

CONNECTED TRANSACTIONS

Upon Listing, transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

JD.com and its associates:

Connected Relationship	Name
Controlling Shareholder	JD.com
JD.com's associates	Including, but not limited to Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司) ("Jingdong Century"), Beijing Jingbangda Trade Co., Ltd. (北京京邦達貿易有限公司) ("Jingbangda") and JD.com International Limited ("JD HK")

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions with JD Group:

Continuing connected transactions	Proposed annual cap for the year ending December 31, (RMB in thousands)
Exempt Continuing Connected Transaction	
1. IP Licensing Framework Agreement	
Royalties to be paid by us to JD Group	N/A
Non-Exempt and Partially Exempt Continuing Connected Transaction	
2. Technology and Traffic Support Services Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: N/A 2021: N/A 2022: N/A
3. Loyalty Program Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 56,000 2021: 79,000 2022: 110,000
4. JD Sales Framework Agreement	
Transaction amount to be paid to us by JD Group	2020: 720,000 2021: 950,000 2022: 1,250,000

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Continuing connected transactions	Proposed annual cap for the year ending December 31, <i>(RMB in thousands)</i>
5. Logistics Services Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 1,600,000
	2021: 2,600,000
	2022: 4,300,000
6. Marketing Services Framework Agreement	
Transaction amount to be paid to us by JD Group	2020: 450,000
	2021: 600,000
	2022: 800,000
Transaction amount to be paid by us to JD Group	2020: 350,000
	2021: 530,000
	2022: 690,000
7. Procurement Services Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 1,400,000
	2021: 1,000,000
8. Promotion Services Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 300,000
	2021: 350,000
	2022: 400,000
9. Payment Cooperation Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 240,000
	2021: 400,000
	2022: 600,000
10. Shared Services Framework Agreement	
Transaction amount to be paid by us to JD Group	2020: 600,000
	2021: 900,000
	2022: 1,200,000

Contractual Arrangements

11. Contractual Agreements

Continuing connected transactions	Proposed annual cap
Non-Exempt Continuing Connected Transaction	
Contractual Arrangements	N/A

EXEMPT CONTINUING CONNECTED TRANSACTION**1. IP Licensing Framework Agreement*****Principal terms***

Our Company entered into an IP licensing framework agreement with JD.com (the “**IP Licensing Framework Agreement**”) on November 23, 2020, pursuant to which JD Group will grant to the Group exclusive and non-exclusive licenses for the use of certain intellectual property rights owned by JD.com, including trademarks and software copyrights that are either registered or for which registration applications have been filed in the PRC or Hong Kong owned by JD Group (the “**Licensed IP Rights**”) on a royalty-free basis. Exclusive licenses granted by JD Group to us include trademarks that specifically relate to our Group (including “JD Health”, “京東大藥房” and “京東互聯網醫院”), while non-exclusive licenses granted by JD Group to us include software copyrights, patents and other related IP rights. The Company will use the Licensed IP Rights within the scope specified in the IP Licensing Framework Agreement. For details of the Licensed IP Rights, please see the section headed “Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights” in this document.

Period of agreement and termination clause

The initial term of the IP Licensing Framework Agreement will commence on the Listing Date and end on ten years from the Listing Date on the condition that JD.com or its subsidiaries remain the largest shareholder of our Company. The IP Licensing Framework Agreement is subject to renewal through mutual consent by the parties.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where the nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including the independent non-executive Director) are of the view that the IP Licensing Framework Agreement was entered into on normal commercial terms or better and the Licensed IP Rights are necessary for our business operations and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term development and continuity of our business.

Reasons for the transaction

The Directors consider that the use of JD Group’s Licensed IP Rights will enable the Company to leverage on the popularity and reputation of JD Group and broaden its sales and distribution channels, thereby promoting its sales of products and services. Moreover, the Company has been using some of the Licensed IP Rights of JD Group for several years and the Directors believe it is in the best interests of the Company and its Shareholders to continue to use the Licensed IP Rights upon Listing. Further, JD Group is not able to transfer to our Group certain trademarks without transferring trademarks that belong to and are being used by JD Group due to their similarity (e.g. “JD” and “JD Health”). This is because the “JD Health” trademark involves the trademark “JD”, which belongs to and has been registered by JD Group. Consequently, in order for the trademark “JD Health” to be transferred to our Group, the trademark “JD” would also have to be transferred to our Group—which would be commercially impracticable for JD Group to do. Consequently, it is submitted the IP Licensing Framework Agreement remains the most appropriate and feasible means for ensuring that both JD Group and our Group can continue to enjoy the use of the Licensed IP Rights.

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Historical amounts

There were no historical amounts for the IP Licensing Framework Agreement for each of the three years ended December 31, 2019 and the six months ended June 30, 2020.

Listing Rules implications

As the license to use the Licensed IP Rights is granted to us on a royalty-free basis, the transactions under the IP Licensing Framework Agreement constitute de minimis transactions and are fully exempt from the annual reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT AND PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have conducted the following transactions in the ordinary and usual course of our business, which will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting, announcement and independent Shareholders' approval (as the case may be) requirements under Chapter 14A of the Listing Rules (the “**Non-exempt Continuing Connected Transactions**”). During the Track Record Period, although the pricing policies of some of the connected transactions set out below have not yet been established, the rationale of the pricing policies of all of the connected transactions below has been consistently adopted.

2. Technology and Traffic Support Services Framework Agreement

Principal terms

Our Company entered into a technology and traffic support services framework agreement with JD.com on November 23, 2020 (the “**Technology and Traffic Support Services Framework Agreement**”), pursuant to which JD Group will provide our Group technology and traffic support services through its online platforms (e.g. www.jd.com). The technology and traffic support services primarily include user traffic support, branding activities, operational support and advertisement access for our 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.

The initial term of the Technology and Traffic Support Services Framework Agreement will commence on the Listing Date and end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Our Directors consider that the provision of technology and traffic support services from JD Group to our Group would benefit the Company for the following reasons:

- since the core businesses of JD Group (as the operator of, among others, online platforms) and of our 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;
- 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;

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- our cooperation with JD Group in utilizing its platforms will enable us to leverage the popularity of JD Group among users, and allow us to reach more potential users, and further enhance our business growth; and
- as both parties enjoy respective advantages in different business fields, our collaboration may bring synergy into full play and share development achievements.

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

The commission fees JD Group charged us 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 our Company and our Shareholders as a whole. We 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 us and other third party online platforms, given that we extensively use the services offered by JD Group to facilitate the sales and marketing of our Group's products and services.

Historical amounts

In respect of technology and traffic support from JD Group to our business, the historical amounts were approximately RMB276.5 million, RMB424.9 million, RMB528.2 million and RMB424.1 million for each of the three years ended December 31, 2019 and six months ended June 30, 2020, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the end of June 2019 (the "**Closing Date**"), which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services. For the avoidance of doubt, the abovementioned Closing Date is solely for the purpose of identifying related party transactions' effective date.

Prior to the Closing Date of Series A Preference Shares financing, the historical amounts were allocated based on JD Group's respective expenses incurred and the fulfilled order volume of our business in proportion to the aggregate fulfilled order volume of our business and JD Group in the relevant period and year.

Since the Closing Date of Series A Preference Shares financing, the transaction amounts in relation to provision of technology and traffic support services from JD Group to our Group were

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charged based on a fixed percentage of the value of our Group's fulfilled orders of healthcare products and services generated through JD Group's online platforms in the relevant period or year.

Annual caps

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

A fixed rate \times *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 us 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 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 our healthcare products and services generated through JD Group's online platforms, all of which are beyond the immediate control of us and JD Group.
- (ii) We have been rapidly expanding our healthcare products and services, which has led to a corresponding increase in the provision of technology and traffic support services from JD Group to our Group, as the transaction amount for the six months ended June 30, 2020 achieved a significant year-over-year increase over the six months ended June 30, 2019. As we expect that we will continue to significantly expand our healthcare products and services after the Listing 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. We believe 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 we could derive from this type of business cooperation and will hinder us from business expansion that can maximize the benefits for our shareholders.
- (iv) Adoption of annual caps with fixed monetary annual caps will render it unduly burdensome for us to comply with the disclosure, announcement, circular and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules whenever commissions paid by us to JD Group through the transactions contemplated under the Technology and Traffic Support Services Framework Agreement exceed the caps.
- (v) The commissions paid by us to JD Group based on the formula provided in the 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

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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.

Listing Rules implications

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the Technology and Traffic Support Services Framework Agreement in terms of monetary value. As the highest applicable percentage ratio of the transactions under the Technology and Traffic Support Services Framework Agreement will exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

3. Loyalty Program Framework Agreement

Principal terms

Our Company entered into a loyalty program framework agreement with JD.com on November 23, 2020 (the "**Loyalty Program Framework Agreement**"), pursuant to which our Group participates in the customer loyalty program of JD Group and the relevant customer loyalty awards are supplied by JD Group.

The initial term of the Loyalty Program Framework Agreement will commence on the Listing Date and end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Given that our businesses are operated on JD Group's platforms and in an effort to provide an integrated customer user experience among the platforms of our Group and JD Group, our Group has historically and will continue to participate in the customer loyalty program of JD Group. JD Group is a leading player in the PRC e-commerce industry with extensive network coverage (including but not limited to websites and mobile apps) and enjoys a vast user base. Our cooperation with the JD Group in utilizing its platforms and participating in its customer loyalty programs will enable us to leverage the popularity of JD Group among users, and allow us to reach more potential users, and further enhance our business growth.

Pricing policies

We pay JD Group based on the number of loyalty points it granted and unit cost. The unit costs is fixed, while the number of loyalty points granted vary among different product categories and are determined by internal assessment of JD Group to achieve best marketing results while providing benefits to customers. We will obtain the relevant number of loyalty points record from JD Group in relation to our business to verify the loyalty points granted annually so as to assess whether the costs charged by JD Group are reasonable. The arrangement with JD Group is not directly comparable with any arrangement between us and other third party online platforms, given that we extensively use the services offered by JD Group to facilitate the sales and marketing of our Group's products and

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services. If a customer buys a certain amount of products from our Group, this will generate for the customer a corresponding number of loyalty points which is worth a certain dollar amount. Because JD Group supplies these loyalty points directly to the customer, our Group will thus settle the dollar worth of those loyalty points generated on its platform with JD Group. For the avoidance of doubt, if any customer consumes (or uses) the loyalty points during his/her purchase of healthcare products from our Group, JD Group will be responsible to settle and pay our Group the equivalent dollar amount.

Historical amounts

In respect of the loyalty points granted to users by JD Group for our business, the historical amounts in respect of the above services were approximately RMB19.9 million, RMB22.6 million, RMB27.1 million and RMB24.0 million for each of the three years ended December 31, 2019 and six months ended June 30, 2020, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Prior to the Closing Date of Series A Preference Shares financing, the historical amounts were allocated based on JD Group's respective expenses incurred and our Group's fulfilled order volume in proportion to that of the aggregate fulfilled order volume of our business and JD Group in the relevant period and year.

Since the Closing Date of Series A Preference Shares financing, the transaction amounts charged by JD Group in relation to the loyalty program were charged based on the amount of loyalty points that were generated through customers' purchases from our Group, and the unit cost incurred by JD Group for each loyalty point granted in the relevant period and year.

Annual caps

The transaction amounts to be paid by us to JD Group under the Loyalty Program Framework Agreement for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to JD Group	56,000	79,000	110,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- The historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the loyalty program arrangements between our Group and JD Group during the Track Record Period. In

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particular, the transaction amount for the six months ended June 30, 2020 was approximately RMB24.0 million or around a 86% increase compared to the transaction amount for the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annualized amount based on transaction amount for the six months ended June 30, 2020.

- The total number of JD loyalty points granted by our Group to users will increase as we attract more users and as the users become more engaged on our platform and make more purchases. As China's economy gradually recovers from COVID-19 and in light of government policies in favor of the digital economy including internet healthcare, we expect more active user engagement on our platform. Also, in anticipation of our increased selling and marketing activities during China's online shopping festival on November 11 and on December 12, we expect further expansion of our user base and higher user engagement on our platform in the fourth quarter of 2020. As a result, our platform is expected to grant more JD loyalty points to our users in the fourth quarter of 2020.
- The expected increase of our GMV due to increase in demand for our products from our Group's consumers, which will lead to a corresponding increase in the transaction amounts under the Loyalty Program Framework Agreement, and the customer base of our Group has been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022.
- The annual caps for the three years ended December 31, 2020, 2021 and 2022 are derived with reference to the historical fees paid to JD Group as a percentage of our Group's GMV. Our Group expects that such percentage for the year ended December 31, 2020 will be in line with historical percentages for the year ended December 31, 2019 and the six months ended June 30, 2020, and such percentage will remain stable for the years ended December 31, 2021 and 2022. Further, reference is also made to the historical amounts under the loyalty program arrangements as a percentage of our Company's revenues. For the three years ended December 31, 2019 and six months ended June 30, 2020, the fees charged by JD Group under the loyalty program arrangements accounted for (as if such arrangements existed throughout the Track Record Period) approximately 0.4%, 0.3%, 0.3% and 0.3% of the Company's total revenue, respectively.

Based on the above, the increase in the annual caps for the three years ending December 31, 2022 compared to the historical amounts for the transactions under the Loyalty Program Framework Agreement for the three years ended December 31, 2019 and the six months ended June 30, 2020 are mainly due to the expected increase in the sales volume of the Group's products and services. In addition, the proposed annual caps have also taken into account the estimated future demand, inflation factors and been calculated based on the principal assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect our business and those of JD Group during the term of the Loyalty Program Framework Agreement.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Loyalty Program Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual

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basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

4. JD Sales Framework Agreement

Principal terms

Our Company entered into a sales framework agreement with JD.com on November 23, 2020 (the “**JD Sales Framework Agreement**”), pursuant to which we will sell to JD Group healthcare related products, which will then sell or donate those healthcare products directly to certain large corporate customers or organizations.

Reasons for the transaction

Large corporate customers who have signed procurement agreements with JD Group usually buy a wide range of products from JD Group in bulk, and healthcare products are only a portion of the products procured by such customers.

Such an arrangement is mutually beneficial to both JD Group and our Group. With a single point of contact for the customers, it increases customer satisfaction with products and service offerings of both JD Group and our Group. Notwithstanding the benefit aforementioned, our Group is able to reach out to those corporate customers directly instead of selling through the JD Group, and has done so and will increasingly do so going forward.

In addition, in light of the COVID-19 situation, JD Group has donated, and having considered the short to mid-term impact of COVID-19, will likely continue to donate in the foreseeable future certain types of products and supplies (including protective equipment products and healthcare products) to assist medical institutions, companies and communities impacted by COVID-19. The healthcare products donated by JD Group will be purchased from our Group on a cost basis. Our Group will not impose any profit or service fees on top of the costs. Our 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 JD Sales Framework Agreement.

Please refer to the section headed “Relationship with our Controlling Shareholders—Operational independence—Other Transactions—JD Sales Framework Agreement” for further details.

Pricing policy

The price of the healthcare related products supplied to JD Group shall be determined directly by us with the corporate customers and is generally determined by our Group’s actual costs plus reasonable profits. The level of profits we receive from such corporate customers will be consistent with our pricing policy for similar transactions we entered into with our direct customers of comparable profile. We will annually review the prices charged and level of profits with reference to similar transactions we entered into with our direct customers of comparable profile. JD Group will not charge our Group any service fees in the process.

The healthcare products donated by JD Group will be purchased from our Group on a cost basis. Our Group will not impose any profit or service fees on top of the costs.

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Historical amounts

In respect of the healthcare products sold from JD Group to large corporate customers for our business or donated by JD Group through in-kind donations to medical institutions, companies and communities in need during COVID-19, the historical amounts for each of the three years ended December 31, 2019 and six months ended June 30, 2020 were approximately RMB74.5 million, RMB115.7 million, RMB138.6 million and RMB352.5 million, respectively.

Annual caps

The transaction amounts to be paid by JD Group to us under the JD Sales Framework Agreement (excluding the healthcare products donated by JD Group which will be purchased from our Group on a cost basis) for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount received by us from JD Group	600,000	900,000	1,200,000

The transaction amounts to be paid by the JD Group to us under the JD Sales Framework Agreement (for only the healthcare products donated by JD Group which will be purchased from our Group on a cost basis) for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount received by us from the JD Group	120,000	50,000	50,000

Basis of caps

The above proposed annual caps for the transaction amounts to be paid by JD Group to us under the JD Sales Framework Agreement (excluding the healthcare products donated by JD Group which will be purchased from our Group on a cost basis) are determined with reference to the following factors:

- The Company primarily considered: (i) the historical transaction amounts and growth trend under the existing sales arrangements between us and JD Group, and (ii) the existing sales arrangements between us and JD Group as a percentage of the Company's product revenue during the Track Record Period. For each of the three years ended December 31, 2017, 2018 and 2019, and six months ending June 30, 2020, the existing sales arrangements between us and JD Group accounted for (as if such arrangements existed throughout the Track Record Period) approximately 1.5%, 1.6%, 1.5% and 3.8% of the Company's product revenue. The transaction amounts for existing sales arrangements between us and JD Group for the six months ended June 30, 2020 amounted to RMB295.9 million, or around 5 times the transaction amounts for the six months ended June 30, 2019. The increase was due to growth of our Group's corporate customer business. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the

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estimated annualized amount based on the transaction amount for the six months ended June 30, 2020.

- The annual cap for the year ended December 31, 2020 is derived from the estimated annualized transaction amount based on the transaction amount for the six months ended June 30, 2020. Our Group expects the relevant percentages of annual caps relative to our product revenue to gradually decline for the years ended December 31, 2021 and 2022.

The above proposed annual caps for the transaction amounts to be paid by JD Group to us under the JD Sales Framework Agreement (for only the healthcare products donated by JD Group which will be purchased from our Group on a cost basis) are determined with reference to the following factors:

- The Company primarily considered: (i) the historical transaction amounts and growth trend under the existing sales arrangements between us and JD Group, and (ii) the existing sales arrangements between us and JD Group as a percentage of the Company's product revenue during the Track Record Period. The increase of donation was due to JD Group's purchase of healthcare products for donation purpose in 2020 related to COVID-19. Therefore, for each of the three years ended December 31, 2019, and six months ending June 30, 2020, the donations accounted for approximately nil, nil, nil and 0.74% of the Company's product revenue.
- Although COVID-19 situation in China shows signs of stabilization in the second half of 2020 compared to the first half of 2020, we expect JD Group to continue fulfilling its social responsibilities in light of the typical flu season during the winter time in the fourth quarter and in case of any resurgence of COVID-19 during the same time or in other applicable circumstances. Therefore, we continue to budget in our annual cap in supply of healthcare products to JD Group through in-kind donations to medical institutions, companies and communities in need.
- The annual cap for the year ended December 31, 2020 is derived based on the estimated annualized transaction amount based on the transaction amount for the six months ended June 30, 2020. Our Group expects the relevant percentages of annual caps relative to our product revenue to decline for the year ended December 31, 2021 and 2022.

Listing Rules implications

In respect of the transactions under the JD Sales Framework Agreement, as the highest applicable percentage ratio for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

5. Logistics Services Framework Agreement

Principal terms

Our Company entered into a logistics services framework agreement with JD.com on November 23, 2020 (the "**Logistics Services Framework Agreement**") pursuant to which JD Group

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will provide to our Group various logistics services including but not limited to warehouse operation and storage services, delivery services, standard and special packaging services, and other value-added and logistics services provided by JD Group from time to time.

The Logistics Services Framework Agreement will take effect from the Listing Date and expire on December 31, 2022.

Reasons for the transaction

Our Directors consider that the provision of logistics services from JD Group to our Group would benefit the Company for the following reasons:

- The core businesses of JD Group (as the operator of, among others, logistics services) and of our Group (as the provider of healthcare products and services) are highly complementary and beneficial to each other.
- 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, us to cooperate with JD Group.
- Our Group has been marketing and selling products or services online and requires efficient and reliable logistics services to enable our products to be safely and promptly delivered to its customers. In particular, our Group's healthcare product and service businesses have been expanding quickly. By entering into the Logistics Services Framework Agreement, our 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

Under the Logistics Services Framework Agreement, the logistics service fees are determined after arm's length negotiations in reference to market rates obtainable from comparable service provider, and are charged based a variety of factors including storage space taken and the weights and the delivery distance of the packages. We will obtain comparable quotations from independent third party service providers on annual basis to ensure that the terms we obtain 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 amounts

In respect of the logistics arrangements (including but not limited to warehouse operation and storage services, delivery services, standard and special packaging services, and other value-added and logistics services) made by JD Group on the fulfilment of the healthcare products for our business, the historical amounts in respective of the above services for each of the three years ended December 31, 2019 and six months ended June 30, 2020 were approximately RMB472.9 million, RMB660.9 million, RMB818.9 million and RMB591.3 million, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between JD

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Group and us were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Prior to the Closing Date of Series A Preference Shares financing, the historical amounts were allocated based on the actual amount incurred by JD Group in relation to our business in the relevant period and year.

Since the Closing Date of Series A Preference Shares financing, the transaction amounts in relation to provision of logistics services from JD Group to our Group are charged based on the agreed fee rates chargeable by JD Group on the various logistics services they provided to our Group in the relevant period and year.

Annual cap

The transaction amounts to be paid by us to JD Group under the Logistics Services Framework Agreement for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to JD Group	1,600,000	2,600,000	4,300,000

Basis of cap

The above proposed annual caps for the transaction amount to be paid by us to JD Group in respect of the provision of logistics services are determined with reference to the following basis:

- The historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing logistics services arrangements between our Group and JD Group during the Track Record Period. In particular, the transaction amount for the six months ended June 30, 2020 was approximately RMB591.3 million or around a 59% increase compared to the transaction amount for the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annual transaction amount for the year ended December 31, 2020 based on transaction amount for the six months ended June 30, 2020. The COVID-19 situation helped form consumer habits of online purchase of drugs and healthcare products. As the COVID-19 situation begins to stabilize, we expect that this consumer habit will continue and lead to an overall increase in our online sales volume in the second half of 2020, and slightly offset by a decline in sales volume of certain COVID-19 related products such as facemasks and protective equipment. Furthermore, the transformation from shelter-in-place to reopening-up allows more outdoor activities and as a result, we expect a recovery and significant increase on sales of healthcare and wellness products online. As a result, we expect increased usage of logistics services and leases of drug warehouses. In addition, the expected inflation on labor costs in the six months ending December 31, 2020 also should contribute to the rising logistics services fees.

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- As China’s economy gradually recovers from COVID-19 and in light of government policies in favor of the digital economy including internet healthcare, we expect leasing of additional drug warehouses and increasing need for logistics services in anticipation of increased transaction volume around China’s online shopping festival on November 11 and on December 12.
- The expected increase of our GMV due to increase in demand for our products from our Group’s consumers which will lead to a corresponding increase in the logistics services to be provided by the JD Group to us, and the customer base of our Group has been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022.
- The annual caps for the years ended December 31, 2020, 2021 and 2022 are derived with reference to the historical fees paid to JD Group as a percentage of our Group’s GMV. Our Group expects that such percentage for the year ended December 31, 2020 will be in line with the average historical percentages for the years ended December 31, 2018 and 2019, and will be slightly increasing for the year ended December 31, 2021 and 2022, due to the expected rising labor costs in China and more usage of cold chain logistics, which are generally more expensive. Further, reference is also made to the historical amounts under logistics services arrangements as a percentage of our Company’s revenues. For the three years ended December 31, 2019 and six months ended June 30, 2020, the fees charged by JD Group under the logistics services arrangements accounted for (as if such arrangements existed throughout the Track Record Period) approximately 8.5%, 8.1%, 7.6% and 6.7% of the Company’s total revenue, respectively.

Based on the above, the increase in the annual caps for the three years ending December 31, 2022 compared to the historical amounts for the transactions under the Logistics Services Framework Agreement for the three years ended December 31, 2019 and the six months ended June 30, 2020 were mainly due to the increase in the sales volume of the Group’s products and services. In addition, the proposed annual caps have also taken into account the estimated future demand, inflation factors and been calculated based on the principal assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect our business and those of JD Group during the term of the Logistics Services Framework Agreement.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Logistics Services Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

6. Marketing Services Framework Agreement

Principal terms

Our Company entered into a marketing services framework agreement with JD.com on November 23, 2020 (the “**Marketing Services Framework Agreement**”), pursuant to which JD Group and our Group will provide certain marketing services to each other, including but not limited to

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the display of advertisements on various platforms and resources of JD Group and our Group in return for the marketing fees which shall be calculated in accordance with the underlying standard marketing service agreements.

The period of the Marketing Services Framework Agreement will commence on the Listing Date and end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Advertisements placed by third party advertisers' on the platforms and resources of our Group or JD Group will be subject to marketing service charges depending on which platform the advertisement is placed on and whether the third party advertiser originally signed the marketing services contract with JD Group or our Group.

From the third parties perspective, being able to place advertisements on both JD Group and our 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 our Group. In the course of our Group's restructuring, the vast majority of the suppliers and merchants of our Group that have advertising needs have already signed the marketing services contract with our Group directly. Further, if the third party advertiser is already a merchant (providing mainly healthcare products) of our Group, JD Group and our Group will have internal control measures upon the Listing to ensure that such third party advertiser will sign the marketing services contract with our Group directly.

Pricing policies

Under the Marketing Services Framework Agreement, the marketing fees charged by JD Group to our Group and the marketing fees charged by our Group to JD Group are based on a 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. We will annually review and approve the economic split from time to time, to ensure the percentage splits are reasonable and in favor of our Group. The arrangement with JD Group is not directly comparable with any arrangement between us and other third party online platforms, given that we extensively use the services offered by JD Group to facilitate the sales and marketing of our Group's products and services.

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

- (a) If the third party advertiser (which has signed the marketing services contract with our Group) elects to place an advertisement using our Group's resources and/or platforms, there is no marketing service fees sharing arrangement, as 100% of the marketing service fees belong to our 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 our Group) elects to place an advertisement using JD Group's resources and/or platforms, 60% of the marketing services fees will be shared from our Group to JD Group, as the third party advertiser is utilizing JD Group's resources while our Group is in essence acting as an advertising agent. Such

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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 our 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 our 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 our 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 our Group – as such, the advertisers tend to purchase resources (including selecting the platform) that can generate the highest ROIs for them.

- (c) If the third party advertiser (which has signed the marketing services contract with our Group) elects to place an advertisement using resources outside both our Group and JD Group's platforms, there will be a 90/10 marketing service fees sharing arrangement between JD Group and our 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 our Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and our Group. As such, 90% of the marketing services fees generated will be shared from our 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% our 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 our Group than for our Group to directly obtain relevant marketing resources and provide to the third party advertiser.

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) our Group's resources and/or platforms, (ii) JD Group's resources and/or platforms or (iii) resources outside both our Group and JD Group's platforms. Our Group is involved with these healthcare related advertisements (and thus entitled to a certain proportion of the advertising fees generated), because our 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 our Group's resources and/or platforms, 100% of the marketing service fees belong to our Group and this will be shared from JD Group to our 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 our Group, our Group is entitled to 40% of the marketing services fees generated and this will be shared from JD Group to our 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 our Group's business. In addition, the arrangement with JD Group is no less favorable to our 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 our Group and JD

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Group's platforms, there will be a 90/10 marketing services fees sharing arrangement between JD Group and our 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 our Group and JD Group for, among others, merchants selling their products and services on the platforms of JD Group and our Group. Our Group is entitled to 10% of the marketing services fees generated and this will be shared from JD Group to our Group, in consideration of our 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 our Group, than for our Group to directly provide same or similar marketing services to the third party advertiser.

Our Group can directly work with third party advertisers to provide them with advertising services. The majority of total advertising services revenue was generated through direct relationship with third party advertiser for the year ended December 31, 2019.

Historical amounts

Marketing Services Revenue

The marketing service fees from marketing services provided by JD Group in relation to the advertisements placed on JD Group's platform and third party platforms in relation to our business were approximately RMB23.3 million, RMB75.2 million, RMB213.2 million and RMB190.3 million for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Prior to the Closing Date of Series A Preference Shares financing, the historical amounts of marketing services revenue were calculated in reference to the relevant revenues recognized by JD Group generated from third party advertisers for the advertisements placed on (i) JD Group's platforms and (ii) third party platforms in relation to our business and the designated rates for (i) and (ii), respectively.

Since the Closing Date of Series A Preference Shares financing, the marketing services revenue were charged on the agreed basis set out in the Series A Share Subscription Agreement in the relevant period or year.

Marketing Services Cost

The historical amounts of costs incurred in relation to the marketing services provided by JD Group to our business were nil for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively. We would only incur marketing services costs if and when a third party advertiser signed a marketing services contract with our Group, and elected to place advertisements by utilizing JD Group's resources and/or platforms or resources outside both our Group and JD Group's platforms. However, given that the Reorganization has been ongoing during the Track Record Period,

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we have been transferring the contractual relationship in this regard from JD Group to entities of our Group and such marketing services were therefore not yet established and hence not yet recognized, nor can be allocated. The foregoing factors explain why this transaction was treated differently from other connected transactions which had historical amounts allocated or recognized based on the arrangements set forth in the Series A Share Subscription Agreement between our Group and JD Group as provided in this document. Upon completion of the Reorganization, if a third party signs the marketing services contract with us and elects to place an advertisement using JD Group's resources and/or platforms, we will purchase the resources from JD Group which will be accounted for as marketing services costs of our Group.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Upon the later of (i) the Closing Date of Series A Preference Shares financing or (ii) the date when the relevant marketing contract(s) were entered into between the third party advertiser and our Group, the marketing services costs would be charged on the agreed basis set out in the Series A Share Subscription Agreement in the relevant period or year.

Annual caps

In respect of the Marketing Services Framework Agreement, the transaction amounts to be paid by us to JD Group and the transaction amounts to be paid by JD Group to us for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by JD Group to us	450,000	600,000	800,000
Transaction amount to be paid by us to JD Group	350,000	530,000	690,000

Basis of caps

The above proposed annual caps for the transaction amount to be paid by JD Group to us in respect of the provision of marketing services are determined with reference to the following basis:

- The Company primarily considered: (i) the historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing marketing services arrangements between our Group and JD Group during the Track Record Period; and (ii) the marketing services revenue as a percentage of service revenue. For each of the three years ended December 31, 2017, 2018 and 2019, and six months ending June 30, 2020, the marketing services revenue from JD Group to our Group accounted for (as if such arrangements existed throughout the Track Record Period) approximately 3.6%, 8.2%, 15.2% and 17.6% of the Company's service revenue, respectively. The transaction amounts for the six months ended June 30, 2020 amounted to RMB190.3 million, representing a 202% increase compared to the transaction

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amount for the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annualized transaction amount based on transaction amount for the six months ended June 30, 2020.

- The expected increase of demand for our products and services from our Group's consumers which should lead to a corresponding increase from third party advertisers placing advertisements on the platforms and resources of both our Group and JD Group.
- The customer base of our Group and JD Group has been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022.
- The annual cap for the year ending December 31, 2020 is derived in reference to the transaction amount for the six months ended June 30, 2020 and the strong growth of our digital marketing services in the second half of 2020. As China's economy gradually recovered from COVID-19 situation and government policies in favor of the digital economy including internet healthcare were promulgated, we expect that our merchants and suppliers would be prone to allocate more budgets on advertising and digital marketing services. In addition, e-commerce platforms in China tend to achieve higher marketing services revenues in the fourth quarter of each year due to larger demand for digital marketing services around online shopping festivals on November 11 and on December 12. It is observed that our advertisers engaged more actively in marketing activities through our platform in the fourth quarter. For example, our revenue from digital marketing and other services in the quarter ended December 31, 2019 was the highest among all quarters in 2019 and accounted for over one third of the digital marketing services revenues in 2019. In anticipation of the strong growth in the fourth quarter, our annual cap for the year ended December 31, 2020 is expected to achieve over 100% year-on-year growth compared to the transaction for the year ended December 31, 2019.
- Our Group considers that there will be a significant growth of our advertising services revenue, with the forecasted rapid development of our overall business. As such, it is expected that suppliers and platform merchants (and thus brand awareness) will gradually increase, and that more and more advertisers will use our Group's resources to promote their business and brand.

The above proposed annual caps for the transaction amount to be paid by us to JD Group in respect of the provision of marketing services are determined with reference to the following basis:

- The service revenue of our Group for the three years ended December 31, 2019 and the six months ended June 30, 2020 has achieved a significant year-over-year increase, which will lead to a corresponding increase in the transaction amounts to be paid by us to JD Group in respect of the provision of advertising services.
- The expected increase of demand for our products and services from our Group's consumers which should lead to a corresponding increase from third party advertisers placing advertisements on the platforms and resources of both our Group and JD Group.
- The customer base of our Group and JD Group has been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022.

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- Our Group expects the relevant percentages of annual caps relative to the service revenue to gradually decline for the years ended December 31, 2021 and 2022.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Marketing Services Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

7. Procurement Services Framework Agreement

Principal terms

Our Company entered into a procurement services framework agreement with JD.com on November 23, 2020 (the “**Procurement Services Framework Agreement**”), pursuant to which our Group will procure certain inventories (including goods sourced from outside of China which will steadily decrease going forwards as noted below) for its retail pharmacy business together with and through JD Group on a cost basis.

The initial term of the Procurement Services Framework Agreement will commence on the Listing Date and end on December 31, 2021, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

One key reason for our Group to procure certain inventories through JD Group is to procure certain healthcare products from outside of China. This usually requires an offshore trading company (often in the form of a trading company in Hong Kong). For the sake of our third party suppliers' convenience, our Group has purchased healthcare products from outside of China through JD Group (allowing for one point of contact between JD Group and our Group for third party suppliers).

We are not bound and will not be bound to purchase such inventories through JD Group, and we expect that we will independently procure our overseas sourced inventory on an increasing basis in the future. As such, we expect that the transaction amounts under the Procurement Services Framework Agreement will decrease going forwards.

Pricing policies

JD Group will not charge our Group additional service fees on the arrangement of procurement services. We shall pay JD Group procurement fees charged by the third party suppliers, and the charges will be determined after arm's length negotiation between our Group (or JD Group on behalf of our Group) and third party suppliers for products. The price of the procurement will in general be determined by the actual costs of the third party suppliers plus reasonable profits.

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Historical amounts

In respect of the healthcare products procured overseas by JD Group for our business, the historical amounts incurred were approximately RMB353.7 million, RMB567.0 million, RMB920.4 million and RMB698.4 million for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively.

Annual caps

With respect to the Procurement Services Framework Agreement, the transaction amounts to be paid by us to JD Group for the years ending December 31, 2021 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,	
	2020	2021
	<i>(RMB in thousands)</i>	
Transaction amount to be paid by us to JD Group	1,400,000	1,000,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- The Company primarily considered: (i) the historical transaction amounts for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing procurement of inventories arrangements between our Group and JD Group during the Track Record Period, and (ii) the procurement fees to JD Group as a percentage of the Company's cost of revenue during the Track Record Period. For the years ended December 31, 2017, 2018 and 2019, and the six months ended June 30, 2020, the transaction amounts under the existing procurement of inventories arrangements between our Group and JD Group accounted for (as if such arrangements existed throughout the Track Record Period) approximately 8.5%, 9.2%, 11.5% and 10.6% of the Company's cost of revenue, respectively. Further, the transaction amount for the six months ended June 30, 2020 was approximately RMB698.4 million, which represented a 98% increase compared to the transaction amount for the six months ended June 30, 2019. Consequently, the annual cap for the year ended December 31, 2020 is estimated to be RMB1.4 billion, which (i) is a significant increase compared to the year ended December 31, 2019, and (ii) is expected not to materially deviate from the estimated annualized transaction amount based on transaction amount for the six months ended June 30, 2020.
- We are not bound and will not be bound to purchase such inventories through JD Group, and we will independently procure our overseas sourced inventory on an increasing basis in the future; consequently, we expect that the transaction amounts under the Procurement Services Framework Agreement will decrease going forwards.
- The annual cap for the year ended December 31, 2020 is derived with reference to the historical fees paid to JD Group as a percentage of our Group's cost of revenues. Our Group expects that such percentage for the year ended December 31, 2020 will be in line with the historical percentages for the year ended December 31, 2019. As our Group expects that we will independently procure our overseas sourced inventory on an increasing basis in the future, our Group expects the percentage will decrease for the years ended December 31, 2021.

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Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Procurement Services Framework Agreement for each of the years ending December 31, 2021 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

8. Promotion Services Framework Agreement

Principal terms

Our Company entered into a promotion services framework agreement with JD.com on November 23, 2020 (the "**Promotion Services Framework Agreement**"), pursuant to which our Group will place advertisements on third party platforms together with and through JD Group to achieve economies of scale, increased efficiency and lower costs for both parties.

The initial term of the Promotion Services Framework Agreement will commence on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Placing advertisements on third party platforms together with and through JD Group is mutually beneficial to both JD Group and our Group, as collective purchase allows for increased economies of scale, increased efficiency, and lower costs for both parties.

Notwithstanding the aforementioned benefits, our Group is able to reach out to third party platforms directly instead of placing advertisements through JD Group.

Pricing policies

Our Group and JD Group will settle the expenses incurred between each other on a cost basis.

JD Group will not charge our Group additional service fees on the arrangement of promotion and marketing services. Our Group shall pay JD Group promotion fees charged by the third party promotion service providers for our Group, and the charges will be determined after arm's length negotiation between our Group (or JD Group on behalf of our Group) and third party promotion service providers for promotion services provided. The price of promotion service will be determined by the actual costs and expenses for preparing relevant displays on third parties' platforms plus reasonable profits of such third parties, or will be calculated by the unit prices of different online publicity resources multiplied by frequency such resources are used. The unit prices of each online publicity resources will be determined with reference to market rates. We will annually obtain and review the comparable quotations from other service providers to ensure the promotion service prices that we obtain from JD Group are fair and reasonable.

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Historical amounts

With respect to the promotional activities sought by JD Group from third party platforms for our business, the historical amounts were approximately RMB7.8 million, RMB13.8 million, RMB136.0 million and RMB71.5 million for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively.

Annual caps

With respect to the Promotion Services Framework Agreement, the transaction amounts to be paid by us to JD Group for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to JD Group	300,000	350,000	400,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- The Company primarily considered: (i) the historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing promotion services arrangements between our Group and JD Group during the Track Record Period; and (ii) the promotion services fees to JD Group as a percentage of the Company's selling and marketing expenses during the Track Record Period. For the three years ended December 31, 2019, and six months ended June 30, 2020, the historical amounts under the existing promotion services arrangements accounted for (as if such arrangements existed throughout the Track Record Period) approximately 3.0%, 3.5% ,18.2% and 13.1% of the Company's selling and marketing expenses. Further, the transaction amount for the six months ended June 30, 2020 was approximately RMB71.5 million, or around a 150% increase compared to transaction amount for the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annual transaction amount based on transaction amount for the six months ended June 30, 2020. In addition, the COVID-19 situation helped form consumers' habit of online purchase of drugs and healthcare products. As such, we see this as an opportunity to launch marketing activities in the six months ending December 31, 2020 to promote our brand and boost our product sales. Therefore, we expect further increased usage of promotion services compared to the first six months of 2020.
- The expected increase of our revenue due to increase of demand for our products and services from our Group's consumers which should lead to a corresponding increase from our Group for placing advertisements on third party platforms together with and through JD Group.
- The annual cap for the year ending December 31, 2020 is derived from the estimated annualized transaction amount based on the transaction amount for the six months ended June 30, 2020. We have been increasingly placing advertisements on third party platforms

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together with and through JD Group in the second half of 2020, due to our strategy to promote our brand recognition and to seize the opportunity for effective marketing so as to acquire new customers and purchases during China's economy and consumption recovery from COVID-19. Generally, e-commerce platforms in China incur higher selling and marketing expenses in the fourth quarter due to promotions around the online shopping festivals on November 11 and on December 12. Our selling and marketing expenses in the quarter ended December 31, 2019 was the highest among all quarters in 2019 and accounted for over 40% of the selling and marketing expenses in 2019. Similarly, our selling and marketing expenses are expected to further increase in the fourth quarter of 2020, in anticipation of increasing needs for promotional events and branding activities. As a result, our annual cap for the year ended December 31, 2020 is expected to achieve over 100% year-on-year growth compared to the transaction amount for the year ended December 31, 2019.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Promotion Services Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

9. Payment Cooperation Framework Agreement

Principal terms

Our Company entered into a payment cooperation framework agreement with JD.com and its associate(s) on November 23, 2020 (the "**Payment Cooperation Framework Agreement**"), pursuant to which JD Group and its associate(s) agreed to arrange our Group to use the payment services through payment channels provided by third party payment service providers or self-owned payment channels, so as to enable users to conduct online purchase of products in an integrated manner from the platforms of both JD Group and our Group.

The initial term of the Payment Cooperation Framework Agreement will commence on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Given that our Group sells healthcare products through JD Group's platform, our Group engages the same payment services as JD Group on a cost basis of JD Group. This achieves consistency between the platforms of JD Group and our Group, and also ensures a consistent and superior customer experience that would be difficult for our Group to replicate elsewhere. Our Group may also engage JD Group's associates for certain payment services for similar reasons.

Pricing policies

For payment services provided by third party payment service providers, related costs are first settled by JD Group and later settled in full (on a cost basis of JD Group) by our Group. This will allow our Group to utilize the payment services to enable efficient, safe and prompt real-time payment for its

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online transactions. JD Group will not charge us additional service fees on the arrangement of payment service. Our Group shall pay JD Group the amount equal to payment service fees charged by third party service providers to conduct online transactions and the service will be charged based on a commission rate with reference to market rates by the payment service provider. For payment services directly provided by payment channels operated by JD Group's associates to our Group, service fees charged to our Group will be calculated with reference to the prevailing market rates. We will annually obtain and review prevailing market rates to ensure that the service fees charged by JD Group's associates to our Group to ensure they are fair and reasonable.

Historical amounts

With respect to the payment processing services sought by JD Group and the payment processing services provided by the associate(s) of JD Group for our business, the historical amounts incurred were approximately RMB51.4 million, RMB86.9 million, RMB133.0 million and RMB94.9 million for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Prior to the Closing Date of Series A Preference Shares financing, payment fees in respect of the orders of our business that were part of JD Group's expenses were allocated based on the percentage of the fulfilled order volume of our business in the aggregate fulfilled order volume of our business and JD Group in the relevant period or year.

Since the Closing Date of Series A Preference Shares financing, the transaction amounts in relation to provision of payment services arrangements from JD Group to our Group were charged on the agreed basis set out in the Series A Share Subscription Agreement.

Annual caps

With respect to the Payment Cooperation Framework Agreement, the transaction amounts to be paid by us to JD Group and its associate(s) for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to JD Group and its associate(s) in aggregate	240,000	400,000	600,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- The historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing payment

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services arrangements between our Group and JD Group (including its associate(s)) during the Track Record Period. In particular, the transaction amount for the six months ended June 30, 2020 was approximately RMB94.9 million or around a 63% increase compared to the transaction amount for the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annual transaction amount for the year ended December 31, 2020 based on transaction amount for the six months ended June 30, 2020. In addition, the COVID-19 situation helped form consumer habits of online purchase of drugs and healthcare products. As the COVID-19 situation begins to stabilize, we expect that this consumer habit will continue and lead to an overall increase in our online sales volume in the second half of 2020, and slightly offset by a decline in sales volume of certain COVID-19 related products such as facemasks and protective equipment. Furthermore, the transformation from shelter-in-place to reopening-up allows more outdoor activities, we expect a recovery and significant increase on online sales of healthcare and wellness products, which would lead to an increased usage of payment services arrangements in the six months ending December 31, 2020.

- As China's economy gradually recovers from COVID-19 and in light of government policies in favor of the digital economy including internet healthcare, and in anticipation of our increased sales during China's online shopping festival on November 11 and on December 12, we expect more usage of payment services arrangements due to strong growth on the transaction volumes on our platform in the fourth quarter of 2020.
- The expected increase of our GMV due to increase of demand for our products from our Group's consumers which will lead to a corresponding increase in the payment services arrangements provided by JD Group and its associate to our Group, and the customer base of our Group has been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022.
- The annual caps for the three years ended December 31, 2020, 2021 and 2022 are derived with reference to the historical fees paid to JD Group and its associate as a percentage of our Group's GMV. Our Group expects that such percentage the year ended December 31, 2020 will be in line with historical percentages the year ended December 31, 2019 and the six months ended June 30, 2020, and such percentage will remain stable for the years ended December 31, 2021 and 2022. Further, reference is also made to the historical amounts under logistics services arrangements as a percentage of our Company's revenues. For the three years ended December 31, 2019 and six months ended June 30, 2020, the fees paid to JD Group under the payment services arrangements accounted for (as if such arrangements existed throughout the Track Record Period) approximately 0.9%, 1.1%, 1.2% and 1.1% of the Company's total revenue, respectively.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Payment Cooperation Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

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10. Shared Services Framework Agreement

Principal terms

Our Company entered into a shared services framework agreement with JD.com on November 23, 2020 (the “**Shared Services Framework Agreement**”), pursuant to which JD Group will provide to our Group certain back-office administrative support services, including cloud services, provision of servers, information technology support service, maintenance and related customer services, certain human resources services, in addition to certain shared services, including office premises sharing and leasing, transportation and canteen facilities for staff, administrative purchases and various support services.

The initial term of the Shared Services Framework Agreement will commence on the Listing Date and will end on December 31, 2022, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

The services provided under Shared Services Framework Agreement can help enhance utilization and economies of scale of JD Group’s operational support resources and, on the other hand, reduce the administrative costs of our Group in procuring similar services from a wide range of other providers. The Shared Services Framework Agreement will allow our Group to better leverage on the mature infrastructure and coverage already built by JD Group and promote better cooperation between JD Group and our Group.

Pricing policies

JD Group will not charge our Group additional service fees on the arrangement of shared services. Our Group shall pay JD Group the actual costs incurred during the service process including, among others, staff costs, office premises sharing, IT system maintenance, and third party service costs. We will annually review the actual costs incurred by JD Group in providing relevant services with reference to prevailing market prices of such services to ensure they are fair and reasonable.

Historical amounts

With respect to the administrative support provided by JD Group to our business, the historical amounts incurred were approximately RMB70.8 million, RMB126.6 million, RMB335.4 million and RMB269.7 million for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively.

In May 2019, we entered into Series A Share Subscription Agreement for the Series A Preference Shares financing with certain Pre-IPO Investors. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between us and JD Group were established and became effective since the Closing Date, which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and other services.

Prior to the Closing Date of Series A Preference Shares financing, the historical amounts were allocated based on JD Group’s respective expenses incurred and our Group’s fulfilled order volume in proportion to the aggregate fulfilled order volume of our business and JD Group.

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Since the Closing Date of Series A Preference Shares financing, the transaction amounts in relation to provision of shared services from JD Group to our Group are derived and calculated on the agreed basis set out in the Series A Share Subscription Agreement in each year respectively.

Annual caps

With respect to the Shared Services Framework Agreement, the transaction amounts to be paid by us to JD Group for the three years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to JD Group	600,000	900,000	1,200,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- The Company primarily considered: (i) the historical transaction amounts and the growth trend for the three years ended December 31, 2019 and the six months ended June 30, 2020 under the existing shared services arrangements between our Group and JD Group during the Track Record Period, and (ii) the shared services fees as a percentage of the Company's aggregate amount of fulfillment expenses, selling and marketing expenses, research and development expenses, and general and administrative expenses during the Track Record Period. For the three years ended December 31, 2019, and six months ended June 30, 2020, the shared services fees accounted for approximately 6.3%, 7.6%, 14.1% and 14.8%, respectively, of the Company's aggregate amount of fulfillment expenses, selling and marketing expenses, research and development expenses, and general and administrative expenses. Further, the historical amount for the six months ended June 30, 2020 was approximately RMB269.7 million, or around a 97% increase compared to the six months ended June 30, 2019. Thus, the annual cap for the year ended December 31, 2020 (i) reflects a significant increase over the year ended December 31, 2019, and (ii) is not expected to materially deviate from the estimated annualized transaction amount based on transaction amount for the six months ended June 30, 2020.
- The number of employees and the customer base of our Group have been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2022; consequently, the transactions contemplated under the Shared Services Framework Agreement is also expected to correspondingly increase.
- The annual cap for the year ended December 31, 2020 is derived based on the estimated annual transaction amount for the year ended December 31, 2020 and based on the transaction amount for the six months ended June 30, 2020. Our Group expects the relevant percentages of annual caps relative to the aggregate amount of fulfillment expenses, selling and marketing expenses, research and development expenses, and general and administrative expenses to gradually decline for the years ended December 31, 2021 and 2022.

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Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Shared Services Framework Agreement for each of the three years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

11. Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements" in this document, due to regulatory restrictions on foreign ownership and other legal restrictions in the PRC, we conduct a portion of our business through our Consolidated Affiliated Entities, namely the Onshore Holdco and its respective subsidiaries, in the PRC. We do not hold any equity interests in our Onshore Holdco. The registered shareholders of the Onshore Holdco are Richard Qiangdong Liu (劉強東), Yayun Li (李婭雲) and Pang Zhang (張雱). The Contractual Arrangements among the WFOE, Onshore Holdco and the shareholders of Onshore Holdco enable us to (i) receive substantially all of the economic benefits from the Onshore Holdco in consideration for the services provided by the WFOE; (ii) exercise effective control over our Consolidated Affiliated Entities through our Onshore Holdco; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets of our Onshore Holdco when and to the extent permitted by PRC laws.

See the section headed "Contractual Arrangements" in this document for detailed terms of the Contractual Arrangements.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, namely Richard Qiangdong Liu (劉強東), Yayun Li (李婭雲) and Pang Zhang (張雱), are connected persons of the Group. Richard Qiangdong Liu (劉強東) holds more than 50% of the voting power entitled to be exercised in the general meetings of JD.com, one of our Controlling Shareholders. Yayun Li (李婭雲) is a director of our Company while Pang Zhang (張雱) is an employee of JD Group.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of our Consolidated Affiliated Entities and any member of our Group ("**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors

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consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

WAIVERS GRANTED BY THE STOCK EXCHANGE

(2) Technology and Traffic Support Services Framework Agreement

In relation to the Technology and Traffic Support Services Framework Agreement, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the announcement requirements, the circular (including the opinion and recommendation from an independent financial advisor) requirements, the independent shareholders' approval requirements, and the annual monetary cap requirements for the Technology and Traffic Support Services Framework Agreement pursuant to Rule 14A.105 of the Listing Rules, subject to the following conditions:

- (a) we will disclose in our subsequent annual and interim reports (i) a clear description of the bases for calculating the commissions charged by JD Group under the Technology and Traffic Support Services Framework Agreement, and (ii) the actual transaction amounts under the Technology and Traffic Support Services Framework Agreement;
- (b) our independent non-executive Directors will review the underlying transactions entered into pursuant to the Technology and Traffic Support Services Framework Agreement on an annual basis and confirm in our annual reports the matters set out in Rule 14A.55 of the Listing Rules;
- (c) we 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 Technology and Traffic Support Services Framework;
- (d) we will engage an external auditor to report on, among other things, transactions contemplated in the Technology and Traffic Support Services Framework Agreement pursuant to Rule 14A.56 of the Listing Rules. We will also ensure that the auditors are allowed sufficient access to our records for the purpose of reporting on the transactions contemplated in the Technology and Traffic Support Services Framework Agreement;
- (e) we and our Board will ensure that the relevant transactions under the Technology and Traffic Support Services Framework Agreement are undertaken in accordance with the terms of the Technology and Traffic Support Services Framework Agreement and will use our best endeavors to comply with such terms and the Listing Rules requirements applicable to the Technology and Traffic Support Services Framework Agreement to the extent not waived by the Stock Exchange;
- (f) we will disclose in this document (i) the background of entering into the Technology and Traffic Support Services Framework Agreement, (ii) the salient terms of the Technology and Traffic Support Services Framework Agreement, (iii) the grounds of application for waivers set out in the final waiver application(s) submitted to the Stock Exchange, and (iv) our Directors' and the Joint Sponsors' views on the fairness and reasonableness of the Technology and Traffic Support Services Framework Agreement as a whole; and

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- (g) we will implement internal procedures so as to ensure that the 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 Technology and Traffic Support Services Framework Agreement.

(3) Loyalty Program Framework Agreement and (8) Promotion Services Framework Agreement

In relation to the (3) Loyalty Program Framework Agreement and (8) Promotion Services Framework Agreement, since the highest applicable percentage ratio is expected to be 0.1% or more but less than 5%, the transactions contemplated thereunder are exempt from the circular (including the opinion and recommendation from an independent financial advisor) and the independent shareholders' approval requirements, but are subject to the announcement requirements under Rule 14A.35 of the Listing Rules and the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of these transactions, provided that the total values of these transactions for each of the three years ending December 31, 2022 will not exceed the relevant proposed annual caps above.

(4) JD Sales Framework Agreement, (5) Logistics Services Framework Agreement, (6) Marketing Services Framework Agreement, (7) Procurement Services Framework Agreement and (9) Payment Cooperation Framework Agreement, (10) Shared Services Framework Agreement

In respect of the continuing connected transactions as described above under the (4) JD Sales Framework Agreement, (5) Logistics Services Framework Agreement, (6) the Marketing Services Framework Agreement, (7) Procurement Services Framework Agreement, (9) Payment Cooperation Framework Agreement, and (10) Shared Services Framework Agreement, the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2022 are expected to be more than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and independent Shareholders' approval requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules in respect of the transactions under (4) JD Sales Framework Agreement, (5) Logistics Services Framework Agreement, (6) the Marketing Services Framework Agreement, (7) Procurement Services Framework Agreement, (9) Payment Cooperation Framework Agreement, and (10) Shared Services Framework Agreement, provided that the total amount of transactions for each of the three years ending December 31, 2022

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will not exceed the relevant proposed annual caps as set out in this section. Any material changes to the terms of these continuing connected transactions will be approved by independent shareholders. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

The Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

(a) ***No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements (including with respect to any fees payable to the WFOE thereunder) will be made without the approval of our independent non-executive Directors.

(b) ***No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will, however, continue to be applicable.

(c) ***Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

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(d) ***Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) ***Ongoing reporting and approvals***

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial reporting period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Onshore Holdco to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and Onshore Holdco during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.
- Our Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities), other than

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those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- Our Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.
- In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company's subsidiaries, but their directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding, for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that:

- (a) the Non-Exempt Continuing Connected Transactions set out in this document have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, on terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole;
- (b) the proposed annual caps of the Non-Exempt Continuing Connected Transactions set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (c) the term of the IP Licensing Framework Agreement, which is longer than three years, is in the normal business practice of our Company and is in the interests of the Company and the Shareholders as a whole and it is a normal business practice for intellectual property license agreements to be of a similar or longer duration in order to minimize the possibility

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of disruption of the Group's business operation and the occurrence of unnecessary costs; and

- (d) the non-monetary annual cap of the Technology and Traffic Support Services Framework Agreement set out above is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONFIRMATION BY THE JOINT SPONSORS

Based on the documentation, information and data (including historical figures) provided by the Company, the representations and confirmations provided by the Company and the Directors to the Joint Sponsors, and participation in due diligence and discussions, the Joint Sponsors are of the view that:

- (a) the Non-exempt Continuing Connected Transactions for which a waiver has been sought have been entered into in the ordinary and usual course of the Company's business, on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole;
- (b) the proposed annual caps of the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (c) it is in the normal business practice of the Company and in the interests of the Company and the Shareholders as a whole to enter into the IP Licensing Framework Agreement with a term longer than three years; and
- (d) the non-monetary annual cap of the Technology and Traffic Support Services Framework Agreement set out above is fair and reasonable and in the interests of the Company and the Shareholders as a whole.