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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**JDH 京东健康**

**JD Health International Inc.**

**京东健康股份有限公司**

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

**(Stock Code: 6618)**

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A letter from the Independent Board Committee to the Independent Shareholders is set out on page 25 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 26 to 49 of this circular.

A notice of the EGM of JD Health International Inc. to be held at Block C, Building 2, Jingdong Headquarters, No. 20 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People's Republic of China on Friday, December 23, 2022 at 10:00 a.m. or any adjournment thereof is set out on pages 57 to 58 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://ir.jdhealth.com>.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Wednesday, December 21, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

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

December 8, 2022

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## DEFINITIONS

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

<b>“2021 Circular”</b>	the circular of the Company dated September 16, 2021 in relation to the revision of the annual caps under, among others, the Existing Marketing Services Framework Agreement and the Existing JD Sales Framework Agreement
<b>“2023 Agreements”</b>	collectively, (i) the 2023 Technology and Traffic Support Services Framework Agreement, (ii) the 2023 JD Sales Framework Agreement, (iii) the 2023 Marketing Services Framework Agreement and (iv) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement
<b>“2023 JD Sales Framework Agreement”</b>	the agreement dated October 21, 2022 entered into between the Company and JD.com in relation to the provision of the healthcare products and services to JD Group
<b>“2023 Marketing Services Framework Agreement”</b>	the agreement dated October 21, 2022 entered into between the Company and JD.com in relation to the provision of the certain marketing services to each other
<b>“2023 Supply Chain Solutions and Logistics Services Framework Agreement”</b>	the agreement dated October 21, 2022 entered into between the Company and JD.com in relation to the provision of integrated supply chain solutions and logistics service
<b>“2023 Technology and Traffic Support Services Framework Agreement”</b>	the agreement dated October 21, 2022 entered into between the Company and JD.com in relation to the provision of technology and traffic support services through JD Group’s online platforms
<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Board”</b>	board of directors of the Company
<b>“China” or “PRC”</b>	the People’s Republic of China
<b>“Company”</b>	JD Health International Inc. (京东健康股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on November 30, 2018
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“continuing connected transaction(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company

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## DEFINITIONS

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<b>“EGM”</b>	an extraordinary general meeting of the Company to be convened at 10:00 a.m. on Friday, December 23, 2022 at Block C, Building 2, Jingdong Headquarters, No. 20 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People’s Republic of China, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 57 to 58 of this circular, or any adjournment thereof
<b>“Existing JD Sales Framework Agreement”</b>	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed “Connected Transactions — 4. JD Sales Framework Agreement” in the Prospectus, the July 2021 Announcement and the 2021 Circular
<b>“Existing Logistics Services Framework Agreement”</b>	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed “Connected Transactions — 5. Logistics Services Framework Agreement” in the Prospectus
<b>“Existing Marketing Services Framework Agreement”</b>	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed “Connected Transactions — 6. Marketing Services Framework Agreement” in the Prospectus, the July 2021 Announcement and the 2021 Circular
<b>“Existing Technology and Traffic Support Services Framework Agreement”</b>	the agreement dated November 23, 2020 entered into between the Company and JD.com, the terms of which were summarized under the section headed “Connected Transactions — 2. Technology and Traffic Support Services Framework Agreement” in the Prospectus
<b>“GMV”</b>	the total value of all orders for products placed with the Group, regardless of whether the goods are sold or delivered or whether the goods are returned
<b>“Group”</b>	the Company and its subsidiaries and consolidated affiliated entities from time to time
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committee”</b>	the independent committee of the Board, comprising Mr. Xingyao Chen, Ms. Ling Li, Dr. Jiyu Zhang and Mr. Ying Wu, being the independent non-executive Directors, established to advise the Independent Shareholders
<b>“Independent Financial Adviser” or “Gram Capital”</b>	Gram Capital Limited, a licensed corporation to conduct Type 6 (advising on Corporate Finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps)

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## DEFINITIONS

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<b>“Independent Shareholders”</b>	the Shareholders, other than (i) JD.com and its associates, including JD Jiankang Limited and Mr. Richard Qiangdong Liu; and (ii) those who are required to abstain from voting at the EGM to be convened to approve the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps)
<b>“JD.com”</b>	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 code: 9618) 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
<b>“JD Group”</b>	JD.com and its subsidiaries and consolidated affiliated entities, excluding the Group
<b>“JD Logistics”</b>	JD Logistics, Inc., JD.com’s logistics business that provides integrated supply chain logistics solutions and services to JD.com and third-party business partners across a wide range of industries, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2618)
<b>“JD Technology”</b>	Jingdong Technology Holding Co., Ltd. (京東科技控股股份有限公司), formerly known as Jingdong Digits Technology Holding Co., Ltd. (京東數字科技控股股份有限公司), and, where the context requires, includes its consolidated subsidiaries from time to time
<b>“July 2021 Announcement”</b>	the announcement of the Company dated July 1, 2021 in relation to the revision of annual caps under, among others, the Existing Marketing Services Framework Agreement and the Existing JD Sales Framework Agreement
<b>“Latest Practicable Date”</b>	December 2, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Post-IPO Share Award Scheme”</b>	the post-IPO share award scheme adopted by the Company on November 23, 2020
<b>“Pre-IPO ESOP”</b>	the pre-IPO employee share incentive plan adopted by the Company on September 14, 2020
<b>“Prospectus”</b>	the prospectus of the Company dated November 26, 2020
<b>“RMB”</b>	Renminbi, the lawful currency of China

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## DEFINITIONS

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<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Share(s)”</b>	ordinary share(s) in the share capital of the Company with a par value of US\$0.0000005 each
<b>“Shareholders”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Waiver”</b>	a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the 2023 Technology and Traffic Support Services Framework Agreement in terms of monetary value, details of which are set out under “II. Renewal of Existing Continuing Connected Transactions — 1. 2023 Technology and Traffic Support Services Framework Agreement” in this circular
<b>“%”</b>	per cent

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LETTER FROM THE BOARD

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**JD Health International Inc.**  
**京东健康股份有限公司**

(A company incorporated in Cayman Islands with limited liability)

(Stock Code: 6618)

**Executive Director:**

Mr. Enlin Jin (金恩林) (*Chief Executive Officer*)

**Non-executive Directors:**

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

Mr. Qingqing Yi

**Independent non-executive Directors:**

Mr. Xingyao Chen (陳興垚)

Ms. Ling Li (李玲)

Dr. Jiyu Zhang (張吉豫)

Mr. Ying Wu (吳鷹)

**Registered Office:**

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

**Headquarters in the PRC:**

Block C, Building 2, Jingdong Headquarters

No. 20 Kechuang 11 Street

Yizhuang Economic and Technological

Development Zone

Daxing District

Beijing 101111

People's Republic of China

**Principal Place of Business in Hong Kong:**

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

December 8, 2022

**To the Shareholders**

Dear Sir or Madam,

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated October 21, 2022 in relation to, among others, the renewal of the existing continuing connected transactions and the entering into of the 2023 Agreements (being (i) the 2023 Technology and Traffic Support Services Framework Agreement, (ii) the 2023 JD Sales Framework Agreement, (iii) the 2023 Marketing Services Framework Agreement and (iv) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement).

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## LETTER FROM THE BOARD

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

## II. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

### 1. 2023 Technology and Traffic Support Services Framework Agreement

On October 21, 2022, the Company and JD.com entered into the 2023 Technology and Traffic Support Services Framework Agreement to renew the existing continuing connected transactions, the principal terms of which are set out below:

- Date:** October 21, 2022
- Parties:** (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
- (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
- Term:** from January 1, 2023 to December 31, 2025

The 2023 Technology and Traffic Support Services Framework Agreement is subject to the approval of the Independent Shareholders.

- Subject matter:** JD Group will provide the Group technology and traffic support services through its online platforms (including www.jd.com and JD APP). The technology and traffic support services primarily include user traffic support, branding activities, operational support and advertisement access for the Group's merchants and suppliers. JD Group will charge commissions by applying a fixed rate on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms.

#### *Reasons and benefits for the renewal*

The Directors consider that the provision of technology and traffic support services from JD Group to the Group would benefit the Company (i) since the core businesses of JD Group (as the operator of, among others, online platforms) and of the Group (as the provider of healthcare products and services) are inextricably linked together in multiple aspects, the Group's business and those of JD Group are highly complementary and beneficial to each other; (ii) in light of the leading position that JD Group enjoys in the PRC e-commerce industry and given that JD Group has accumulated a relatively large user base during its years of operation in the e-commerce industry, it is natural and in the best interests of the Group to cooperate with JD Group; (iii) the cooperation with JD Group in utilizing its platforms will enable the Group to leverage the popularity of JD Group among users, and allow the Group to reach more potential users, and further enhance the Group's business growth; and (iv) as both parties enjoy respective advantages in different business fields, the collaboration may bring synergy into full play and share development achievements.

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## LETTER FROM THE BOARD

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### *Pricing policies*

JD Group will charge commissions by applying a fixed rate on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms. The fixed rate JD Group shall charge the Group on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms shall not exceed 3%.

The fixed rate of the commission fees JD Group shall charge the Group were determined on the basis of arm's length negotiations between the relevant parties, which are in line with or better than the rates JD Group charged other independent third parties for similar technology and traffic support services and are in the best interests of the Company and the Shareholders as a whole. The Group will also obtain annually from JD Group a range of the rates that it charges other independent third parties for similar services provided, including the relevant underlying contracts subject to the confidentiality provisions in the relevant contracts, to ensure that the commission fees charged are fair and reasonable and on normal commercial terms or better. The arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services.

### *Historical transaction amounts*

The historical transaction amounts for the two years ended December 31, 2021 and the six months ended June 30, 2022 were approximately RMB908.2 million, RMB1,271.7 million and RMB751.2 million, respectively.

### *Annual caps*

The commission fees JD Group shall charge the Group shall be determined by the following formula:

$$\text{A fixed rate} \quad \times \quad \text{the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms}$$

The fixed rate JD Group shall charge the Group on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms shall not exceed 3%.

### *Basis for not setting monetary annual caps*

It would be unsuitable to adopt monetary annual caps for the transactions contemplated in the 2023 Technology and Traffic Support Services Framework Agreement for the following reasons:

- (i) it would be impracticable to estimate with any degree of certainty the amount of revenue which may be generated by these transactions as it will ultimately depend on factors such as the acceptance and popularity of the healthcare products and services generated through JD Group's online platforms, all of which are beyond the immediate control of the Group and JD Group;

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## LETTER FROM THE BOARD

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- (ii) the Group has been rapidly expanding the healthcare products and services, which has led to a corresponding increase in the provision of technology and traffic support services from JD Group to the Group, as the transaction amount for the year ended December 31, 2021 achieved a significant year-over-year increase over the year ended December 31, 2020. As the Group expects that it will continue to significantly expand its healthcare products and services on JD Group's platforms, it would be difficult to predict with any certainty how rapid the growth in the user traffic and the value of fulfilled orders of healthcare products and services generated through JD Group's platforms will be in the future. The Group believes that the adoption of fixed monetary annual caps will impose an arbitrary ceiling on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms;
- (iii) adoption of fixed monetary annual caps would impose an arbitrary ceiling on the revenue that the Group could derive from this type of business cooperation and will hinder the Group from business expansion that can maximize the benefits for the Shareholders;
- (iv) adoption of annual caps with fixed monetary annual caps will render it unduly burdensome for the Group to comply with the disclosure, announcement, circular and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules whenever commissions paid by the Group to JD Group through the transactions contemplated under the 2023 Technology and Traffic Support Services Framework Agreement exceed the caps; and
- (v) the commissions paid by the Group to JD Group based on the formula provided in the 2023 Technology and Traffic Support Services Framework Agreement is consistent with the historical practices. The formula for JD Group charging a commission on the value of fulfilled orders of healthcare products and services generated through JD Group's online platforms as set out above therefore offers the best alternative to monetary annual caps in light of the difficulties set out in sub-paragraphs (i) to (iv) above.

Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of setting monetary annual caps under Rule 14A.53(1), subject to the following conditions:

- (a) the waiver will only apply to the transactions contemplated under the 2023 Technology and Traffic Support Services Framework Agreement which are entered into on normal commercial terms, in the ordinary and usual course of business of the Company, will be on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (b) the Company will disclose in its subsequent annual and interim reports (i) a clear description of the basis for calculating the commissions charged by JD Group under the 2023 Technology and Traffic Support Services Framework Agreement, and (ii) the actual transaction amounts under the 2023 Technology and Traffic Support Services Framework Agreement;
- (c) the independent non-executive Directors will review the underlying transactions entered into pursuant to the 2023 Technology and Traffic Support Services Framework Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rule 14A.55 of the Listing Rules;

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## LETTER FROM THE BOARD

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- (d) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the 2023 Technology and Traffic Support Services Framework;
- (e) the Company will engage an external auditor to report on, among other things, the transactions contemplated in the 2023 Technology and Traffic Support Services Framework Agreement pursuant to Rule 14A.56 of the Listing Rules. The Company will also ensure that the auditors are allowed sufficient access to the Company's records for the purpose of reporting on the transactions contemplated in the 2023 Technology and Traffic Support Services Framework Agreement;
- (f) the Company and the Board will ensure that the relevant transactions under the 2023 Technology and Traffic Support Services Framework Agreement are undertaken in accordance with the terms of the 2023 Technology and Traffic Support Services Framework Agreement and will use the Company's best endeavors to comply with such terms and the Listing Rules requirements applicable to the 2023 Technology and Traffic Support Services Framework Agreement to the extent not waived by the Stock Exchange;
- (g) the Company will disclose in the circular for the EGM (i) the background of entering into the 2023 Technology and Traffic Support Services Framework Agreement, (ii) the salient terms of the 2023 Technology and Traffic Support Services Framework Agreement, (iii) the grounds of application for waivers set out in the waiver application(s) submitted to the Stock Exchange, and (iv) the Directors' (including the Independent Board Committee's) and the independent financial adviser's views on the fairness and reasonableness of the 2023 Technology and Traffic Support Services Framework Agreement as a whole;
- (h) the Company will implement internal procedures so as to ensure that the 2023 Technology and Traffic Support Services Framework Agreement are undertaken in accordance with the terms provided therein and the underlying transaction agreements entered into pursuant to or governed by the 2023 Technology and Traffic Support Services Framework Agreement; and
- (i) the Company will re-comply with Chapter 14A of the Listing Rules as soon as reasonably practicable should any of the above conditions no longer exist.

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## LETTER FROM THE BOARD

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### 2. 2023 JD Sales Framework Agreement

Reference is made to the section headed “Connected Transactions — 4. JD Sales Framework Agreement” in the Prospectus, the July 2021 Announcement and the 2021 Circular in respect of the Existing JD Sales Framework Agreement and the revision of the annual caps thereunder, respectively. Pursuant to the Existing JD Sales Framework Agreement, the Group will sell to JD Group healthcare related products, which JD Group will then sell or donate those healthcare products directly to certain large corporate customers or organizations. The term of the Existing Sales Framework Agreement will expire on December 31, 2022. On October 21, 2022, the Company and JD.com entered into the 2023 JD Sales Framework Agreement to renew the existing continuing connected transactions, the principal terms of which are set out below:

- Date:** October 21, 2022
- Parties:** (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
- (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
- Term:** from January 1, 2023 to December 31, 2025
- The 2023 JD Sales Framework Agreement is subject to the approval of the Independent Shareholders.
- Subject matter:** The Group will provide JD Group with certain healthcare related products and services, JD Group will then sell or donate them to customers (including large corporate customers or organizations), or will use or consume such products and services for its own operations.

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## LETTER FROM THE BOARD

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### *Reasons and benefits for the renewal*

Large corporate customers who have signed procurement agreements with JD Group usually buy a wide range of products and services from JD Group in bulk, and healthcare products and services are only a portion of the products and services procured by such customers. Under the Existing JD Sales Framework Agreement, the Group sells healthcare related products to JD Group and JD Group then sells to these large corporate customers. Such an arrangement is mutually beneficial to both JD Group and the Group. With a single point of contact for the customers, it increases customer satisfaction with products and service offerings of both JD Group and the Group. Given the success in the past for such arrangement, the Company will continue with the existing arrangement with the large corporate customers under 2023 JD Sales Framework Agreement and also expanded the scope to include the provision of healthcare related services.

Further, as a result of the COVID-19 situation which heightened the general public's awareness and demand for healthcare products and services, the Company observed that there is an increase beyond expectation in the demand of healthcare products and services from the general public. Hence, the Group expanded the scope of the 2023 JD Sales Framework Agreement to include procurement of healthcare products and services of JD Group for its general customers.

In addition, in light of the COVID-19 situation, JD Group has donated and will likely continue to donate in the foreseeable future certain types of products and services (including protective equipment products and healthcare products and services) to assist medical institutions, companies and communities impacted by COVID-19. The healthcare products and services donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs. The Group does not anticipate these transactions to be recurring in the long run and will assess the need of continuing these transactions before the expiry of the 2023 JD Sales Framework Agreement.

### *Pricing policies*

The price of the healthcare related products and services supplied to JD Group under the 2023 JD Sales Framework Agreement shall be determined by both parties based on fair market price with reference to (i) the costs of acquisition/production of the healthcare related products and services, (ii) fees charged to third-party customers, and/or (iii) fees charged for similar or comparable products or services by third-party suppliers. The price charged by the Group under the 2023 JD Sales Framework Agreement will be based on standardised price list in the Group's internal computer system. Such price list was formulated by the Group based on products and services the Group supplied to third-party customers. The Group will from time to time review the prices by comparing them against market prices chargeable by independent third party providers for products or services of similar nature and scale, and ensure that the terms the Group obtain from JD Group shall be on normal commercial terms or better as compared to those provided to independent third party customers. Further, before the Group enters into transactions under the 2023 JD Sales Framework Agreement, the procurement department must ensure that 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).

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## LETTER FROM THE BOARD

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The healthcare products and services donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs. Such sales of healthcare products and services donated will generate no profit or loss on the Group.

### *Historical transaction amounts*

Under the Existing JD Sales Framework Agreement, the Group sells to JD Group healthcare related products which JD Group then sell to certain large corporate customers or organisations and the pricing policy for these products which were supplied to JD Group were generally determined by the Group's actual costs plus reasonable profits. The healthcare products donated by JD Group will be purchased from the Group on a cost basis. Such sales of healthcare products and services donated generated no profit or loss on the Group. The historical transaction amounts under the Existing JD Sales Framework Agreement were determined based on the aforementioned pricing policy, the amounts of which for the period from the two years ended December 31, 2021 and the six months ended June 30, 2022 were approximately RMB663.7 million, RMB792.2 million and RMB622.9 million, respectively.

### *Annual caps*

In respect of the 2023 JD Sales Framework Agreement, the transaction amounts to be paid to the Group for the three years ending December 31, 2025 shall not exceed the annual caps as set out in the table below:

	<b>For the year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(RMB in million)</i>		
Transaction amount to be paid to the Group by JD Group	4,100	6,400	9,600

### *Basis for the annual caps*

The above annual caps are determined with reference to (i) the historical transaction amounts paid by JD Group to the Group under the Existing JD Sales Framework Agreement for the two years ended December 31, 2021 and the six months ended June 30, 2022, and the growth trend of the transaction amount during the six months ended June 30, 2022, with a historical transaction amount of RMB622.9 million, representing a year-on-year growth of 114.7% as compared to the corresponding period in 2021, (ii) a buffer to cover unexpected increase of the surging demand of such sales, (iii) the expected increase in demand in the provision of healthcare products and services due to the expansion of the scope of the agreement (to include the provision of healthcare related services) and the broadening of the customer base (to include general customers and for JD Group's own use and consumption) under the 2023 JD Sales Framework Agreement, and (iv) the anticipated growth rate of the Group's business under the 2023 JD Sales Framework Agreement in the next three years after taking into account the historical growth rate of the Group's business under the Existing JD Sales Framework Agreement.

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## LETTER FROM THE BOARD

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### 3. 2023 Marketing Services Framework Agreement

On October 21, 2022, the Company and JD.com entered into the 2023 Marketing Services Framework Agreement to renew the existing continuing connected transactions, the principal terms of which are set out below:

- Date:** October 21, 2022
- Parties:** (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
- (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
- Term:** from January 1, 2023 to December 31, 2025
- The 2023 Marketing Services Framework Agreement is subject to the approval of the Independent Shareholders.
- Subject matter:** The Group and JD Group will provide certain marketing services to each other, including but not limited to the display of advertisements on various platforms and resources of JD Group and the Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements.

#### *Reasons and benefits for the renewal*

The Group has been developing its advertising services and digital marketing capabilities throughout the years and providing efficient advertising services to a broad base of brands and third-party merchants. From the customers' perspective, being able to place advertisements on both JD Group and the Group's platforms through one channel is convenient and allows for an enhanced customer experience and is therefore mutually beneficial to both JD Group and the Group. In order to secure additional marketing resources and broaden its user base, the business partners and suppliers are eager to utilize resources from platforms outside the Group and JD Group to promote their products and services as well.

In addition, due to the increase in health awareness of the Group's customers after the outbreak of COVID-19 and the general rise in demand for healthcare products, (i) JD Group's business partners and suppliers are more willing to utilize the advertising resources of the Group to expand their market and reach a wider audience (i.e. the Group's users) and as a result there has been an increase beyond expectation in the marketing services revenue of the Group (and therefore an increase in the transaction amount to be paid by JD Group to the Group under the Existing Marketing Services Framework Agreement); and (ii) the continuous increase in third party business partners and suppliers of the Group, led to an increase in the amount of advertising and hence, there has also been an increase beyond expectation in the marketing services costs of the Group (and therefore an increase in the transaction amount to be paid by the Group to JD Group under the Existing Marketing Services Framework Agreement). As such, the Company is of the view that entering into the 2023 Marketing Services Framework Agreement is beneficial to the Group and Shareholders as a whole.

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## LETTER FROM THE BOARD

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### *Pricing policies*

Under the 2023 Marketing Services Framework Agreement, the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are based on various factors, including which party sourced the third party advertiser and the platform and resources the third party advertiser desires to place an advertisement on.

Once the third party advertiser has signed the marketing services contract with the Group, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms, (ii) JD Group's resources and/or platforms or (iii) resources outside both the Group and JD Group's platforms.

- (a) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using the Group's resources and/or platforms, there is no marketing service fees sharing arrangement, as 100% of the marketing service fees belong to the Group. For the avoidance of doubt, this scenario will not involve any connected transactions.
- (b) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using JD Group's resources and/or platforms, 60% of the marketing services fees will be shared from the Group to JD Group (i.e. 60/40 marketing service fees sharing arrangement between JD Group and the Group), as the third party advertiser is utilizing JD Group's resources while the Group is in essence acting as an advertising agent. Such marketing service fees sharing arrangements are determined based on arm's length negotiation after factoring in the resources incurred by both parties, and the arrangement with JD Group is no less favorable to the Group than for similar marketing resources provided by JD Group to third parties. In addition, the third party advertisers are free to choose whether to place advertisements on either JD Group or the Group's resources and platforms, which is mostly conducted through a real time bidding system which combines the marketing resources of both JD Group and the Group. The real time bidding system takes into account the real time supply and demand and the market price of advertisements on both platforms of JD Group and the Group — as such, the advertisers tend to purchase resources (including selecting the platform) that can generate the highest return of investments for them.
- (c) If the third party advertiser (which has signed the marketing services contract with the Group) elects to place an advertisement using resources outside both the Group and JD Group's platforms, there will be a 90/10 marketing service fees sharing arrangement between JD Group and the Group. This is because JD Group is able to make mass purchase (and thus achieving mass efficiency and economies of scale) of resources (i.e. advertising slots) from companies outside the Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and the Group. As such, 90% of the marketing services fees generated will be shared from the Group to JD Group to allow for JD Group to cover its costs of purchasing the third party advertisement resources/advertising slots, and the 10% the Group is entitled to keep is in consideration of its role as an advertising agent, after factoring in the administrative resources incurred by both parties. The arrangement with JD Group is no less favorable to the Group than for the Group to directly obtain relevant marketing resources and provide to the third party advertiser.

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## LETTER FROM THE BOARD

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In the scenario where the third party advertiser has signed the marketing services contract with JD Group but wishes to place advertisements relating to healthcare products and services, it may elect to place advertisements in three main advertising slots of places: (i) the Group's resources and/or platforms, (ii) JD Group's resources and/or platforms or (iii) resources outside both the Group and JD Group's platforms. The Group is involved with these healthcare related advertisements (and thus entitled to a certain proportion of the advertising fees generated), because the Group can provide value added services relating to healthcare products and services (i.e. marketing insights with regards to the healthcare industry) to the third party advertisers.

- (a) If the third party advertiser (which has signed the marketing services contract with JD Group) elects to place an advertisement using the Group's resources and/or platforms, 100% of the marketing service fees belong to the Group and this will be shared from JD Group to the Group.
- (b) If the third party advertiser (which has signed the marketing services contract with JD Group) elects to place a healthcare related advertisement on JD Group's platforms utilizing the services of the Group, the Group is entitled to 40% of the marketing services fees generated and this will be shared from JD Group to the Group (i.e. 60/40 marketing service fees sharing arrangement between JD Group and the Group). Such marketing services fees sharing arrangements were determined based on arm's length negotiation after factoring in the administrative resources incurred by both parties and indirect benefits of such healthcare related advertisement to the Group's business. In addition, the arrangement with JD Group is no less favorable to the Group than for us to directly provide same or similar marketing services to the third parties.
- (c) If the third party advertiser (which has signed the marketing services contract with JD Group) elects to place a healthcare related advertisement using resources outside both the Group and JD Group's platforms, there will be a 90/10 marketing services fees sharing arrangement between JD Group and the Group. This is because JD Group is able to make mass purchase of (and thus achieving mass efficiency and economies of scale) resources (i.e. advertising slots) from platforms outside the Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and the Group. The Group is entitled to 10% of the marketing services fees generated and this will be shared from JD Group to the Group, in consideration of the Group's role for providing healthcare related insights and services, after factoring in the administrative resources incurred by both parties. The arrangement with JD Group is no less favorable to the Group, than for the Group to directly provide same or similar marketing services to the third party advertiser.

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## LETTER FROM THE BOARD

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The Group will annually review and approve the economic split from time to time, to ensure the percentage splits are reasonable and in favor of the Group. The arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services. In determining the various economic splits, the Company has taken into account the resources contributions, costs and work split between the Group and JD Group.

- For the economic split ratio of 0/100, as none of JD Group's resources are used, there is no marketing service fees sharing arrangement.
- For the economic split ratio of 60/40, since JD Group's resources are being utilized, the marketing services fees will be shared between the Group and JD Group. The Group will obtain price quotations from other third party advertising agencies, which also offer online platforms for advertising. Nonetheless, due to the unique strategic cooperation relationship between the Group and JD Group as demonstrated in the numerous transactions between the two parties, which generated synergy effect that is especially beneficial to the Group, the arrangement between the Group and JD Group are not directly comparable to the arrangement between the Group and other third party online platforms.
- For the economic split ratio of 90/10, as the Group is able to enjoy a higher discount rate by making mass purchase of resources with JD Group from other third party advertisers, the marketing service fees sharing arrangement between the Group and JD Group is determined with reference to the procurement costs incurred by JD Group.

To ensure the arrangement with JD Group under the Marketing Services Framework Agreement is fair and reasonable and on normal commercial terms or better than other independent third parties, the Group will review the economic splits annually through certain aspects: (i) ensuring the costs incurred (including the costs of resources contributed) and profits generated are proportional to the share from the economic splits; and (ii) obtaining comparable quotations from no less than two independent third party advertising agencies.

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## LETTER FROM THE BOARD

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### *Historical transaction amounts*

The historical transaction amounts under the Existing Marketing Services Framework Agreement are set out below:

	<b>For the year ended December 31,</b>		<b>For the</b>
	<b>2020</b>	<b>2021</b>	<b>six months</b>
	<b>ended June 30,</b>		
	<b>2022</b>		
	<i>(RMB in million)</i>		
Transaction amount to be paid to the Group by JD Group	446.5	659.6	524.4
Transaction amount to be paid by the Group to JD Group	241.8	770.5	439.6

### *Annual caps*

In respect of the 2023 Marketing Services Framework Agreement, the transaction amounts for the three years ending December 31, 2025 shall not exceed the annual caps as set out in the table below:

	<b>For the year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(RMB in million)</i>		
Transaction amount to be paid to the Group by JD Group	2,400	3,700	5,600
Transaction amount to be paid by the Group to JD Group	1,700	2,400	3,400

### *Basis for the annual caps*

#### *Marketing Services Revenue*

The annual caps for the transaction amount to be paid by JD Group to the Group under the 2023 Marketing Services Framework Agreement were determined with reference to (i) the historical transaction amounts paid by JD Group and the Group under the Existing Marketing Services Framework Agreement for the two years ended December 31, 2021 and the six months ended June 30, 2022; (ii) a buffer to cover unexpected increase the surging demand of such services; and (iii) the anticipated growth rate of the Group's business under the 2023 Marketing Services Framework Agreement for the three years ending December 31, 2025 after taking into account the historical growth rate of the Group's business under the Existing Marketing Services Framework Agreement. In particular, there is a strong growth momentum during the six months ended June 30, 2022, with a historical transaction amount of RMB524.4 million, representing a year-on-year growth of 83.4% as compared to the corresponding period in 2021.

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## LETTER FROM THE BOARD

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### *Marketing Services Cost*

The annual caps for the transaction amount to be paid by the Group to JD Group under the 2023 Marketing Services Framework Agreement were determined with reference to (i) the historical transaction amounts paid by the Group to JD Group under the Existing Marketing Services Framework Agreement for the two years ended December 31, 2021 and the six months ended June 30, 2022; (ii) the growth rate of the transaction amount paid by the Group to JD Group under the Existing Marketing Services Framework Agreement; (iii) the service revenue of the Group for the six months ended June 30, 2022 which has recorded a year-on-year increase of 46.2% as compared to the corresponding period in 2021, such growth trend is in line with the corresponding increase in the transaction amounts to be paid by the Group to JD Group in respect of the provision of advertising services during the corresponding period; (iv) a buffer to cover unexpected increase of the surging demand of such services; and (v) the anticipated growth rate of the Group's marketing costs taking into account the reasons mentioned above.

#### **4. 2023 Supply Chain Solutions and Logistics Services Framework Agreement**

Reference is made to the section headed "Connected Transactions — 5. Logistics Services Framework Agreement" in the Prospectus in respect of the Existing Logistics Services Framework Agreement entered into between the Company and JD.com on November 23, 2020, pursuant to which JD Group will provide to the Group various logistics services from time to time. The term of the Existing Logistics Services Framework Agreement will expire on December 31, 2022. On October 21, 2022, the Company and JD.com entered into the 2023 Supply Chain Solutions and Logistics Services Framework Agreement to renew the existing continuing connected transactions, the principal terms of which are set out below:

<b>Date:</b>	October 21, 2022
<b>Parties:</b>	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities)  (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
<b>Term:</b>	from January 1, 2023 to December 31, 2025

The 2023 Supply Chain Solutions and Logistics Services Framework Agreement is subject to the approval of the Independent Shareholders.

<b>Subject matter:</b>	JD Group will provide integrated supply chain solutions and other logistics services to the Group, including but not limited to warehouse operation and storage services, domestic and international transportation and delivery services, after sales and maintenance services, cash on delivery services, and other related ancillary services in exchange for service fees. For the avoidance of doubt, the scope of the services to be provided under the 2023 Supply Chain Solutions and Logistics Services Framework Agreement and the scope of services provided under the Existing Logistics Services Framework Agreement are substantially the same.
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## LETTER FROM THE BOARD

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### *Reasons and benefits for the renewal*

The Directors consider that the provision of integrated supply chain solutions and other logistics services from JD Group to the Group would benefit the Company as (i) the core businesses of JD Group (as the operator of, among others, logistics services) and of the Group (as the provider of healthcare products and services) are highly complementary and beneficial to each other, (ii) given that JD Group enjoys a leading position in the PRC's logistics industry with an extensive network coverage (including but not limited to warehouses and delivery personnel), it is natural for, and in the best interest of, the Group to cooperate with JD Group, and (iii) the Group has been marketing and selling products or services online and requires efficient and reliable integrated supply chain solutions and other logistics services to enable the products to be safely and promptly delivered to its customers. In particular, the Group's healthcare product and service businesses have been expanding quickly. By entering into the 2023 Supply Chain Solutions and Logistics Services Framework Agreement to renew the exiting continuing connected transactions, the Group aims to meet the increasing demand for logistics services which is driven by the Group's sale of its healthcare products and services.

### *Pricing policies*

The service fees are determined after arm's length negotiations in reference to market rates obtainable from comparable service provider, and are charged based on a variety of factors including storage space taken and the weights and the delivery distance of the packages. The Group will obtain at least two comparable quotations from independent third party service providers on an annual basis to ensure that the terms the Group obtains from JD Group shall be on normal commercial terms or better as compared to those quoted by independent third party service providers for services of similar nature and scale.

### *Historical transaction amounts*

The historical transaction amounts for the two years ended December 31, 2021 and the six months ended June 30, 2022 were approximately RMB1,247.3 million, RMB1,712.5 million and RMB1,174.5 million, respectively.

### *Annual caps*

In respect of the 2023 Supply Chain Solutions and Logistics Services Framework Agreement, the transaction amounts to be paid by the Group for the three years ending December 31, 2025 shall not exceed the annual caps as set out in the table below:

	<b>For the year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(RMB in million)</i>		
Transaction amount to be paid by the Group to JD Group	3,900	5,300	7,000

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## LETTER FROM THE BOARD

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### *Basis for the annual caps*

The above annual caps in respect of the 2023 Supply Chain Solutions and Logistics Services Framework Agreement are determined based on: (i) the historical transaction amounts and the growth trend for the two years ended December 31, 2021 and the six months ended June 30, 2022 under the Existing Logistics Services Framework Agreement. In particular, the historical transaction amount for the six months ended June 30, 2022 amounted to RMB1,174.5 million, representing a year-on-year growth of 47.7% as compared to the corresponding period in 2021; (ii) the expected increase in demand for the leasing of additional drug warehouses and the increasing need for logistics services in anticipation of increased transaction volume as consumers are more familiar with purchasing healthcare products and services online since the COVID-19 outbreak and in light of the rapid growth of the online healthcare industry; (iii) the anticipated increase in the variety of logistics service offerings by JD Group to the Group in the future, which will lead to a corresponding increase in the transaction amounts; and (iv) the expected increase of the GMV due to increase in demand for the products from the Group's consumers which will lead to a corresponding increase in the logistics services to be provided by the JD Group to the Group, and the customer base of the Group has been increasing during the two years ended December 31, 2021 and the six months ended June 30, 2022 and are expected to continue to increase in the three years ending December 31, 2025.

### **5. Internal Controls for the Continuing Connected Transactions**

The Company has adopted and implemented a management system on 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 adopt the following internal control measures for the 2023 Agreements:

- 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 2023 Agreements, in particular, the fairness and reasonableness of the pricing policies and annual caps under each transaction, on an annual basis;
- the business operation department and finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under each of the 2023 Agreements on a half yearly 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 the 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;

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## LETTER FROM THE BOARD

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- before the Group enters into any of the transactions under each of the 2023 Agreements, the responsible business units, such as procurement department for the 2023 JD Sales Framework Agreement, supply chain management department for the 2023 Supply Chain Solutions and Logistics Services Framework Agreement, the financial planning and analysis department for the 2023 Technology and Traffic Support Services Framework Agreement and marketing services management department for the 2023 Marketing Services Framework Agreement, 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);
- 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;
- the Company's external auditors will review the continuing connected transactions under each of the 2023 Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded; and
- the independent non-executive Directors will also review the continuing connected transactions under each of the 2023 Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

Based on the above, the Board considers that the pricing policies and internal control mechanism and procedures in place for each of the 2023 Agreements can ensure the transactions contemplated thereunder will be conducted on normal commercial terms or better.

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## LETTER FROM THE BOARD

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### 6. 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: 6618). As a leading online healthcare platform, the Group is committed to becoming the go-to health management platform for everyone in China. With this aim, the Group continues to strengthen its business foundation and make strategic deployments in the online healthcare industry for the future. The Group's strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user's full life span for all healthcare needs.

#### *JD.com*

As of the Latest Practicable Date, JD.com, through its wholly-owned subsidiary JD Jiankang Limited, is indirectly interested in 2,149,253,732 Shares, representing approximately 67.59% of the Company's total issued share capital.

JD.com is a controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9618) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol "JD". JD.com is a leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its Retail as a Service offering to help drive productivity and innovation across a range of industries. As of the Latest Practicable Date, Mr. Richard Qiangdong Liu, a non-executive Director, held approximately 74.0% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.

#### *JD Technology*

JD Technology is a company incorporated in the PRC and is primarily engaged in the business of providing a suite of cutting-edge technology services to its business partners. JD Technology is considered a connected person of the Company by virtue of it being an associate of JD.com, a controlling shareholder of the Company, as JD.com held approximately 42% equity interest in JD Technology as at June 30, 2022.

### 7. Approval by the Board

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

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## LETTER FROM THE BOARD

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Mr. Richard Qiangdong Liu, a non-executive Director, held 400,181,973 ordinary shares in JD.com, representing approximately 74.0% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings as at the Latest Practicable Date, and therefore, is deemed or may be perceived to have a material interest in the 2023 Agreements, and as a result has abstained from voting on matters relating to the 2023 Agreements (and the respective transactions contemplated thereunder, including the annual caps). Other than the aforesaid Director, no other Directors have a material interest in the 2023 Agreements or are required to abstain from voting on the resolutions of the Board approving the transactions.

### **8. Listing Rules Implications**

JD.com is a controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2023 Agreements would constitute continuing connected transactions of the Company pursuant to the Listing Rules.

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

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the 2023 Technology and Traffic Support Services Framework Agreement in terms of monetary value. As of the conditions under the Waiver, the transactions contemplated under the 2023 Technology and Traffic Support Services Framework Agreement are subject to, among others, the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratio(s) calculated with reference to the highest annual caps for the respective transactions contemplated under each of (i) the 2023 JD Sales Framework Agreement, (ii) the 2023 Marketing Services Framework Agreement and (iii) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement exceeds 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with in respect of each of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 25 of this circular. The letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 56 of this circular.

### **IV. EGM AND PROXY ARRANGEMENT**

A notice of the EGM is set out on pages 57 to 58 to this circular. At the EGM, resolutions will be proposed, inter alia, to approve each of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps).

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## LETTER FROM THE BOARD

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

A proxy form for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Wednesday, December 21, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

JD.com is a party to each of the 2023 Agreements and therefore has a material interest in the transactions contemplated thereunder. Accordingly, JD.com and its associates, including JD Jiankang Limited and Mr. Richard Qiangdong Liu, shall abstain from voting on the resolutions approving the terms of each of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps). Save as disclosed above and to the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in or otherwise interested in or involved in the said agreements, and is required to abstain from voting on the resolutions to be proposed at the EGM.

### V. RESPONSIBILITY STATEMENT

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

### VI. RECOMMENDATION

The Directors consider that the proposed resolutions for the 2023 Agreements are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

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

Yours faithfully,  
On behalf of the Board  
**JD Health International Inc.**  
**Mr. Enlin Jin**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### JD Health International Inc. 京东健康股份有限公司

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

(Stock Code: 6618)

December 8, 2022

#### To the Independent Shareholders

Dear Sir/Madam,

### RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

We refer to this circular of the Company dated December 8, 2022 to its Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise the Independent Shareholders in respect of the 2023 Agreements (being (i) the 2023 Technology and Traffic Support Services Framework Agreement, (ii) the 2023 JD Sales Framework Agreement, (iii) the 2023 Marketing Services Framework Agreement and (iv) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement) and the respective transactions contemplated thereunder (including the annual caps). Gram Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 24 of the Circular and the letter from Gram Capital as set out on pages 26 to 56 of the Circular containing its advice in respect of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps) as set out in the Circular.

After taking into account the factors and reasons considered by Gram Capital and its conclusion and advice, we concur with its views and consider that the terms of each of the 2023 Agreements and the respective transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve each of the 2023 Agreements (being (i) the 2023 Technology and Traffic Support Services Framework Agreement, (ii) the 2023 JD Sales Framework Agreement, (iii) the 2023 Marketing Services Framework Agreement and (iv) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement) and the respective transactions contemplated thereunder (including the annual caps).

Yours faithfully

Independent Board Committee

**Mr. Xingyao Chen**

**Ms. Ling Li**

**Dr. Jiyu Zhang**

**Mr. Ying Wu**

*Independent non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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



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

8 December 2022

To: *The independent board committee and the independent shareholders of  
JD Health International Inc.*

Dear Sirs,

### RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under (i) the 2023 Technology and Traffic Support Services Framework Agreement (the “**Technology and Traffic Support Services Transactions**”); (ii) the 2023 JD Sales Framework Agreement (the “**JD Sales Transactions**”); (iii) the 2023 Marketing Services Framework Agreement (the “**Marketing Services Transactions**”); and (iv) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement (the “**Supply Chain Solutions Logistics Services Transactions**”, and together with the Technology and Traffic Support Services Transactions, the JD Sales Transactions and the Marketing Services Transactions, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 December 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As the Existing Technology and Traffic Support Services Framework Agreement, Existing JD Sales Framework Agreement, Existing Marketing Services Framework Agreement and the Existing Logistics Services Framework Agreement will expire on 31 December 2022, the Company entered into the 2023 Agreements on 21 October 2022 to renew the existing continuing connected transactions contemplated under the respective existing agreements. Each of the 2023 Agreements has a term of three years effective from 1 January 2023.

With reference to the Board Letter, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. In respect of the Technology and Traffic Support Services Transactions, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of setting monetary annual cap under Rule 14A.53(1) of the Listing Rules. The waiver is subject to certain conditions, details of which are set out under the sub-section headed “Basis for not setting monetary annual caps” of the section headed “2023 Technology and Traffic Support Services Framework Agreement” of the Board Letter.

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## LETTER FROM GRAM CAPITAL

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

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to the revision of annual caps of continuing connected transactions, details of which were set out in the Company's circular dated 16 September 2021. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreements during the past two years immediately preceding the Latest Practicable Date.

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

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

### BASIS OF OUR OPINION

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

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all

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material respects and not misleading or deceptive, and there are no other matters omitted which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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

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

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **Information on the Group**

With reference to the Board Letter, the Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 6618). As a leading online healthcare platform, the Group is committed to becoming the go-to health management platform for everyone in China. With this aim, the Group continues to strengthen its business foundation and make strategic deployments in the online healthcare industry for the future. The Group's strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user's full life span for all healthcare needs.

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Set out below are the financial information of the Group for the two years ended 31 December 2021 as extracted from the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) and for the six months ended 30 June 2022 as extracted from the Company’s interim report for the six months ended 30 June 2022 (the “**2022 Interim Report**”):

	<b>For the six months ended 30 June 2022</b> <i>(unaudited)</i> <i>RMB'000</i>	<b>For the year ended 31 December 2021</b> <i>(audited)</i> <i>RMB'000</i>	<b>For the year ended 31 December 2020</b> <i>(audited)</i> <i>RMB'000</i>	<b>Change from 2020 to 2021</b>  <i>%</i>
Revenue	20,225,212	30,682,267	19,382,568	58.3
— Sales of pharmaceutical and healthcare products	17,482,012	26,177,177	16,773,547	56.1
— Marketplace, advertising and other services	2,743,200	4,505,090	2,609,021	72.7
Gross profit	4,414,559	7,197,282	4,917,298	46.4
Profit/(Loss) for the period/year	222,958	(1,072,818)	(17,234,897)	(93.8)

As illustrated in the above table, the Group’s revenue amounted to approximately RMB30.7 billion for the year ended 31 December 2021 (“**FY2021**”), representing an increase of approximately 58.3% as compared to that for the year ended 31 December 2020 (“**FY2020**”). With reference to the 2021 Annual Report, such increase in revenue was primarily due to the increase in product revenue from sales of pharmaceutical and healthcare products. The aforesaid growth on product revenue was primarily driven by increase in the number of active user accounts and additional purchases from existing user accounts, increasing online penetration of pharmaceutical and healthcare products sales, and enrichment in product offering, and the Group’s rising brand awareness as the Group continues to invest in marketing activities.

Service revenue of the Group from online marketplace, digital marketing and other services increased by approximately 72.7% from FY2020 to FY2021, which was primarily due to (i) an increase in digital marketing service fees primarily attributable to an increase in the number of advertisers on the Group’s platform, in line with the continuous growth of transactions in the Group’s platform, and (ii) an increase in commission fees and platform usage fees primarily attributable to an increase in the sales volume and the number of third-party merchants on the Group’s online marketplace.

The Group’s loss for FY2021 amounted to approximately RMB1.1 billion, representing a decrease of approximately 93.8% as compared to that for FY2020.

With reference to the 2022 Interim Report, the Group’s revenue increased by approximately 48.3% from approximately RMB13.6 billion for the six months ended 30 June 2021 (“**1H2021**”) to approximately RMB20.2 billion for the six months ended 30 June 2022 (“**1H2022**”). Such increase in revenue was mainly due to increased product revenue from sales of pharmaceutical and healthcare products for 1H2022 as primarily driven by an increase in the number of active user accounts and additional purchases from user accounts, the increasing online penetration of pharmaceutical and healthcare products sales, and enrichment in product offering.

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Service revenue of the Group from online marketplace, digital marketing and other services increased by 46.2% from 1H2021 to 1H2022, which was primarily due to (i) an increase in digital marketing service fees primarily attributable to an increase in the number of advertisers on the Group's platform, in line with the continuous growth of transactions in the Group's platform, and (ii) an increase in commission fees and platform usage fees primarily attributable to an increase in the sales volume of third-party merchants on the Group's online marketplace.

The Group recorded a profit of approximately RMB223.0 million for 1H2022 as opposed to loss of approximately RMB454.2 million for 1H2021.

### **Information on JD.com**

With reference to the Board Letter, JD.com is a controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9618) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol "JD". JD.com is a leading supply chain-based technology and service provider. Its cutting-edge retail infrastructure seeks to enable consumers to buy whatever they want, whenever and wherever they want it. JD.com has opened its technology and infrastructure to partners, brands and other sectors, as part of its Retail as a Service offering to help drive productivity and innovation across a range of industries.

As at the Latest Practicable Date, JD.com, through its wholly-owned subsidiary JD Jiankang Limited, is indirectly interested in 2,149,253,732 Shares, representing approximately 67.59% of the Company's total issued share capital. JD.com is a connected person of the Company.

### **Reasons for and benefits of the Transactions**

#### ***Technology and Traffic Support Services Transactions***

With reference to the Board Letter, the provision of technology and traffic support services from JD Group to the Group would benefit the Company (i) since the core businesses of JD Group (as the operator of, among others, online platforms) and of the Group (as the provider of healthcare products and services) are inextricably linked together in multiple aspects, the Group's business and those of JD Group are highly complementary and beneficial to each other; (ii) in light of the leading position that JD Group enjoys in the PRC e-commerce industry and given that JD Group has accumulated a relatively large user base during its years of operation in the e-commerce industry, it is natural and in the best interests of the Group to cooperate with JD Group; (iii) the cooperation with JD Group in utilizing its platforms will enable the Group to leverage the popularity of JD Group among users, and allow the Group to reach more potential users, and further enhance the Group's business growth; and (iv) as both parties enjoy respective advantages in different business fields, the collaboration may bring synergy into full play and share development achievements.

We noted from the 2021 Annual Report and the 2022 Interim Report that the Group's growth on product revenue was primarily driven by, among other things, increasing online penetration of pharmaceutical and healthcare products sales. Therefore, we are of the view that the Technology and Traffic Support Services Transactions are conducive to the Group's business growth and will be beneficial to the Company and the Shareholders as a whole.

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### *JD Sales Transactions*

With reference to the Board Letter, large corporate customers who have signed procurement agreements with JD Group usually buy a wide range of products and services from JD Group in bulk, and healthcare products and services are only a portion of the products and services procured by such customers. Under the Existing JD Sales Framework Agreement, the Group sell healthcare related products to JD Group and JD Group then sells to these large corporate customers. With a single point of contact for the customers, it increases customer satisfaction with products and service offerings of both JD Group and the Group. Given the success in the past for such arrangement, the Company will continue with the existing arrangement with the large corporate customers under 2023 JD Sales Framework Agreement and also expanded the scope to include the provision of healthcare related services. As a result of the COVID-19 situation which heightened the general public's awareness and demand for healthcare products and services, the Company observed that there is an increase beyond expectation in the demand of healthcare products and services from the general public. Hence, the Group expanded the scope of the 2023 JD Sales Framework Agreement to include procurement of healthcare products and services of JD Group for its general customers.

In addition, in light of the COVID-19 situation, JD Group has donated and will likely continue to donate in the foreseeable future certain types of products and services (including protective equipment products and healthcare products and services) to assist medical institutions, companies and communities impacted by COVID-19. The healthcare products and services donated by JD Group will be purchased from the Group on a cost basis. The Group will not impose any profit or service fees on top of the costs. The Group does not anticipate these transactions to be recurring in the long run and will assess the need of continuing these transactions before the expiry of the 2023 JD Sales Framework Agreement.

We noted from the 2022 Interim Report that the Group will continue to strengthen its professional competencies within the realms of healthcare supply chain and online healthcare services. The Group will further promote its open ecosystem strategy and deepen its collaboration with upstream and downstream value chain partners (including, among others, the JD Group) in an effort to provide the public with easily accessible, convenient and affordable healthcare products and services.

Set out below are the total sales of online pharmacy in the PRC for the five years ended 31 December 2021, being the latest five full-year statistics published by Wind Financial Terminal:

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total sales of online pharmacy in the PRC ( <i>RMB billion</i> )	44.0	66.1	100.2	159.3	223.4
<i>Annual growth rate</i>		50.23%	51.59%	58.98%	40.24%

As shown in the table above, there was year-on-year increase in the total sales of online pharmacy in the PRC for each of the year 2018, 2019, 2020 and 2021. The total sales of online pharmacy in the PRC increased from approximately RMB44.0 billion in 2017 to approximately RMB223.4 billion in 2021, representing a compound annual growth rate of approximately 50.10%.

In light of the above, we are of the view that the JD Sales Transactions are conducive to the Group's business growth and will be beneficial to the Company and the Shareholders as a whole.

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### *Marketing Services Transactions*

With reference to the Board Letter, due to the increase in health awareness of the Group's customers after the outbreak of COVID-19 and the general rise in demand for healthcare products, (i) JD Group's business partners and suppliers are more willing to utilize the advertising resources of the Group to expand their market and reach a wider audience (i.e. the Group's users) and as a result there has been an increase beyond expectation in the marketing services revenue of the Group (and therefore an increase in the transaction amount to be paid by JD Group to the Group under the Existing Marketing Services Framework Agreement); and (ii) the continuous increase in third party business partners and suppliers of the Group, led to an increase in the amount of advertising and hence, there has also been an increase beyond expectation in the marketing services costs of the Group (and therefore an increase in the transaction amount to be paid by the Group to JD Group under the Existing Marketing Services Framework Agreement).

The Group has been developing its advertising services and digital marketing capabilities throughout the years and providing efficient advertising services to a broad base of brands and third-party merchants. From the customers' perspective, being able to place advertisements on both JD Group and the Group's platforms through one channel is convenient and allows for an enhanced customer experience and is therefore mutually beneficial to both JD Group and the Group.

With reference to the annual report of JD.com for the year ended 31 December 2021, JD Group provide a variety of digital marketing services to marketers on its e-commerce platform, including suppliers to its online retail business, third-party merchants on its online marketplace and other partners. Powered by AI technology, JD Group's digital marketing platform provides its marketing customers with comprehensive digital branding and performance-based marketing solutions and various effective measurement tools, which help them reach targeted audiences, attract and retain customers and improve their returns. JD Group's digital marketing platform also features automatic marketing operation including online marketing message creation, targeting, bidding, deployment and budget allocation, which enables marketers to manage their digital marketing strategy and spending in a convenient and efficient manner.

In addition, the Group is able to expand its revenue source by providing marketing services to JD Group's clients.

Therefore, we consider the Marketing Services Transactions will be beneficial to the Company and the Shareholders as a whole.

### *Supply Chain Solutions Logistics Services Transactions*

With reference to the Board Letter, the provision of integrated supply chain solutions and other logistics services from JD Group to the Group would benefit the Company as (i) the core businesses of JD Group (as the operator of, among others, logistics services) and of the Group (as the provider of healthcare products and services) are highly complementary and beneficial to each other, (ii) given that JD Group enjoys a leading position in the PRC's logistics industry with an extensive network coverage (including but not limited to warehouses and delivery personnel), it is natural for, and in the best interest of, the Group to cooperate with JD Group, and (iii) the Group has been marketing and selling products or services online and requires efficient and reliable integrated supply chain solutions and other logistics services to enable the products to be safely and promptly delivered to its customers. In particular, the Group's healthcare product and service businesses have been expanding quickly. By entering into the 2023 Supply Chain Solutions and Logistics Services Framework Agreement, the Group aims to meet the increasing demand for logistics services which is driven by the Group's sale of its healthcare products and services.

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With reference to an article dated 10 August 2022 published on the JD.com Corporate Blog (<https://jdcorporateblog.com/>) (a website operates by JD.com), JD Logistics, Inc. (stock code: 2618) (“**JD Logistics**”), JD.com’s logistics arm, was named one of the world’s top 10 strongest logistics brands in the Logistic 25 2022 report released by Brand Finance, an independent brand business valuation consultancy.

As also noted from JD Logistics interim report for the six months ended 30 June 2022, as at 30 June 2022, JD Logistics operated over 1,400 warehouses and over 7,600 delivery stations, and employed over 200,000 in-house delivery personnel. On top of its extensive self-owned infrastructure, JD Logistics also expanded its network coverage and improved flexibility through synergistic collaborations with strategic partners in land, maritime and air transportation. Furthermore, during 1H2022, aside from the healthy organic growth of JD Logistics’ businesses, JD Logistics also made significant progress in strategic acquisition through the acquisition of approximately 99.99% equity interest of Ningbo Meishan Baoshui Area Deppon Investment Holding Company Limited (“**Deppon Holdco**”) which holds approximately 66.50% of the issued share capital of Deppon Logistics Co., Ltd. (德邦物流股份有限公司, the “**Deppon**”) (stock code: SH603056). Deppon is an integrated, customer-centered, logistics company providing a wide range of solutions including Less-Than-Truckload (LTL) transportation, Full-Truckload (FTL) transportation, delivery services, and warehousing management. On 26 July 2022, JD Logistics group completed the acquisition of over 50% equity interest in Deppon Holdco, and the financial results of Deppon Holdco has been consolidated into the JD Logistics group’s financial results. On 8 August 2022, the JD Logistics group acquired additional approximately 0.01% equity interest of Deppon Holdco.

Given (i) the leading position of JD Logistics in the logistics industry; (ii) the continuous business growth of JD Logistics; and (iii) that the service fees for the Supply Chain Solutions and Logistics Services Transactions are on normal commercial terms or better as compared to those quoted by independent third party services providers for services of similar nature and scale, we consider the Supply Chain Solutions and Logistics Services Transactions will be beneficial to the Company and the Shareholders as a whole.

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

### **Principal terms of the Transactions**

#### ***A. Technology and Traffic Support Services Transactions***

Set out below are the principal terms of the 2023 Technology and Traffic Support Services Transactions, details of which are set out under the section headed “2023 Technology and Traffic Support Services Framework Agreement” of the Board Letter:

- |                 |                                                                                                                      |
|-----------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Date:</b>    | 21 October 2022                                                                                                      |
| <b>Parties:</b> | (i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and             |
|                 | (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group) |

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**Term:** from 1 January 2023 to 31 December 2025

The 2023 Technology and Traffic Support Services Framework Agreement is subject to the approval of the Independent Shareholders.

**Services:** JD Group will provide the Group technology and traffic support services through its online platforms (including www.jd.com and JD APP). The technology and traffic support services primarily include user traffic support, branding activities, operational support and advertisement access for the Group's merchants and suppliers.

### *Pricing policies*

With reference to the Board Letter, JD Group will charge commissions by applying a fixed rate on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms. The fixed rate JD Group shall charge the Group on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms (the "**Fixed Rate**") shall not exceed 3%.

The fixed rate of the commission fees JD Group shall charge the Group were determined on the basis of arm's length negotiations between the relevant parties, which are in line with or better than the rates JD Group charged other independent third parties for similar technology and traffic support services and are in the best interests of the Company and the Shareholders as a whole. The Group will also obtain annually from JD Group a range of the rates that it charges other independent third parties for similar services provided, including the relevant underlying contracts subject to the confidentiality provisions in the relevant contracts, to ensure that the commission fees charged are fair and reasonable and on normal commercial terms or better.

As stated in the Board Letter, the arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services.

For our due diligence purpose, we obtained from the Group the latest range of rates JD Group charges other independent third parties for similar services as the Technology and Traffic Support Services. As the range of rates JD Group charges applied to all other independent third parties for similar services, we are of the view that the range of rates we obtained is fair and representative. We noted that the Fixed Rate falls within the aforesaid range and was at the level of low end of such range. Accordingly, we consider the Fixed Rate to be fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal controls are set out under the section headed "INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS" of the Board Letter. Having considered that there are procedures to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the 2023 Technology and Traffic Support Services Framework Agreement, we consider the effective implementation of the internal control measures will ensure the fair pricing of the Technology and Traffic Support Services Transactions.

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Furthermore, we obtained figures showing (i) historical amounts of transactions contemplated under the Technology and Traffic Support Services Transactions for 1H2021, for 2H2021 and 1H2022; (ii) the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms for the same period. As the figures covered FY2021 and 1H2022, we consider relevant figures we obtained are fair and representative. We noted that the Fixed Rate represented historical amounts of transactions contemplated under the Technology and Traffic Support Services Transactions over the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms for the same period.

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

### *Historical transaction amounts*

With reference to the Board Letter, the historical transaction amounts for the two years ended 31 December 2021 and for 1H2022 were approximately RMB908.2 million, RMB1,271.7 million and RMB751.2 million, respectively.

### *Annual caps*

The commission fees JD Group shall charge the Group shall be determined by the following formula:

$$\text{A fixed rate} \quad \times \quad \text{the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms}$$

The fixed rate JD Group shall charge the Group on the value of the fulfilled orders of healthcare products and services generated through JD Group's online platforms shall not exceed 3%.

With reference to the Board Letter, it would be unsuitable to adopt monetary annual caps for the transactions contemplated in the 2023 Technology and Traffic Support Services Framework Agreement for the certain reasons, details of which are set out under the sub-section headed "Basis for not setting monetary annual caps" of the section headed "1. 2023 Technology and Traffic Support Services Framework Agreement" of the Board Letter.

With reference to the Board Letter, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of setting monetary annual cap under Rule 14A.53(1) of the Listing Rules. The waiver is subject to certain conditions, details of which are set out under the sub-section headed "Basis for not setting monetary annual caps" of the section headed "2023 Technology and Traffic Support Services Framework Agreement" of the Board Letter.

Having considered (i) the reasons for not to adopt monetary annual caps for the Technology and Traffic Support Services Transactions; (ii) the formula reflected the pricing policy of the 2023 Technology and Traffic Support Services Framework Agreement; and (iii) the Fix Rate is fair and reasonable as analysed above, we are of the view that the basis for determining the actual transaction amount is fair and reasonable.

Having considered the principal terms of the Technology and Traffic Support Services Transactions as set out above, we consider that the terms of the Technology and Traffic Support Services Transactions (including the non-monetary annual caps) are on normal commercial terms and are fair and reasonable.

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### *B. JD Sales Transactions*

Set out below are the principal terms of the 2023 JD Sales Transactions, details of which are set out under the section headed “2023 JD Sales Framework Agreement” of the Board Letter:

<b>Date:</b>	21 October 2022
<b>Parties:</b>	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and  (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
<b>Term:</b>	from 1 January 2023 to 31 December 2025  The 2023 JD Sales Framework Agreement is subject to the approval of the Independent Shareholders.
<b>Services:</b>	The Group will provide JD Group with certain healthcare related products and services. JD Group will then sell or donate them to customers (including large corporate customers or organisation), or will use or consume such products and services for its own operations.

### *Pricing policies*

With reference to the Board Letter, the price of the healthcare related products and services supplied to JD Group under the 2023 JD Sales Framework Agreement shall be determined by both parties based on fair market price with reference to (i) the costs of acquisition/production of the healthcare related products and services, (ii) fees charged to third-party customers, and/or (iii) fees charged for similar or comparable products or services by third-party suppliers. The Group will from time to time review the prices by comparing them against market prices chargeable by independent third party providers for products or services of similar nature and scale, and ensure that the terms the Group obtain from JD Group shall be on normal commercial terms or better as compared to those provided to independent third party customers. Before the Group enters into transactions under the 2023 JD Sales Framework Agreement, the procurement department must ensure that 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).

Having considered that the price of healthcare related products and services will be determined based on (i) costs of such healthcare products (for donation purpose); and/or (ii) prices offered to/by independent third parties (for products and services other than for donation purpose), we are of the view that the pricing policies under the 2023 JD Sales Framework Agreement are fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal controls are set out under the section headed “INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS” of the Board Letter. Having considered that there are procedures to

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ensure that the pricing policies are adhered before the Group entering into any of the transactions under the 2023 JD Sales Framework Agreement, we consider the effective implementation of the internal control measures will ensure the fair pricing of the JD Sales Transactions.

For our due diligence purpose, we requested the Company to provide one set of internal pricing review procedure document for the sales of healthcare related products supplied to corporate customers. on a random selection basis for each of 1H2021, 2H2021 and 1H2022. We obtained three sets of records showing internal pricing review procedure as conducted by the Group's staff. The Company also confirmed that such documents were randomly selected by relevant staff. As the documents which we requested were selected from FY2021 and 1H2022, we consider such documents were fair and representative. We noted from the records that the prices of the healthcare related products supplied to corporate customers (i.e. independent third parties) by JD Group were determined by the Group.

In addition, we requested the Company to provide one set of internal pricing review procedure document for the sales of healthcare products (for donation purpose) for each of 1H2021, 2H2021 and 1H2022. However, as confirmed by the Company, there was no transaction amount in respect of the Group's sales of healthcare products (for donation purpose) to JD Group for the FY2021 and therefore the Company only provided internal pricing review procedure documents for relevant transactions for FY2022 on a random selection basis. We obtained three sets of accounting records showing the Group's purchase and sale of healthcare products (for the purpose of donation) in 2022. The Company also confirmed that such accounting records were randomly selected by relevant staff. We consider the accounting records were fair and representative. As advised by the Directors, prices for such healthcare products (for the purpose of donation) were determined based on their costs of acquisition/production. We noted that the Group did not impose any profit or service fees on top on the cost for such healthcare products, the arrangement of which is in line with the pricing policy for the JD Sales Transactions.

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

In addition, 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 2023 JD Sales Transactions on a half yearly basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there is sufficient measures to monitor the utilisation of the annual caps.

### *Proposed annual caps*

The table below demonstrates (i) the historical amounts of JD Sales Transactions for the two years ended 31 December 2021 and for 1H2022 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2025 (“**Proposed Sales Cap(s)**”):

	<b>For the year ended 31 December 2020 RMB'million</b>	<b>For the year ended 31 December 2021 RMB'million</b>	<b>For the year ending 31 December 2022 RMB'million</b>
Historical amount of JD Sales Transactions	663.7	792.2	622.9 <i>(Note)</i>

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Existing annual caps			
(“Existing Sales Cap(s)”)	720	2,050	3,050
Utilization rate (%)	92.2	38.6	N/A

	<b>For the year ending 31 December 2023  (“FY2023”) RMB'million</b>	<b>For the year ending 31 December 2024  (“FY2024”) RMB'million</b>	<b>For the year ending 31 December 2025  (“FY2025”) RMB'million</b>
Proposed Sales Caps	4,100	6,400	9,600

*Note: the figure was for 1H2022.*

The basis for determining the Proposed Sales Caps is set out under the sub-section headed “Basis for the annual caps” of the section headed “2023 JD Sales Framework Agreement” of the Board Letter.

According to the above table, the utilization rates of the Existing Sales Caps were approximately 92.2% and 38.6% for FY2020 and FY2021 respectively, and the historical JD Sales Transactions amount for 1H2022 accounted for approximately 20.4% of the Existing Sales Cap for FY2022.

The Company provided us calculation of the Proposed Sales Caps for the three years ending 31 December 2025 and we noted that the Proposed Sales Caps were formulated based on (i) the estimated JD Sales Transactions amount for FY2022; (ii) the estimated growth rate for each of the three years ending 31 December 2025; and (iii) a buffer of 10% to cover unexpected increase in the surging demand for the healthcare related products and services under the JD Sales Transactions.

In formulating the estimated JD Sales Transactions amount for FY2022, the Directors considered (i) the historical JD Sales Transactions amount for FY2021; (ii) the estimated growth rate of approximately 114.7%, being the higher of (a) the year-on-year growth of the historical JD Sales Transactions amount for 1H2022 as compared to that for 1H2021; and (b) the year-on-year growth of the historical JD Sales Transactions amount for FY2021 as compared to that for FY2020.

Given that (i) the historical JD Sales Transactions amount for 1H2022 accounted for approximately 78.6% of the historical JD Sales Transactions amount for FY2021; (ii) the annualised JD Sales Transactions amount for FY2022 (based on historical JD Sales Transactions amounts for 1H2022) would implied a growth rate of approximately 57.3% as compared to the historical JD Sales Transactions amount for FY2021 (assuming no further growth for the second half of 2022); and (iii) the continuous growth in the Group’s business (in particular, the increases in product revenue from sales of pharmaceutical and healthcare products), we are of the view that the estimated growth rate adopted in formulating the estimated JD Sales Transactions amount for FY2022 to be justifiable.

In formulating the estimated JD Sales Transactions amount for each of the three years ending 31 December 2025, the Company adopted the estimated growth rates of 114.7% for FY2023, 55% for FY2024 and 50% for FY2025 respectively. As advised by the Directors, the purpose of adopting a higher growth rate in formulating the estimated JD Sales Transactions amount for FY2023 is to reflect the highest possible growth potential in estimated JD Sales Transactions amount based on the recent business growth, whereas a lower growth rate for FY2024 and FY2025 was adopted for the sake of prudence. Given that (i) the estimated growth rate of 114.7% for FY2023 represents the highest growth rate achieved by the Group in

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## LETTER FROM GRAM CAPITAL

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recent years; and (ii) the estimated growth rates of 55% and 50% are generally in line with the historical growth of the online pharmacy industry as detailed in the sub-section headed “JD Sales Transaction” under the section headed “Reasons for and benefits of the Transactions” above, we considered the aforesaid growth rates are justifiable.

As aforementioned, a moderate buffer of 10% was applied to the estimated JD Sales Transactions amount for each of the three years so as to cover unexpected increase in surging demand of JD Sales Transactions. We also searched for circulars regarding continuing connected transactions published by listed companies on the Stock Exchange during the period from 22 April 2022 to 21 October 2022 (being the six-month period prior to and including the date of the 2023 Agreements, which is a commonly adopted period for analysis). We identified 42 circulars published by other Hong Kong listed companies with buffer(s) adopted as a basis for determination of annual caps. Among the 42 circulars, 15 circulars stated the incorporating of buffer of 10% or approximately 10% in the proposed annual caps. As such, we considered that it is common among listed companies in Hong Kong to incorporate a buffer of 10% in formulating the proposed annual caps.

In light of the above factors, we consider that the Proposed Sales Caps for the three years ending 31 December 2025 are fair and reasonable.

Shareholders should note that as the Proposed Sales Caps for the three years ending 31 December 2025 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenue or income to be generated from the JD Sales Transactions. Consequently, we express no opinion as to how closely the actual revenue or income to be generated from the JD Sales Transactions will correspond with the Proposed Sales Caps.

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

### ***C. Marketing Services Transactions***

Set out below are the principal terms of the 2023 Marketing Services Transactions, details of which are set out under the section headed “2023 Marketing Services Framework Agreement” of the Board Letter:

<b>Date:</b>	21 October 2022
<b>Parties:</b>	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and  (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
<b>Term:</b>	from 1 January 2023 to 31 December 2025

The 2023 Marketing Services Framework Agreement is subject to the approval of the Independent Shareholders.

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## LETTER FROM GRAM CAPITAL

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**Services:** the Group and JD Group will provide certain marketing services to each other, including but not limited to the display of advertisements on various platforms and resources of JD Group and the Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements

### *Pricing policies*

With reference to the Board Letter, under the 2023 Marketing Services Framework Agreement, the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are based on various factors, including which party sourced the third party advertiser and the platform and resource the third party advertiser desires to place an advertisement on. The Group will annually review and approve the economic split from time to time, to ensure the percentage splits are reasonable and in favour of the Group. The arrangement with JD Group is not directly comparable with any arrangement between the Group and other third party online platforms, given that the Group extensively uses the services offered by JD Group to facilitate the sales and marketing of the Group's products and services.

Once the third party advertiser has signed the marketing services contract with the Group, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms (there is no marketing service fees sharing arrangement), (ii) JD Group's resources and/or platforms (60% of the marketing services fees will be shared from the Group to JD Group (the "**JDH 4/6 Split Ratio**")) or (iii) resources outside both the Group and JD Group's platforms (90% of the marketing services fees generated will be shared from the Group to JD Group (the "**JDH 1/9 Split Ratio**")).

Once the third party advertiser has signed the marketing services contract with JD Group but wishes to place advertisements relating to healthcare products and services, it may elect to place advertisements in three main advertising slots or places: (i) the Group's resources and/or platforms (where the Group is entitled to 100% of the marketing services fees generated), (ii) JD Group's resources and/or platforms (where the Group is entitled to 40% of the marketing services fees generated (the "**JDG 6/4 Split Ratio**")) or (iii) resources outside both the Group and JD Group's platforms (where the Group is entitled to 10% of the marketing services fees generated (the "**JDG 9/1 Split Ratio**")). The Group is involved with these healthcare related advertisements (and thus entitled to a certain proportion of the advertising fees generated), because the Group can provide value added services relating to healthcare products and services (i.e. marketing insights with regards to the healthcare industry) to the third party advertisers.

Details of the pricing policies under the Marketing Services Framework Agreement are set out in the sub-section headed "Pricing policies" under the section headed "2023 Marketing Services Framework Agreement" of the Board Letter.

To further assess the fairness of the 4/6 split ratios and 1/9 split ratios, we conducted following analyses:

- Pursuant to the 2023 Marketing Services Framework Agreement and upon our enquiry with the Company, we understood that the Group will provide similar services to the Group's or the JD Group's client (i.e. third party advertiser). Therefore, the Group will be entitled to the same proportion of advertising fees to be generated under the same scenario (i.e. same advertising slots/places as selected by third party advertiser) regardless of the source of the third party advertiser.

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## LETTER FROM GRAM CAPITAL

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- For our due diligence purpose, we requested the Company to provide individual agreements entered into between the JD Group and independent third parties regarding the placement of advertisement by the JD Group through independent third parties' platform which cover the period for FY2021 and FY2022 respectively. We obtained three individual agreements entered into between JD Group and independent third parties regarding the placement of advertisement by JD Group through independent third parties' platform. The Company also confirmed that such agreements were randomly selected by relevant staff. As the agreements which we obtained covering the period for FY2021 and 1H2022, we consider such agreements were fair and representative. We noted from the individual agreements that split percentages shared to JD Group by independent third parties were not more favourable than either the JDH 1/9 Split Ratio and JDG 9/1 Split Ratio. As advised by the Directors, JD Group is able to achieve mass efficiency and economies of scale of resources (i.e. advertising slots) from companies outside the Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and the Group as JD Group in principle has stronger bargaining power than the Group. As noted from the individual agreements, the 90% split to JD Group represents the advertising services fees in relation to the provision of advertising services through independent third parties' platform which JD Group is able to obtain through having stronger bargaining power, we consider the 10% split to the Group for providing advertising services through independent third parties' platform is on normal commercial terms.
- Upon our request, the Company provided three individual agreements entered into between (i) members of the JD Group; and (ii) independent third parties. As advised by the Company, services fees under the arrangement between JD Group and independent third parties may be affected by background of the counterparty and the nature of the arrangement, therefore, the Group provided us three individual agreements having considered similar scenario to the 2023 Marketing Services Framework Agreement. Pursuant to individual agreements, subsidiaries of JD Group and certain JD Group's clients will place advertisements through the independent third parties' internet platforms. Having considered the reputation of the counterparties, the transaction amounts between the JD Group and such independent third parties and length of service period, we consider the individual agreements were fair and representative. Under the individual agreements, certain JD Group's clients (i.e. the third party advertisers) utilized the independent third parties' resources while JD Group is in essence acting as an advertising agent. The arrangements under the individual agreements are similar to the scenario of the JDH 4/6 Split Ratio (i.e. background of the counterparty and the nature of the arrangement). We noted that the percentage which the Group is entitled to by using JD Group's resources and/or platforms is not lower than the percentage ratio for similar role under the individual agreements. Therefore, we are of the view that the JDH 4/6 Split Ratio is justifiable.

For our due diligence purpose, we also obtained (i) figures showing historical amounts of transactions contemplated under the Existing Marketing Services Framework Agreement (both revenue and cost nature) for second half of 2021 ("2H2021") and 1H2022; (ii) breakdowns of the aforesaid historical amounts as categorised by date of transaction, source of third party advertisers, main advertising slots/ places, marketing fees percentage splits ratio and the Group's revenue/cost for each aforesaid category; and (iii) summary of revenue generated by the Group/JD Group from their clients for the transactions contemplated under the existing Marketing Services Framework Agreement (as confirmed by the Directors, both the Group and JD Group will make reference to the summary when calculating for the advertising fees to be entitled by each party). As the breakdowns indicated the amounts of each individual transaction contemplated under the Existing Marketing Services Framework Agreement, we consider that it is sufficient to review historical transaction amounts and breakdowns. We noted that the marketing fees charged by JD Group to the Group and the marketing fees charged by the Group to JD Group are in line with the pricing policies under the Existing Marketing Services Framework Agreement.

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## LETTER FROM GRAM CAPITAL

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Having considered that (i) the Group will be entitled to the same proportion of advertising fees to be generated under the same scenario (i.e. same advertising slots/places as selected by third party advertiser) regardless of the source of the third party advertiser; and (ii) our findings and analyses as mentioned above, we consider that the pricing policy under the 2023 Marketing Services Framework Agreement are fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal control measures are set out under the section headed “Internal Controls for the Continuing Connected Transactions” of the Board Letter. Having considered that there is a procedure to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the 2023 Marketing Services Framework Agreement (i.e. the responsible business units of the Group shall ensure the split ratio is in line with relevant scenario before the Group enters into the transactions under the 2023 Marketing Services Framework Agreement), we consider the effective implementation of the internal control measures will ensure the fair pricing of the transactions under the 2023 Marketing Services Framework Agreement. Having considered the above our findings, we do not doubt the effectiveness of the implementation of the internal control measures.

In addition, 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 2023 Marketing Services Framework Agreement on a half yearly basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there is sufficient measures to monitor the utilisation of the annual caps.

### *Proposed annual caps*

The table below demonstrates (i) the historical amounts of Marketing Services Transactions for the two years ended 31 December 2021 and for 1H2022 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2025:

	<b>For the year ended 31 December 2020 RMB'million</b>	<b>For the year ended 31 December 2021 RMB'million</b>	<b>For the year ending 31 December 2022 ("FY2022") RMB'million</b>
Historical amount to be paid to the Group by JD Group ("Marketing Services Revenue")	446.5	659.6	524.4 <i>(Note)</i>
Existing annual caps ("Existing Marketing Services Revenue) Cap(s)")	450	900	1,440
Utilization rate	99.2	73.3	N/A

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**LETTER FROM GRAM CAPITAL**

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Historical amount to be paid by the Group to JD Group (“Marketing Services Costs”)	241.8	770.5	439.6 <i>(Note)</i>
Existing annual caps (“Existing Marketing Services (Cost) Cap(s)”)	350	1,700	2,720
Utilization rate (%)	69.1	45.3	N/A
	<b>For the year ending 31 December 2023 RMB'million</b>	<b>For the year ending 31 December 2024 RMB'million</b>	<b>For the year ending 31 December 2025 RMB'million</b>
<b>Proposed annual caps:</b>			
Marketing Services Revenue (“Proposed Marketing Services (Revenue) Cap(s)”)	2,400	3,700	5,600
Marketing Services Costs (“Proposed Marketing Services (Cost) Cap(s)”)	1,700	2,400	3,400

*Note: the figure was for 1H2022.*

The bases for determining the Proposed Marketing Services (Revenue) Caps and the Proposed Marketing Services (Cost) Caps are set out under the sub-section headed “Basis for the annual caps” of the section headed “2023 Marketing Services Framework Agreement” of the Board Letter.

According to the above table, the utilization rates of (i) the Existing Marketing Services (Revenue) Caps were approximately 99.2% and 73.3% for FY2020 and FY2021 respectively, and the historical Marketing Services Revenue for 1H2022 accounted for approximately 36.4% of the Existing Marketing Services (Revenue) Cap for FY2022; and (ii) the Existing Marketing Services (Cost) Caps were approximately 69.1% and 45.3% for FY2020 and FY2021 respectively, and the historical Marketing Cost for 1H2022 accounted for approximately 16.2% of the Existing Marketing Services (Cost) Cap for FY2022.

*Proposed Marketing Services (Revenue) Caps*

The Company provided us calculation of the Proposed Marketing Services (Revenue) Caps for the three years ending 31 December 2025 and we noted that the Proposed Marketing Services (Revenue) Caps were formulated based on (i) the estimated Marketing Services Revenue for FY2022; (ii) the estimated growth rate for each of the three years ending 31 December 2025; and (iii) a buffer of 10% to cover unexpected increase in the surging demand for Marketing Services.

In formulating the estimated Marketing Services Revenue for FY2022, the Directors considered (i) the historical Marketing Services Revenue for FY2021; (ii) the estimated growth rate of 83.4%, being the higher of (a) the year-on-year growth of the historical Marketing Services Revenue for 1H2022 as compared to that for 1H2021; and (b) the year-on-year growth of the historical Marketing Services Revenue for FY2021 as compared to that for FY2020.

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## LETTER FROM GRAM CAPITAL

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Given that (i) the historical Marketing Services Revenue for 1H2022 accounted for approximately 79.5% of the historical Marketing Services Revenue for FY2021; (ii) the annualised Marketing Services Revenue for FY2022 (based on historical Marketing Services Revenue for 1H2022) implied a growth rate of approximately 59.0% as compared to the historical Marketing Services Revenue for FY2021 (assuming no further growth for the second half of 2022); and (iii) the continuous growth in the Group's business (in particular, the increases in service revenue from marketplace, advertising and other services), we are of the view that the estimated growth rate adopted in formulating the estimated Marketing Services Revenue for FY2022 to be justifiable.

In formulating the estimated Marketing Services Revenue for each of the three years ending 31 December 2025, the Company adopted the growth rates of 83.4% for FY2023, 55% for FY2024 and 50% for FY2025 respectively. As advised by the Directors, the purpose of adopting a higher growth rate in formulating the estimated Marketing Services Revenue for FY2023 is to reflect the highest possible growth potential in estimated Marketing Services Revenue based on the recent business growth, whereas a lower growth rate for FY2024 and FY2025 was adopted for the sake of prudence. We considered the aforesaid growth rates are justifiable based on the Group's historical growth of Marketing Services Revenue.

As aforementioned, a moderate buffer of 10% was applied to the estimated Marketing Services Revenue for each of the three years to cover unexpected increase in surging demand of Marketing Services. We also noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in the proposed annual caps are common among listed companies in Hong Kong.

In light of the above factors, we consider that the Proposed Marketing Services (Revenue) Caps for the three years ending 31 December 2025 are fair and reasonable.

### *Proposed Marketing Services (Cost) Caps*

The Company provided us calculation of the Proposed Marketing Services (Cost) Caps for the three years ending 31 December 2025 and we noted that the Proposed Marketing Services (Cost) Caps were formulated based on (i) the estimated Marketing Services Costs for FY2022; (ii) the estimated growth rate for each of the three years ending 31 December 2025; and (iii) a buffer of less than 10% to cover unexpected increase in the surging demand for Marketing Services.

As aforementioned, Marketing Services Costs arises when third party advertisers entered into marketing services contract with the Group whereby JD Group's resources and/or platform were used when providing marketing services to third party advertisers. As such, the Directors adopted the estimated growth rate of 46.2% in formulating the estimated Marketing Services Costs for FY2022, which was determined with reference to year-on-year increase of the Group's service revenue from marketplace, advertising and other services from 1H2021 to 1H2022.

Given that (i) the historical Marketing Services Costs for 1H2022 accounted for approximately 57.1% of the historical Marketing Services Costs for FY2021; and (ii) the continuous growth in the Group's business (in particular, the increases in the Group's service revenue), we are of the view that the estimated growth rate adopted in formulating the estimated Marketing Services Costs for FY2022 to be justifiable.

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In formulating the estimated Marketing Services Costs for each of the three years ending 31 December 2025, the Company adopted the growth rates of 46.2% for FY2023, 40% and 40% for FY2024 and FY2025 respectively. As advised by the Directors, the purpose of adopting such growth rates in formulating the estimated Marketing Services Costs for the three years ending 31 December 2025 is to reflect the highest possible growth potential in estimated Marketing Services Costs based on the recent business growth. We considered the aforesaid growth rates are justifiable based on the Group's historical growth of Marketing Services Costs.

As aforementioned, a moderate buffer of less than 10% was applied to the estimated Marketing Services Costs for each of the three years so as to cover unexpected increase in surging demand of Marketing Services. We also noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in the proposed annual caps are common among listed companies in Hong Kong.

In light of the above factors, we consider that the Proposed Marketing Services (Costs) Caps for the three years ending 31 December 2025 are fair and reasonable.

Shareholders should note that as the Proposed Marketing Services (Revenue) Caps and Proposed Marketing Services (Cost) Caps for the three years ending 31 December 2025 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenue to be generated or cost to be incurred from the transactions contemplated under the 2023 Marketing Services Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue to be generated or cost to be incurred from the transactions contemplated under the 2023 Marketing Services Framework Agreement will correspond with the Proposed Marketing Services (Revenue) Caps and/or Proposed Marketing Services (Cost) Caps.

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

### ***D. Supply Chain Solutions and Logistics Services Transactions***

Set out below are the principal terms of the 2023 Supply Chain Logistics and Services Transactions, details of which are set out under the section headed "2023 Supply Chain Solutions and Logistics Services Framework Agreement" of the Board Letter:

<b>Date:</b>	21 October 2022
<b>Parties:</b>	(i) the Company (for itself and on behalf of its subsidiaries and consolidated affiliated entities); and  (ii) JD.com (for itself and on behalf of its subsidiaries and consolidated affiliated entities, excluding the Group)
<b>Term:</b>	from 1 January 2023 to 31 December 2025

The 2023 Supply Chain Solutions and Logistics Services Framework Agreement is subject to the approval of the Independent Shareholders.

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## LETTER FROM GRAM CAPITAL

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**Services:** JD Group will provide integrated supply chain solutions and other logistics services to the Group, including but not limited to warehouse operation and storage services, domestic and international transportation and delivery services, after sales and maintenance services, cash on delivery services, and other related ancillary services in exchange for service fees

### *Pricing policies*

With reference to the Board Letter, the service fees are determined after arm's length negotiations in reference to market rates obtainable from comparable service provider, and are charged based on a variety of factors including storage space taken and the weights and the delivery distance of the packages. The Group will obtain at least two comparable quotations from independent third party service providers on an annual basis to ensure that the terms the Group obtains from JD Group shall be on normal commercial terms or better as compared to those quoted by independent third party service providers for services of similar nature and scale.

As the service fees of the Supply Chain Solutions and Logistics Services Transactions will be made reference to the comparable quotations from independent third party service providers, we are of the view that the pricing policy under the Supply Chain Solutions and Logistics Services Transactions is fair and reasonable.

With reference to the Board Letter, the Company has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company are responsible for the control and management in respect of the continuing connected transactions. Details of the internal controls are set out under the section headed "INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS" of the Board Letter. Having considered that there are procedures to ensure that the pricing policies are adhered before the Group entering into any of the transactions under the 2023 Supply Chain Solutions and Logistics Services Framework Agreement, we consider the effective implementation of the internal control measures will ensure the fair pricing of the Supply Chain Solutions and Logistics Services Transactions.

For our due diligence purpose, we requested the Company to provide one set of internal assessment records for the procurement of integrated supply chain solutions and other logistics services on a random selection basis for each of 1H2021, 2H2021 and 1H2022. We obtained three sets of the Group's internal assessment records for the procurement of integrated supply chain solutions and other logistics services. The Company confirmed that such records were randomly selected by relevant staff. As the records which we obtained were selected from FY2021 and 1H2022, we consider such records were fair and representative. We noted that the Group had obtained comparable quotations from independent third party service provider(s) and terms offered by JD Group were comparable to or not less favourable than those offered by independent third party service provider(s).

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

In addition, 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 2023 Supply Chain Solutions and Logistics Services Framework Agreement on a half yearly basis. Further actions will be taken if the actual transaction amounts reach certain threshold of the annual caps. We consider there is sufficient measures to monitor the utilisation of the annual caps.

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## LETTER FROM GRAM CAPITAL

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### *Proposed annual caps*

The table below demonstrates (i) the historical amounts of Supply Chain Solutions and Logistics Services Transactions for the two years ended 31 December 2021 and for 1H2022 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2025:

	<b>For the year ended 31 December 2020 <i>RMB'million</i></b>	<b>For the year ended 31 December 2021 <i>RMB'million</i></b>	<b>For the year ending 31 December 2022 <i>RMB'million</i></b>
Historical amount of Supply Chain Solutions and Logistics Services Transactions	1,247.3	1,712.5	1,174.5 <i>(Note)</i>
Existing annual caps (“Existing Logistics Cap(s)”) Utilization rate (%)	1,600 78.0	2,600 65.9	4,300 N/A
	<b>For the year ending 31 December 2023 <i>RMB'million</i></b>	<b>For the year ending 31 December 2024 <i>RMB'million</i></b>	<b>For the year ending 31 December 2025 <i>RMB'million</i></b>
Proposed annual caps	3,900	5,300	7,000

*Note: the figure was for 1H2022.*

The basis for determining the Proposed Sales Caps is set out under the sub-section headed “Basis for the annual caps” of the section headed “2023 Supply Chain Solutions and Logistics Services Framework Agreement” of the Board Letter.

According to the above table, the utilization rates of the Existing Logistics Caps were approximately 78.0% and 65.9% for FY2020 and FY2021 respectively, and the historical Supply Chain Solutions and Logistics Services Transactions amount for 1H2022 accounted for approximately 27.3% of the Existing Logistics Cap for FY2022.

The Company provided us calculation of the proposed annual caps for the three years ending 31 December 2025 and we noted that the proposed annual caps were formulated based on (i) the estimated Supply Chain Solutions and Logistics Services Transactions amount for FY2022; (ii) the estimated growth rate for each of the three years ending 31 December 2025; and (iii) a buffer of less than 10% to cover unexpected increase in the surging demand for the services under the Supply Chain Solutions and Logistics Services Transactions.

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In formulating the estimated Supply Chain Solutions and Logistics Services Transactions amount for FY2022, the Directors considered (i) the historical Supply Chain Solutions and Logistics Services Transactions amount for FY2021; (ii) the estimated growth rate of approximately 47.7%, being the higher of (a) the year-on-year growth of the historical Supply Chain Solutions and Logistics Services Transactions amount for 1H2022 as compared to that for 1H2021; and (b) the year-on-year growth of the historical Supply Chain Solutions and Logistics Services Transactions amount for FY2021 as compared to that for FY2020.

Given that (i) the historical Supply Chain Solutions and Logistics Services Transactions amount for 1H2022 accounted for approximately 68.6% of the historical Supply Chain Solutions and Logistics Services Transactions amount for FY2021; (ii) the annualised Supply Chain Solutions and Logistics Services Transactions amount for FY2022 (based on the historical Supply Chain Solutions and Logistics Services Transactions amount for 1H2022) would implied a growth rate of approximately 37.2% as compared to the historical Supply Chain Solutions and Logistics Services Transactions amount for FY2021 (assuming no further growth for the second half of 2022); and (iii) the continuous growth in the Group's business (in particular, the increases in product revenue from sales of pharmaceutical and healthcare products, which requires, among others, the Supply Chain Solutions and Logistics Services Transactions), we are of the view that the estimated growth rate adopted in formulating the estimated Supply Chain Solutions and Logistics Services Transactions amount for FY2022 to be justifiable.

In formulating the estimated Supply Chain Solutions and Logistics Services Transactions amount for each of the three years ending 31 December 2025, the Company adopted the growth rates of 47.7% for FY2023, 35% for FY2024 and 33% for FY2025 respectively. As advised by the Directors, the purpose of such growth rates in formulating the estimated Supply Chain Solutions and Logistics Services Transactions amount for the three years ending 31 December 2025 is to reflect the highest possible growth potential in estimated Supply Chain Solutions and Logistics Services Transactions amount based on the recent business growth. Given that the Group's products revenue from sales of pharmaceutical and healthcare products recorded year-on-year increases of approximately 56.1% for FY2021 as compared with FY2020 and 48.6% for 1H2022 as compared with 1H2021, we considered the aforesaid growth rates adopted in formulating the estimated Supply Chain Solutions and Logistics Services Transactions amount are achievable based on the Group's historical business growth.

As aforementioned, a moderate buffer of less than 10% was applied to the estimated Supply Chain Solutions and Logistics Services Transactions amount for each of the three years so as to cover unexpected increase in surging demand of Supply Chain Solutions and Logistics Services Transactions. We also noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in the proposed annual caps are common among listed companies in Hong Kong.

In light of the above factors, we consider that the proposed annual caps for the three years ending 31 December 2025 are fair and reasonable.

Shareholders should note that as the proposed annual caps for the three years ending 31 December 2025 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of costs to be incurred from the Supply Chain Solutions and Logistics Services Transactions. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Supply Chain Solutions and Logistics Services Transactions will correspond with the proposed annual caps.

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

### **Listing Rules implication**

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

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

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

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

### **RECOMMENDATION**

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

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

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

## I. RESPONSIBILITY STATEMENT

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

## II. DISCLOSURE OF INTERESTS

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

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

#### (i) Interest in the Company

Name of Director/ chief executive	Nature of interest	Number of Shares	Approximate % of the Company's total issued share capital <sup>(8)</sup>
Enlin Jin	Beneficial owner <sup>(1)</sup>	645,519 <sup>(L)</sup>	0.02
Richard Qiangdong Liu	Interest in controlled corporations <sup>(2)</sup> ; Beneficial owner <sup>(3)</sup>	2,193,455,829 <sup>(L)</sup>	68.98
Xingyao Chen	Beneficial owner <sup>(4)</sup>	6,330 <sup>(L)</sup>	0.00
Ling Li	Beneficial owner <sup>(5)</sup>	6,330 <sup>(L)</sup>	0.00
Jiyu Zhang	Beneficial owner <sup>(6)</sup>	7,388 <sup>(L)</sup>	0.00
Ying Wu	Beneficial owner <sup>(7)</sup>	20,469 <sup>(L)</sup>	0.00

#### Notes:

- (1) Includes Mr. Enlin Jin's entitlement to receive up to 239,795 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options; and up to 165,001 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those awards.
- (2) Mr. Richard Qiangdong Liu controls more than 50% of the voting power of JD.com, which wholly owns JD Jiankang Limited. JD Jiankang Limited holds 2,149,253,732 Shares. Mr. Liu is also the chairman of the board of directors of JD.com.

- (3) Includes Mr. Richard Qiangdong Liu's entitlement to receive up to 35,361,678 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options.
- (4) Includes Mr. Xingyao Chen's entitlement to receive up to 2,697 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.
- (5) Includes Ms. Ling Li's entitlement to receive up to 2,697 Shares pursuant to the vesting of the awards granted to her under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.
- (6) Includes Dr. Jiyu Zhang's entitlement to receive up to 5,394 Shares pursuant to the vesting of the awards granted to her under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.
- (7) Includes Mr. Ying Wu's entitlement to receive up to 20,469 Shares pursuant to the vesting of the awards granted to him under the Post-IPO Share Award Scheme, subject to the vesting schedule and conditions of those awards.
- (8) The percentages are calculated on the basis of 3,179,915,111 Shares in issue as at the Latest Practicable Date.
- (9) (L) denotes a long position in the Shares.

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

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

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

The calculations in the table below are based on 3,143,010,971 ordinary shares outstanding as of the Latest Practicable Date.

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

	Ordinary Shares Beneficially Owned*				% of Aggregate Voting Power <sup>#</sup>
	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Beneficial Ownership	
Directors and Executive Officers					
Richard Qiangdong Liu	32,174,550 <sup>(1)</sup>	368,007,423 <sup>(1)</sup>	400,181,973 <sup>(1)</sup>	12.7 <sup>(1)</sup>	74.0 <sup>(2)(3)</sup>

*Notes:*

<sup>#</sup> For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of the Class A ordinary shares and Class B ordinary shares as a single class.

\* Beneficial ownership information disclosed herein represents direct and indirect holdings of entities owned, controlled or otherwise affiliated with the applicable holder as determined in accordance with the rules and regulations of the U.S. SEC.

(1) Represents (i) 368,007,423 Class B ordinary shares directly held by Max Smart Limited; (ii) 11,487,275 ADSs (equivalent to 22,974,550 Class A ordinary shares) directly held by Max Smart Limited; and (iii) Mr. Richard Qiangdong Liu’s entitlement to receive up to 9,200,000 Class A ordinary shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP that vest within 60 days after the Latest Practicable Date. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director. The ordinary shares beneficially owned by Mr. Richard Qiangdong Liu do not include 18,471,326 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in note (2) below.

(2) The aggregate voting power includes the voting power with respect to the 18,471,326 Class B ordinary shares held by Fortune Rising Holdings Limited. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited and he may be deemed to beneficially own the voting power with respect to all of the ordinary shares held by Fortune Rising Holdings Limited in accordance with the rules and regulations of the U.S. SEC, notwithstanding the facts described in note (3) below.

(3) Fortune Rising Holdings Limited holds the 18,471,326 Class B ordinary shares for the purpose of transferring such shares to the plan participants according to awards under JD.com’s share incentive plan, and administers the awards and acts according to JD.com’s instruction. Fortune Rising Holdings Limited exercises the voting power with respect to these shares according to JD.com’s instruction. Fortune Rising Holdings Limited is a company incorporated in the British Virgin Islands. Mr. Richard Qiangdong Liu is the sole shareholder and the sole director of Fortune Rising Holdings Limited.

The following table lists out the interests of Directors or chief executives (who are not entitled to the DI Waivers) in JD.com and JD Logistics, an associated corporation of the Company that is also a subsidiary of JD.com (i.e. a fellow subsidiary), as of the Latest Practicable Date.

Name of Director	Associated corporation	Nature of interest	Number of shares	% of interest in associated corporation
Enlin Jin	JD.com	Beneficial owner <sup>(1)</sup>	2,794 <sup>(L)</sup>	0.00
Enlin Jin	JD Logistics	Beneficial owner	28,000 <sup>(L)</sup>	0.00
Richard Qiangdong Liu	JD Logistics	Beneficial owner <sup>(2)</sup> ; Interest in controlled corporation <sup>(3)</sup>	4,291,457,805 <sup>(L)</sup>	65.05
Ling Li	JD.com	Interest of spouse <sup>(4)</sup>	52,258 <sup>(L)</sup>	0.00
Ling Li	JD Logistics	Interest of spouse <sup>(5)</sup>	49,000 <sup>(L)</sup>	0.00

*Notes:*

- (1) Includes Mr. Enlin Jin's entitlement to receive up to 2,153 shares in JD.com pursuant to restricted share units under the share incentive plan of JD.com.
- (2) Includes Mr. Richard Qiangdong Liu's entitlement to receive up to 66,124,471 shares of JD Logistics pursuant to the exercise of options granted to him under the pre-IPO employee share incentive plan approved and adopted by JD Logistics on March 31, 2018, subject to the conditions (including vesting conditions) of those options.
- (3) Jingdong Technology Group Corporation, which holds 4,192,271,100 shares in JD Logistics, is wholly-owned by JD.com. As of the Latest Practicable Date, Mr. Richard Qiangdong Liu is interested in approximately 74.0% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (4) Represents 52,258 shares in JD.com directly held by Mr. Dingbo Xu. Ms. Ling Li is the spouse of Mr. Dingbo Xu, she is deemed to be interested in the shares in JD.com in which Mr. Dingbo Xu is interested.
- (5) Represents 49,000 shares in JD Logistics directly held by Mr. Dingbo Xu. Ms. Ling Li is the spouse of Mr. Dingbo Xu, she is deemed to be interested in the shares in JD Logistics in which Mr. Dingbo Xu is interested.
- (6) (L) denotes a long position in the Shares.

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

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

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate % of holding<sup>(2)</sup></b>
JD Jiankang Limited <sup>(1)</sup>	Beneficial owner	2,149,253,732 <sup>(L)</sup>	67.59
JD.com <sup>(1)</sup>	Interest in controlled corporations	2,149,253,732 <sup>(L)</sup>	67.59

*Notes:*

- (1) JD Jiankang Limited is wholly-owned by JD.com. Under the SFO, JD.com is deemed to be interested in and control the 2,149,253,732 Shares held by JD Jiankang Limited.
- (2) The percentages are calculated on the basis of 3,179,915,111 Shares in issue as at the Latest Practicable Date.
- (3) (L) denotes a long position in the Shares.

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

Save for the foregoing, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

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

### III. DIRECTORS' INTERESTS

**(a) Interest in service contracts**

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

**(b) Interest in competing business**

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

**(c) Interest in assets**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since December 31, 2021, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**(d) Interests in contract or arrangement**

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

### IV. LITIGATION

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

### V. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since December 31, 2021, the date to which the latest published audited financial statements of the Company were made up.

## VI. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on Corporate Finance) regulated activity under the SFO

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

As at the Latest Practicable Date, Gram Capital (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up.

## VII. DOCUMENTS ON DISPLAY

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

- (a) the 2023 Technology and Traffic Support Services Framework Agreement;
- (b) the 2023 JD Sales Framework Agreement;
- (c) the 2023 Marketing Services Framework Agreement; and
- (d) the 2023 Supply Chain Solutions and Logistics Services Framework Agreement.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### JD Health International Inc. 京东健康股份有限公司

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

**(Stock Code: 6618)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of JD Health International Inc. (the “Company”) will be held at 10:00 a.m. on Friday, December 23, 2022 at Block C, Building 2, Jingdong Headquarters, No. 20 Kechuang 11 Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing, the People’s Republic of China, for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

### ORDINARY RESOLUTIONS

**“THAT**

1. the agreement dated October 21, 2022 entered into between the Company and JD.com, Inc. for the provision of technology and traffic support services (the “**2023 Technology and Traffic Support Services Framework Agreement**”) and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated December 8, 2022 (the “**Circular**”), be and is hereby confirmed, approved and ratified, and any one director of the Company (the “**Director**”) be and is hereby generally and unconditionally authorized to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement and/or give effect to or otherwise in connection with the 2023 Technology and Traffic Support Services Framework Agreement and the transactions contemplated thereunder;
2. the agreement dated October 21, 2022 entered into between the Company and JD.com, Inc. for the provision of healthcare products and services (the “**2023 JD Sales Framework Agreement**”), the transaction contemplated and the annual caps for the three years ending December 31, 2025 provided thereunder, details of which are more particularly described in the Circular, be and is hereby confirmed, approved and ratified, and any one Director be and is hereby generally and unconditionally authorized to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement and/or give effect to or otherwise in connection with the 2023 JD Sales Framework Agreement and the transactions contemplated thereunder;
3. the agreement dated October 21, 2022 entered into between the Company and JD.com, Inc. for the provision of certain marketing services (the “**2023 Marketing Services Framework Agreement**”), the transaction contemplated and the annual caps for the three years ending December 31, 2025 provided thereunder, details of which are more particularly described in the Circular, be and is hereby confirmed, approved and ratified, and any one Director be and is hereby generally and unconditionally authorized to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement and/or give effect to or otherwise in connection with the 2023 Marketing Services Framework Agreement and the transactions contemplated thereunder;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. the agreement dated October 21, 2022 entered into between the Company and JD.com, Inc. for the provision of integrated supply chain solutions and logistics services (the “**2023 Supply Chain Solutions and Logistics Services Framework Agreement**”), the transaction contemplated and the annual caps for the three years ending December 31, 2025 provided thereunder, details of which are more particularly described in the Circular, be and is hereby confirmed, approved and ratified, and any one Director be and is hereby generally and unconditionally authorized to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement and/or give effect to or otherwise in connection with the 2023 Supply Chain Solutions and Logistics Services Framework Agreement and the transactions contemplated thereunder.”

By order of the Board  
**JD Health International Inc.**  
**Mr. Enlin Jin**  
*Executive Director*

Hong Kong, December 8, 2022

*Notes*

- (1) Pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Articles of Association, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend, and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
- (3) In the case of joint holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 10:00 a.m. on Wednesday, December 21, 2022) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
- (5) The transfer books and register of members of the Company will be closed from Tuesday, December 20, 2022 to Friday, December 23, 2022, both days inclusive, to determine the entitlement of shareholders to attend and vote at the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, December 19, 2022.
- (6) References to time and dates in this notice are to Hong Kong time and dates.
- (7) The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.