,846	50,826,522
Outsourcing cost	60,257,890	51,554,840
Depreciation of right-of-use assets	7,622,517	6,466,117
Depreciation of property and equipment	4,060,892	3,064,485
Amortization of other intangible assets	642,426	485,703
Auditors' remuneration		
— Audit and audit-related services	19,501	22,210
— Non-audit services	1,056	2,694

Earnings/(loss) per share

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

	Year ended December 31,	
	2023	2022
Numerator:		
Profit/(loss) for the year attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share (RMB'000)	616,193	(1,396,834)
Impact of subsidiaries' diluted earnings (RMB'000)	(2,498)	—
	<u>613,695</u>	<u>(1,396,834)</u>
Profit/(loss) for the year attributable to owners of the Company for the purpose of calculating diluted earnings/(loss) per share (RMB'000)	<u>613,695</u>	<u>(1,396,834)</u>
Denominator:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	6,175,988,331	6,003,731,526
Adjustments for dilutive options and restricted shares units	98,577,120	—
	<u>6,274,565,451</u>	<u>6,003,731,526</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	<u>6,274,565,451</u>	<u>6,003,731,526</u>
Basic earnings/(loss) per share attributable to owners of the Company (RMB per share)	0.10	(0.23)
Diluted earnings/(loss) per share attributable to owners of the Company (RMB per share)	0.10	(0.23)

For the year ended December 31, 2022, the potential dilutive ordinary shares and the impact of subsidiaries' diluted earnings were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2022 was the same as basic loss per share.

Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended December 31, 2023, nor has any dividend been proposed since the end of the reporting period (2022: none).

Trade receivables

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Trade receivables at amortized cost:		
Trade receivables from third parties	9,847,353	11,231,500
Trade receivables from related parties	3,601,389	4,221,342
Less: allowance for credit losses	(542,274)	(517,776)
	12,906,468	14,935,066
Trade receivables at fair value through other comprehensive income	1,802,657	—
	14,709,125	14,935,066

The Group applies the simplified approach under IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and forward-looking estimates. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

	As of December 31,	
	2023	2022
	RMB'000	<i>RMB'000</i>
Within 3 months	14,710,920	14,838,678
3 to 6 months	166,909	239,433
6 to 12 months	162,699	131,484
Over 12 months	210,871	243,247
	15,251,399	15,452,842
Less: allowance for credit losses	(542,274)	(517,776)
	14,709,125	14,935,066

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

As of December 31, 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB832.0 million (2022: RMB776.5 million), which are past due but not credit-impaired as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group did not hold any collateral over these balances.

Trade payables

	As of December 31,	
	2023	2022
	RMB'000	<i>RMB'000</i>
Trade payables	8,696,174	9,049,161
Trade payables under supplier financing arrangements ⁽¹⁾	33,438	50,708
	8,729,612	9,099,869

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

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

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Within 3 months	7,785,554	8,403,131
3 to 6 months	510,869	367,572
6 to 12 months	152,827	153,678
Over 12 months	280,362	175,488
	8,729,612	9,099,869

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on January 19, 2012 with limited liability, and the shares of the Company (the “**Shares**”) were listed on the Main Board of the Hong Kong Stock Exchange on May 28, 2021 (the “**Listing Date**”).

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the “**Shareholders**”). During the year ended December 31, 2023, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect to the Group’s consolidated results for the year ended December 31, 2023 as set out in this announcement have been agreed by the Company’s independent auditor, Messrs. Deloitte Touche Tohmatsu (the “**Auditor**”), to the amounts set out in the audited consolidated financial statements of the Group for the year ended December 31, 2023 as approved by the Board of Directors on March 6, 2024. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance conclusion has been expressed by the Auditor on this announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange.

USE OF PROCEEDS

Net Proceeds from the Global Offering

With the Shares listed on the Hong Kong Stock Exchange on the Listing Date (the “**Listing**” or “**Global Offering**”), the net proceeds from the Global Offering (following full exercise of the Over-allotment Option, as defined in the prospectus of the Company dated May 17, 2021 (the “**Prospectus**”)) were approximately RMB22,945 million after deducting underwriting commissions and offering expenses paid or payable. There has been no change in the intended use of the net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2023.

Purpose	Percentage of net proceeds	Net proceeds (RMB million)	Unutilized	Utilized	Unutilized	Expected timeline of full utilization
			amount as of January 1, 2023 (RMB million)	amount for the year ended December 31, 2023 (RMB million)	amount as of December 31, 2023 (RMB million)	
Upgrading and expansion of our logistics networks	55%	12,620	4,510	2,060	2,450	12 to 36 months from the Listing
Developing advanced technologies to be used in our supply chain solutions and logistics services	20%	4,589	3,054	796	2,258	12 to 36 months from the Listing
Expanding the breadth and depth of our solutions, as well as for penetrating existing customers and attracting potential customers	15%	3,442	1,915	1,321	594	12 to 36 months from the Listing
General corporate purposes and working capital needs	10%	2,294	781	350	431	12 to 36 months from the Listing
Total	100%	22,945	10,260	4,527	5,733	

Net Proceeds from the Placing and the Subscription

On March 25, 2022, the Company entered into a placing agreement with the placing agents in relation to the placing of 150,500,000 Shares to independent purchasers (the “**Placing**”). On the same day, the Company and Jingdong Technology Group Corporation (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Subscriber subscribed 261,400,000 Shares in aggregate (the “**Subscription**”). Completion of the Placing and Subscription took place on April 1, 2022 and May 26, 2022, respectively.

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

The following table sets forth a summary of the utilization of the net proceeds from the Placing and the Subscription as of December 31, 2023.

Purpose	Percentage of net proceeds	Net proceeds (RMB million)	Unutilized	Utilized	Unutilized	Expected timeline of full utilization
			amount as of January 1, 2023 (RMB million)	amount for the year ended December 31, 2023 (RMB million)	amount as of December 31, 2023 (RMB million)	
Improving our logistics network and solutions, both organically and/or by acquisitions	85%	5,885	—	—	—	12 to 24 months from the closing date of the Subscription
General corporate purposes and working capital needs	15%	1,039	1,039	327	712	12 to 24 months from the closing date of the Subscription
Total	100%	6,924	1,039	327	712	

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at ir.jdl.com. The annual report of the Company for the year ended December 31, 2023 will be published on the aforesaid websites of the Hong Kong Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

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

Hong Kong, March 6, 2024

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.