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**JDH 京东健康**

**JD Health International Inc.**

**京东健康股份有限公司**

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

**(Stock Code: 6618)**

## **(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020; AND (2) CHANGE OF DIRECTORS**

The board (the “**Board**”) of directors (the “**Directors**”) of JD Health International Inc. (the “**Company**” or “**JD Health**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2020 (the “**Reporting Period**”). These annual results have been reviewed by the Company’s Audit Committee.

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above). In addition, “JD Group” refers to JD.com, Inc. (NASDAQ: JD; HKEX: 9618) and its subsidiaries, including JD Logistics, Inc. (“**JD Logistics**”), and its consolidated affiliated entities, excluding our Group.

### **FINANCIAL HIGHLIGHTS**

	<b>Year ended December 31,</b>		<b>Year-on- year change (%)</b>
	<b>2020 RMB’000</b>	<b>2019 RMB’000</b>	
Revenue	<b>19,382,568</b>	10,842,140	78.8
Gross profit	<b>4,917,298</b>	2,812,272	74.9
Loss before income tax	<b>(17,072,141)</b>	(834,700)	1,945.3
Loss for the year	<b>(17,234,897)</b>	(971,805)	1,673.5
Non-IFRS profit for the year <sup>(1)</sup>	<b>748,918</b>	344,053	117.7

(1) We define “non-IFRS profit” as profit/(loss) for the year, excluding share-based payment expenses, fair value changes of convertible preferred shares and one-off listing expenses. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook.

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2020.

## CEO STATEMENT

To our shareholders:

2020 is an extraordinary year in history. As COVID-19 swept the world, China made a great effort to fight the pandemic. JD Group and our Group have won national honors for the outstanding contributions in the fight against the virus, in which JD Health also made an impact. Leveraging our strength in supply chain and medical and health services, we immediately donated much-needed medical supplies to the frontlines, set up free online medical consultation services, and helped enterprises resume work and production. This work has been highly recognized by our users, the market, the industry and society.

In 2020, we also witnessed explosive growth of the “Internet + Healthcare” industry. On the one hand, a series of favorable policies issued at the national level have greatly promoted the vigorous development of the industry. On the other hand, with the advantages of real-time communication, convenience, remote support and more, “Internet + Healthcare” has delivered a comprehensive and high-quality experience, providing epidemic prevention knowledge, online medical consultation, psychological counseling, chronic disease follow-up visits, and drug delivery services. In this process, we are conscious that our work can make a significant and long-standing impact on improving people’s health.

With six years of development under our belts, our development strategy has become increasingly clear: We strive to create a technology-driven platform that is centered on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user’s full lifespan for all healthcare needs. During the Reporting Period, following our strategic focus and mission of safeguarding people’s health, we achieved rapid growth and generated more valuable returns for our shareholders and society at large.

### *Unite together against COVID-19*

The fight against COVID-19 has made us further contemplate our future, especially with regards to how we can take more responsibility in helping people improve their health and wellness. If we rewind to Chinese New Year 2020, when we held an emergency internal meeting regarding the sudden outbreak of COVID-19, we all raised the same questions: “What can we do in the fight against the pandemic?” Our answer to that question was a series of actions which persisted over several months, with the goal to unite and spare no effort to shoulder our responsibility to society, and to leverage all our capabilities to combat the pandemic, together with medical workers in hospitals nationwide. As soon as the pandemic broke out, we immediately took action by delivering all the essential medical supplies that we had on hand to the frontlines to combat the spread of COVID-19.

In addition to securing the supply of protective equipment, we helped offline medical workers alleviate some stress, leveraging our capabilities and services. On the second day of the Lunar New Year in 2020, we started to provide users with free online consultation services and psychological counseling services nationwide, and on the fifth day of the holiday, all of our full-time doctors resumed work. At the time, the head of our doctor team wrote in an email to all of our full-time doctors: “If we do more, it will be easier for our colleagues on the frontlines.” This attitude best demonstrates our determination to fight against the pandemic.

From January 26 to April 30, we conducted more than 10 million interactions on our free medical consultation platform through our “Prevent and Combat COVID-19” platform. During peak periods, we provided more than 10,000 consultations in one hour. In early February of 2020, we launched a public service platform for chronic disease patients in Hubei province, and helped meet the urgent medication demands of nearly 20,000 patients facing drug shortages. Furthermore, in April, we launched the first online booking platform for COVID-19 nucleic acid testing services in China, starting in just a few cities, and quickly rolling out the service across the country. In September 2020, we cooperated with the Hubei Provincial Health Commission to jointly promote rehabilitation and psychological consultation initiatives for patients and frontline medical staff in Hubei province who had recovered from COVID-19.

During the pandemic, we opened our platform capabilities to governments, hospitals and enterprises to help them resume work and production. We cooperated with the government of the Beijing Yizhuang Economic and Technological Development Zone to launch the “Yizhuang Enterprises Pandemic Prevention” online platform. We also cooperated with the Health Commissions of Heilongjiang province, Liaoning province, Tangshan in Hebei province, and Beihai in Guangxi province to help prevent and control the spread of the pandemic through the establishment of a dedicated online platform which offers free consultation and other COVID-19 related services. In addition, we provided free online consultation and pandemic prevention knowledge for many corporate users such as China Unicom and China Aerospace by integrating our online healthcare service system with their existing systems. We have also helped many public hospitals, such as Beijing University Shougang Hospital, Tianjin Nankai Hospital, the Brain Hospital of Guangzhou Medical University and Peking University Sixth Hospital, to set up online consultation zones.

### ***Winning users’ trust through a superior user experience and professional services***

Our platform’s strong supply chain and healthcare service capabilities provide a solid foundation for our success in combating the epidemic. Our superior user experience has continuously enhanced our users’ trust and confidence in our platform and enabled us to maintain strong growth momentum. As of December 31, 2020, annual active user accounts reached 89.8 million. During the Reporting Period, total revenue reached RMB19.4 billion, representing significant year-on-year growth of 78.8%.

Leveraging our immense scale and strong supply chain capability, we provide users with a wide selection of pharmaceutical and healthcare products at competitive prices. As of December 31, 2020, there were more than 20 million SKUs on our platform and our online marketplace had attracted over 12,000 third-party merchants.

Partnering with JD Logistics to utilize its industry-leading warehousing and fulfillment capabilities allows us to deliver products timely and securely. As of December 31, 2020, we utilized 14 drug warehouses and over 300 other warehouses nationwide. In addition, our omnichannel initiative, JD Fast Drug Delivery Service, covered more than 300 cities across China, offering next-day, same-day, and 30-minute, 24/7 delivery service to meet users’ urgent medication needs anytime, anywhere.

With strong supply chain capabilities, we are able to meet the various medical and health needs of our users by providing a comprehensive selection of pharmaceutical and healthcare products including over-the-counter drugs, prescription drugs, medical devices, and health and wellness products. Moreover, we continued to explore in-depth cooperation opportunities with upstream suppliers, enabling new medicines and specialty drugs to debut on our platform, and providing patients with cutting-edge treatment solutions.

Our medical and healthcare services provide users with a one-stop healthcare experience covering all use cases and the entire user lifecycle.

We are dedicated to promoting the allocation of medical resources through our online platform, which has greatly improved the accessibility to quality medical resources for people who live in rural areas. Our self-developed internet hospital platform, JD Internet Hospital, is one of the first internet hospital platforms in China to obtain the Practicing License for Medical Institutions. In 2020, JD Internet Hospital received an average of over 100,000 daily online consultations, more than 5 times of that in 2019. During the Reporting Period, we have collaborated with over 10,000 hospitals and built a medical team consisting of over 110,000 in-house and external doctors and medical experts.

We are one of the first in the industry to launch internet specialist medical centers, integrating access to renowned doctors to provide an integrated healthcare solution covering chronic disease prevention, consultation and recovery services through our platform. We have established 18 specialist medical centers, covering cardiology, ENT (ear, nose and throat), Traditional Chinese Medicine, respiratory diseases, diabetes and more, attracting a total of nearly 100 well-known external experts, such as ENT expert Academician Demin Han, renowned cardiologist Dr. Dayi Hu, Traditional Chinese Medicine expert Dr. Sihua Gao, and respiratory expert Dr. Jiangtao Lin.

We are dedicated to promoting the accurate matching of medical resources, so that users can enjoy superior, high quality medical services. We launched our family doctor service package, which integrates the online healthcare capabilities we have accumulated over the years. It allows users and their families to access a suite of family doctor services such as 24/7 online consultation, unlimited specialist consultation and prescription renewal services, face-to-face consultation with well-known doctors, consultation appointments at more than 2,700 hospitals, online consultation with top experts within 48 hours, follow-up services, as well as health planning and management. In the future, we will continue to develop and upgrade our family doctor service packages according to the diverse needs of different populations.

### ***Open platform helps upgrade the healthcare industry***

We are committed to working with all parties to promote the upgrading and transformation of the health industry and to build a new “Internet + Healthcare” services ecosystem. While helping the public to improve their health, we are also opening up our supply chain, technology, resources and other core capabilities and advantages to build an integrated online healthcare platform for governments, hospitals and pharmaceutical companies.

Leveraging our digital intelligence and information technology, we cooperated with local governments to promote “Health City” projects, accelerating the digitalization of the healthcare industry. We helped the city of Beihai to digitalize its health system and enhance its medical services.

Leveraging our and JD Group’s advanced cloud technology, we provided technology empowerment in the form of infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS), addressing efficiency improvement and patient management needs for hospitals. We cooperated with Tianjin Nankai Hospital to build the “Nankai JD Internet Hospital”, providing Tianjin residents with consultation, health management advisory and follow-up visit services. The platform significantly improved the operating capabilities of the hospital, while allowing doctors to build their personal brand and increase income with an added online component.

Leveraging our and JD Group’s digital intelligence capabilities and advanced technology, we facilitated upstream suppliers’ transformations by assisting in the digitalization of their supply chains, thus embracing greater market opportunities. During the Reporting Period, we worked with a number of leading global pharmaceutical companies, including Eisai China, AstraZeneca, Pfizer, Novartis, Bristol-Myers Squibb (BMS), Sanofi and Abbott Laboratories, to upgrade medication and health management services and thus fulfill our users’ needs. Leveraging the immense traffic and user base on our platform, we helped our partners to expand their reach and conduct market research and promotion. In addition, we were able to help brand partners improve marketing efficiency and increase market share and brand recognition.

Utilizing our “Internet + Healthcare” capabilities, we actively participated in poverty alleviation projects. In 2020, China has secured a “complete victory” in its fight against poverty, and speeded up precise poverty alleviation strategy through healthcare. During the Reporting Period, we penetrated into less-developed areas in Yunnan province, Guizhou province, Sichuan province and other regions, and organized live stream events on our platform enabling virtual face-to-face consultations with well-known doctors. We launched the Healthy China Medicine Subsidy Project, which has the widest coverage of any health subsidies program in China, providing subsidies of RMB1,000 per person each year to purchase medicines for registered poverty households. We will continue to embrace the rural revitalization strategy, strengthening and enhancing poverty alleviation efforts.

### ***Unshakable mission of becoming the go-to health management platform***

We experienced a remarkable year, and witnessed the rise of a new era for the healthcare industry. In 2020, China issued various guidelines to encourage and accelerate the development of the healthcare industry, especially “Internet + Healthcare”. The process of digitalizing the healthcare industry is accelerating, with technology gradually reshaping the scenarios, channels and business models of healthcare service offerings. The nation’s health awareness has greatly increased as pandemic prevention and control becomes a new norm. According to Frost & Sullivan, China’s healthcare industry is expected to exceed RMB21 trillion in market size by 2030, and will maintain rapid growth for a long period of time.

Given the great market opportunities in the healthcare industry, we will strive to pursue our long term vision of making Chinese people healthier. We will continue to strengthen the supply chain capabilities of our retail pharmacy business and increase investment in our healthcare services business, so that we can continue to cement our ecosystem. We will continue to experiment with and expand our health management services, through piloting more diversified healthcare solutions, such as chronic disease management and family doctor services, targeting various groups of patients. In addition, we will continue to refine our smart healthcare solutions for offline hospitals and medical institutions to meet their personalized needs for a wider range of healthcare scenarios, and thus not only enhance the experience for both users and medical professionals, but also improve the operational efficiency of hospitals and medical institutions. Meanwhile, we will also cooperate with governments, scientific research institutions, hospitals, enterprises and other institutions to standardize and accelerate the digitalization transformation of the healthcare industry.

Everything in the past is a preface. Standing at a new starting point, we will maintain our original aspirations and fearlessly forge ahead! In the coming years, I hope we can always keep in mind our mission of “becoming the go-to health management platform for everyone in China”, and better serve our users, provide returns for our shareholders, and create value for society!

**Lijun Xin**

*Chief Executive Officer*

March 29, 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The outbreak of COVID-19 in 2020 has created greater uncertainties in the global economy and also profoundly affected people's way of life. These changes have also accelerated the consumption of online healthcare services, as people's trust in "Internet + Healthcare" services has continuously increased. Meanwhile, a series of supportive policies has been introduced by the government at all levels to encourage the development of the internet healthcare industry. We have seen a growing number of new market participants, while major players have accelerated deployment in the digital health and wellness market.

Our business maintained strong growth momentum in 2020 despite severe economic conditions and intense competition. During the Reporting Period, our total revenue was RMB19.4 billion, representing a significant year-on-year growth of 78.8%. Annual active user accounts on our platform reached 89.8 million in 2020, an increase of 33.7 million from 2019, becoming the key growth driver of our business. The number of average daily consultations exceeded 100,000, which is more than 5 times of that in 2019.

As a leading online healthcare platform, our mission is to become the go-to health management platform for everyone in China. With this aim, we are continuing to strengthen our business foundation and are making strategic deployments in the online healthcare industry for the future. Our strategic position is to create a technology-driven platform that centers on the supply chain of pharmaceutical and healthcare products and is strengthened by healthcare services, encompassing a user's full life span for all healthcare needs. We are committed to offering our users easily accessible, convenient, high-quality yet affordable pharmaceutical and healthcare products. To achieve this goal, we have built a one-stop online health management platform to create greater value for all participants in the healthcare value chain, and will continue to expand JD Health's core businesses, our retail pharmacy business and online healthcare services, through utilizing big data, AI, cloud computing and other advanced technology.

### *Retail Pharmacy*

We are a pioneer in transforming the supply chain of pharmaceutical and healthcare products in China. We allow users to purchase pharmaceutical and healthcare products anytime and anywhere, and provide them with an integrated one-stop shopping experience, combining direct sales, online marketplace and omnichannel initiatives. At the same time, we have achieved immense scale with a wide product selection while maintaining stringent quality control and competitive pricing, thus gaining users' trust. Our retail pharmacy business offers high-quality pharmaceutical and healthcare products including OTC drugs, prescription drugs, medical devices and supplies, as well as health and wellness products. As of December 31, 2020, there were more than 20 million SKUs available on our platform.

## *Direct Sales*

Our direct sales business operates mainly through JD Pharmacy, and we have gradually established a supply chain network with leading pharmaceutical companies and healthcare product suppliers. Leveraging our brand recognition and supply chain management capabilities, our direct sales business has maintained robust growth. During the Reporting Period, our direct sales revenue reached RMB16.8 billion, representing an increase of 77.8% year-on-year. Meanwhile, our inventory turnover days continued to decrease as a result of improving operational efficiency. By leveraging JD Logistics' cold chain capabilities and extended logistics network, we are able to provide superior delivery services to our customers covering a broad range of pharmaceutical and healthcare products. As of December 31, 2020, we utilize JD Group's 14 drug warehouses and over 300 other warehouses nationwide.

We have developed a variety of innovative services and digital infrastructure to enhance our supply chain capabilities. Leveraging strong data analytics capabilities, we have initiated C2M (Customer-to-Manufacturer) projects with our partners to customize products based on users' feedback on our platform. We have continued to expand our pharmaceutical and healthcare product offerings to target more scenarios and cater to all needs, providing our users with more valuable products and creating greater economic value for our partners. To address family medicine needs, we launched the family medical kit service, a one-stop healthcare service that provides users with drug consultation, online health consultation, personalized medical education and pharmaceutical services, including medication reminders provided by professional pharmacists. As for the increasing demand for healthcare and nutrition products, we launched healthy snacks and other nutritional products, as well as customized masks and health gift boxes that are widely welcomed by our users.

We have become one of the most comprehensive online platforms for pharmaceutical and healthcare products in China. During the Reporting Period, we worked with a number of leading global pharmaceutical companies, including Eisai China, AstraZeneca, Pfizer, Novartis, Bristol-Myers Squibb (BMS), Sanofi and Abbott Laboratories, to upgrade medication and health management services in order to fulfill our users' needs. We launched the first "new and specialty drugs platform" for acute and serious diseases in China, providing patients with cutting-edge treatment solutions. We partnered with a number of upstream pharmaceutical companies to debut their medicine through JD Pharmacy including Eisai's LENVIMA treatment of patients with hepatocellular carcinoma, Novartis' Mayzent to treat relapsing multiple sclerosis, Pfizer's Vyndamax and Vyndaqel for treatment of amyloid. In addition, we closely cooperated with AstraZeneca to facilitate popularizing and streamlining access to original drugs, bringing oncology patients more convenience.

In terms of digital marketing, we have become one of the most important distribution channels for industry-leading pharmaceutical companies, enabling the acceleration of digitalization process. Leveraging our supply chain capabilities, advanced technology and other resources, we have been able to provide professional, digitalized and integrated platform solutions for our partners, opening the door for new business opportunities.



Regarding healthcare and wellness products, we have built the “product + service” model to empower our brand partners with our leading operation capabilities. During the Reporting Period, we continued to introduce more nutrition categories by directly connecting our supply chain to the source of the product. Our traceability services enable us to select the best products for users from the source, while achieving price advantages by shortening the value chain through our end-to-end supply chain capabilities, thus offering consumers high-quality, affordable and reliable products. Empowered by our big data capabilities, we have served well-known brands such as Abbott and Yuwell, and have created customized online consultation service packages to further enhance brand image and market leadership. For instance, we have offered “glucose meters + online consultation” services packages, and users can also consult nutritionist before purchasing certain selected healthcare and wellness products, further improving the user experience on our platform.

### ***Online Marketplace and Omnichannel Initiative***

Our online marketplace business leverages our brand recognition, large and growing user base, and proprietary technology platform to offer more diversified pharmaceutical and healthcare products that supplement those of JD Pharmacy. Our marketplace platform allows both chain and independent pharmacies and suppliers to sell pharmaceutical and healthcare products through our platform. As of December 31, 2020, there were more than 12,000 third-party merchants on our online marketplace platform.

During the Reporting Period, we upgraded our merchant operating system to optimize the merchant experience through integrating and simplifying existing functions while adding new features. By introducing more diversified third-party and private traffic entrances, we committed to establishing a traffic ecosystem for third-party merchants to interact with customers, and ultimately promoted brand recognition and overall performance on our platform.

Our omnichannel initiative is a location-based service to meet users’ needs for on-demand delivery services, addressing urgent medication needs. As of December 31, 2020, our omnichannel initiative covered more than 300 cities in China offering our users various express delivery options, including same-day, next-day, 30-minute, and 24/7 on-demand delivery services.

Our digitalized platform is helping our merchants to optimize operating efficiency by improving inventory management and digitalizing marketing activities. Empowered by our advanced technology and intelligent algorithms, we can identify the most cost effective and efficient channel to fulfill orders. When a customer uses our omnichannel services, the location-based service on our app will find pharmacies that are near him or her. After the user places an order with the nearest pharmacy on our platform, the pharmacy will receive the order and prepare products, while we manage the fulfillment process for the pharmacy.

## *Online Healthcare Services*

Our online healthcare services are an important extension of our retail pharmacy business, primarily offering online hospital services, family doctor and consumer healthcare services. During the Reporting Period, we continued to make efforts to expand our online healthcare services. By establishing a hierarchical diagnosis system, we have been able to engage with doctors, including general practitioners and specialists, to move consultations for minor and chronic diseases, follow-up visits and health management online, while referring patients with serious and critical diseases to offline medical institutions. As a result, we provide users with high-quality healthcare services, while optimizing the allocation of medical resources and improving the service capabilities of primary care institutions.

Our online healthcare services platform connects hospitals, doctors and other healthcare professionals such as pharmacists, nutritionists and psychological counselors with our users to provide them with comprehensive services. Leveraging our technology and supply chain capabilities, we are dedicated to empowering the participants in the healthcare value chain. As a result, we are able to improve the operational efficiency of offline hospitals and healthcare institutions that cooperate with us, and enhance the professional expertise of and offer attractive incentive packages to doctors and other healthcare professionals on our platform.

### *Online hospital services*

In order to provide users with holistic healthcare services covering testing, diagnosis, treatment, medication and recovery, we have integrated our online hospital with offline hospitals. We empower offline public hospitals by providing their patients with online follow-up visits, prescription renewal and other services through our online healthcare service platform. During the Reporting Period, we have built a medical team consisting of over 110,000 in-house and external doctors and medical experts, covering over 10,000 hospitals. Our self-developed internet hospital platform, JD Health Internet Hospital, is one of the first internet hospital platforms in China to obtain the Practicing License for Medical Institutions. In 2020, we had an average of over 100,000 daily online consultations, which is more than 5 times of that in 2019.

We also provide online healthcare services through the establishment of medical specialist centers which have gradually expanded our brand impact. During the Reporting Period, we have established 18 specialist medical centers, covering cardiology, ENT (ear, nose and throat), Traditional Chinese Medicine, respiratory diseases, diabetes and more, attracting a total of nearly 100 well-known external experts, such as ENT expert Academician Demin Han, renowned cardiologist Dr. Dayi Hu, top TCM expert Dr. Sihua Gao, and respiratory expert Dr. Jiangtao Lin. Our specialist medical centers can provide users with 24/7 online consultation, prescription renewal, 30-minute delivery service, online collective consultation with top experts within 48 hours and in-person consultation appointments with renowned Chinese experts.

Our chronic disease management platform is helping to improve medical treatment efficiency and patients' user experience, providing doctors greater access to the patient base and adopting digital and intelligent tools to manage patients' health status. Our chronic disease management platform is a cloud-based system that empowers doctors with effective AI-powered patient management and specialist service tools, allowing them to more efficiently follow up with and manage their patients.

The platform also allows doctors to build their personal branding and increase income. Leveraging our supply chain capabilities, the platform is integrated with our retail pharmacy business, giving doctors and patients seamless access to our product and service offerings.

Traditional Chinese medicine (TCM) has played an important role in the prevention of COVID-19. This has raised public awareness and interest in TCM. We have been exploring an online and offline integrated TCM business model through our “Internet + TCM” services. During the Reporting Period, we launched “JD Health TCM Hospital and TCM Consultation Center,” and invited renowned TCM expert Dr. Sihua Gao to be the chief scientist, TCM expert Dr. Daning Zhang to lead the nephrology department, and Dr. Baogui Chen to be the academic leader of the gastroenterology department. During the Reporting Period, we also launched an online service platform for prepared TCM slices, which are a form of TCM medicine. The platform standardizes procedures for preparing and selling TCM slices by introducing TCM business management standards including control mechanisms regarding TCM production areas, TCM quality control requirements, strengthened GMP (Good Manufacturing Practices) for TCM slices production, standards for an intelligent decocting center, a traceability system for TCM slices and the “red line mechanism” for prohibited practices. In the future, we will continue to strengthen cooperation with our partners to build an effective supervision system for TCM quality control to provide users with high-quality and trust-worthy pharmaceutical and healthcare products.

We also launched our family doctor service during the Reporting Period, which integrates our online healthcare service capabilities accumulated over the years. The goal of the family doctor service is to achieve on-demand and customized healthcare services covering various scenarios and optimize allocation of medical resources, so that users can enjoy more high-quality medical resources and services.

We have continued to develop and upgrade our family doctor service packages catering to diverse shopping behaviors of different groups of consumers. For example, we integrated an AI-based voice activation function to create a family doctor service package designed for the convenience of seniors. We opened our technology and service capabilities to society to supplement the government-led community family doctor service system. We signed a strategic cooperation agreement with the Hubei Provincial Health Commission to empower regional community family doctor projects with the support of our online healthcare service system, advanced technology capabilities and medical resources. We jointly strive to provide health management services, online follow-up consultation, drug delivery, chronic disease management, health information digitalization and other healthcare services for contracted residents. The project has achieved remarkable progress, and we plan to promote this type of project in more areas nationwide in the future.

During the Reporting Period, we conducted comprehensive patient education through multiple channels and formats, targeting over 470 million annual active user accounts from JD Group and us. We established different disease departments on our platform and offered free consultations with top-notch experts, health management consultations, live streaming of health management knowledge, chronic disease care and more. We continuously improve users’ health awareness and knowledge of diseases through graphics, videos, live streaming, and healthcare education events.

## *Consumer Healthcare Service*

In order to further develop our health management services, we continue to expand our consumer healthcare business. Through our cooperation with offline consumer healthcare providers, users can conveniently book a variety of consumer healthcare services on our platform, including regular checkup, aesthetic medicines, dental care, nucleic acid testing, vaccination appointments and more.

We provide users with “one-stop” general physical examination services, allowing users to book and pay for appointments online, and access the reports online. Furthermore, we offer users personalized physical examination packages to meet users’ diverse needs. Meanwhile, users can access the corresponding departments on our platform and consult with doctors on the results of their exams. In addition, we also launched a corporate employee general physical exam system platform for corporate customers. In April 2020, we launched the “COVID-19 Nucleic Acid Test Online Appointment Platform,” becoming the first company in China to offer online appointments for COVID-19 nucleic acid testing services. We offer testing services catering to various scenarios to fulfill users’ needs including at-house testing, “online appointment + offline testing” services, group testing, testing of the local environment and more.

We provide users with a full range of vaccination appointment services, including vaccines for children, HPV, herpes zoster, and influenza, as well as professional vaccine science and consultation services, which have greatly improved the accessibility and vaccination rate in China. We have launched the “COVID-19 Vaccination Dynamic Platform” to provide users with real-time vaccine-related news, knowledge, demand registration and other convenient services. The platform allows users to access information on vaccination types, target groups, prices, consultation methods and reservation guidelines, covering 28 provinces and 78 cities. During the Reporting Period, we also signed a strategic cooperation agreement with CanSino Biologics Inc. to jointly promote the digital “Internet + Disease Prevention” solution, and educate users on prevalent diseases and vaccination knowledge, as well as to offer vaccination appointment services through our platform.

## *Smart Healthcare Solutions*

Leveraging our advanced technology infrastructure and platform operation capabilities, we strive to create value for all parties in the industry chain. One example is we provide smart healthcare solutions to our partners, such as hospitals and medical institutions, to digitalize medical information and improve operational efficiency by helping to develop and build online systems covering the comprehensive medical services process, including appointments, consultations, and basic medical insurance reimbursement. In addition, leveraging our own and JD Group’s leading cloud-based technologies, we also provide technology empowerment in the form of infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS), addressing efficiency improvement and patient management needs for hospitals. We develop various AI applications to optimize healthcare processes including pre-consultation, prescription refill and medication management to build prescription pre-vetting rules to ensure medication safety.

During the Reporting Period, we released Yaojingtong, an omnichannel digitalization management platform for offline retail pharmacies, leveraging our cutting-edge technology and software application services. The platform allows offline retail pharmacies to directly connect to targeted upstream suppliers, while offering various value-added services to offline retail pharmacies by comprehensively covering offline scenarios in order to comprehensively improve the operational efficiency of pharmacies. Take the procurement process as an example: With our AI algorithm and supply chain capabilities, the platform can help optimize procurement procedures such as procurement planning, plan verification and order dispatch, as well as supporting retail pharmacies with our digital solutions and logistics capability, thus helping them achieve intelligent procurement.

During the Reporting Period, leveraging our own and JD Group's leading technology, we have cooperated with a number of top-tier hospitals in China to build internet hospitals, developing patient-centered, online and offline integrated smart solutions throughout the entire medical process and helping improve patients' medical experiences. For example, we cooperated with Tianjin Nankai Hospital to build the Nankai JD Internet Hospital. By building an "Internet + Healthcare" service model that integrates online and offline and covers the entire process including pre-consultation, prescription renewal and aftercare services, we provide Tianjin residents with consultation, health management advisory and follow-up visits services. Meanwhile, with the support of Tianjin's regional basic medical insurance policy, we are able to connect to basic medical insurance reimbursement services for follow-up consultations and medications.

Leveraging our digital intelligence and information technology, we assist the digitalization of primary healthcare systems, and have launched several "Health City" projects during the Reporting Period. We cooperated with the Health Commission of Hubei Province, jointly promoting rehabilitation and psychological consultation projects for patients recovered from COVID-19 in Hubei province. We are facilitating the construction and development of the regional public health system in Hubei province, and are proactively helping to develop healthcare-related industries such as mental health awareness, smart wearable devices and medical protective equipment. Additionally, we are helping the city of Beihai to digitalize its regional resident health system and enhance its medical services by expanding and improving the city's health information platform and developing "Internet + Healthcare" application systems. We have successfully completed the first phase of the "Smart Health Beihai" project, with successful launch or pilot of seven digitalization projects covering resident health cards, school public health systems, family doctors, rural doctors and more.

We have also applied AI technology to medication services for enhancing medication safety. Since July 2019, we have been working with the pharmacist team of the Third Hospital of Peking University to develop an AI-enabled pharmaceutical knowledge graph. During the Reporting Period, we have built a regional AI-based prescription vetting center with the Beijing Haidian District Health Commission. The center is dedicated to building a knowledge base for medications supply and prescription vetting guidelines, relying on our cutting-edge AI and big data technology, to standardize medication services and drug information in the region, and to ensure medication safety through pre-positioning prescription vetting work.

We strive to promote the development of the technology-driven digital intelligence healthcare industry by partnering with public hospitals at all levels to embrace “Internet + Healthcare”, piloting Health City projects, as well as developing AI-based applications of medication services. In response to the national target of “Healthy China 2030”, we will leverage our and JD Group’s core capabilities such as AI, big data and supply chain, and endeavor to provide high-quality pharmaceutical and healthcare products and professional healthcare services to our users. Meanwhile we will further empower and create value for our partners and help them pursue greater market opportunities.

### *Prospects*

With the rise of people’s health awareness, the demand for healthcare management will continue to grow. As a leading online healthcare platform, we will continue to strengthen our supply chain capabilities in retail pharmacy while sparing no efforts on expanding our online healthcare services business. We are dedicated to becoming the go-to health management platform for everyone in China through creating a “Retail Pharmacy + Healthcare Services” ecosystem. As a vital component of our ecosystem, we see vast growth opportunities for our retail pharmacy business in the future, as it satisfies the diverse health management needs of users. Looking forward, we will continue to cement our supply chain capabilities in retail pharmacy to provide users with high quality pharmaceutical and healthcare products and convenient shopping experiences through extending our product selection, and partnering with JD Logistics to utilize its expanding logistics network. In the meantime, we will strengthen cooperation with enterprises partners in the healthcare value chain to achieve complementary advantages, promote the growth of our core business and capture new growth opportunities.

In terms of healthcare services, we will continue to develop our internet hospital services and specialist medical centers, engaging with more top experts to cover more medical departments. We will also introduce more comprehensive and personalized healthcare services to provide users with a superior user experience that caters to users’ diverse healthcare needs. Better healthcare services will further drive cross-sales of more pharmaceutical and healthcare products from our retail pharmacy business. We hope that through our online health management platform, integrating our retail pharmacy and healthcare services business, as well as offline medical resources, we can create a complete omnichannel experience for users. We will also establish an online doctor community to promote doctor communications, so that doctors can break through the limitations of time and space to communicate with each other around professional topics such as patients’ medical conditions, treatment plans and academic research etc. We will continue to improve the functions of the community and offer doctors an open platform to conduct instant professional communications leveraging our advanced technological capabilities.

We will continue to make efforts to provide digital marketing solutions for pharmaceutical companies in the healthcare industry, leveraging our integrated online and offline platform and medical resources. Digital marketing solutions on the one hand can help pharmaceutical companies improve marketing efficiency and drive growth. On the other hand, they can improve accessibility to new drugs, especially innovative and specialty drugs, so as to improve patients’ quality of life.

We will provide users with more diversified healthcare solutions such as family doctor services and consumer healthcare services, extending healthcare services to integrated health management services. We will continue to innovate and upgrade existing health management services. For example, we will cultivate family doctor products targeting various groups such as seniors and high net worth users. We will also improve the user experience in the vaccine field by introducing appointments services for broader vaccine categories, and increasing investment in our vaccine appointment system to become a one-stop digitalized service platform offering disease education, vaccine education, vaccination appointment and payment services for the public. At the same time, we will strengthen our collaborations with local governments, pharmaceutical companies and other relevant departments to jointly build specialty internet hospitals.

We aim to build an integrated online and offline hierarchical diagnosis and treatment system, moving minor diseases, common and chronic diseases online, while referring critical diseases to offline hospitals and specialists, thereby optimizing the allocation of medical resources and improving the efficiency of the healthcare industry. We will continue to refine our smart healthcare solutions for offline hospitals and medical institutions to meet their personalized needs for a wider range of healthcare scenarios, not only enhancing the experiences of both users and medical professionals, but also improving the operational efficiency of offline hospitals and medical institutions. For example, we can provide more customized services for users by developing AI or other advanced technology-based applications for our various internet hospitals and partners to further improve the user experience. We will continue to work with government, research institutes, hospitals and enterprises to co-develop industry standards, making collective efforts in promoting digital transformation of the healthcare industry. Additionally, we will continue to innovate and empower upstream and downstream partners in the healthcare value chain.

# FINANCIAL REVIEW

## *Revenue*

Our revenue increased by 78.8% from RMB10.8 billion in 2019 to RMB19.4 billion in 2020. The increase in our total revenue was primarily due to the increase by 77.8% in product revenue from sales of pharmaceutical and healthcare products from RMB9.4 billion in 2019 to RMB16.8 billion in 2020. Such growth on products revenue was primarily driven by the increase in the number of active user accounts and additional purchases from existing user accounts, the increasing online penetration of pharmaceutical and healthcare products sales, shift in user behaviors, our rising brand awareness as we continue to invest in marketing activities, and partially due to the impact of COVID-19 in 2020. Service revenue from online marketplace, digital marketing and other services increased by 85.4% from RMB1.4 billion in 2019 to RMB2.6 billion in 2020. The increase in our service revenue was primarily due to (i) an increase in digital marketing service fees primarily attributable to an increase in the number of advertisers on our platform, in line with the continuous growth of transactions in our platform, and (ii) an increase in commission fees and platform usage fees primarily attributable to an increase in the sales volume and the number of third-party merchants on our online marketplace.

## *Cost of revenue*

Our cost of revenue increased by 80.1% from RMB8.0 billion in 2019 to RMB14.5 billion in 2020. The increase was primarily due to an increase in the sales volume of our pharmaceutical and healthcare products through *JD Pharmacy*, which was in line with the growth of our retail pharmacy business.

## *Gross profit and gross profit margin*

As a result of the foregoing, we recorded a gross profit of RMB2.8 billion in 2019, representing a gross profit margin of 25.9%, and a gross profit of RMB4.9 billion in 2020, representing a gross profit margin of 25.4%. The decrease in the gross profit margin was primarily due to an increase in inventory impairment provision resulted from strategic stockpile in response to the COVID-19 outbreak and an increase in sales of relatively lower margin pharmaceutical products.

## *Fulfillment expenses*

Our fulfillment expenses increased by 70.5% from RMB1.2 billion in 2019 to RMB2.0 billion in 2020. The increase was primarily due to an increase in (i) logistics and warehousing services expenses, due to the increase in the usage of logistics services along with more products sales and warehousing services along with more warehouses utilized, (ii) employee benefit expenses for employees involved in fulfillment activities, due to the increase in employee headcount of fulfillment activities, (iii) payment services expenses, and (iv) other fulfillment expenses, including customer service expenses, all of which were in line with the continued growth of our business. Fulfillment expenses as a percentage of revenue decreased from 10.8% in 2019 to 10.3% in 2020.



### *Selling and marketing expenses*

Our selling and marketing expenses increased by 92.3% from RMB746.0 million in 2019 to RMB1,434.6 million in 2020. The increase was primarily due to (i) an increase in our promotion and advertising expenses, which was primarily due to the increased marketing efforts to promote our retail pharmacy business, online healthcare services and other new initiatives, and (ii) an increase in expenses of technology and traffic support services allocated/provided by JD Group. Selling and marketing expenses as a percentage of revenue increased from 6.9% in 2019 to 7.4% in 2020, primarily due to the increased marketing efforts to promote our business.

### *Research and development expenses*

Our research and development expenses increased by 80.1% from RMB338.2 million in 2019 to RMB609.1 million in 2020. The increase was primarily attributable to (i) an increase in research and development headcount as we continued to invest in top-notch R&D talents with industry expertise, and (ii) an increase in expenses of technology and traffic support services allocated/provided by JD Group due to the increase in the value of fulfilled orders. Research and development expenses as a percentage of revenue remain as 3.1% in both 2019 and 2020.

### *General and administrative expenses*

Our general and administrative expenses increased by 322.0% from RMB124.9 million in 2019 to RMB527.2 million in 2020, primarily attributable to (i) an increase of employee benefits expenses primarily due to the increased expenses of share-based payment, and (ii) an increase of expenses conducted for the Listing. General and administrative expenses as a percentage of revenue increased from 1.2% in 2019 to 2.7% in 2020.

### *Finance income*

Our finance income increased to RMB149.1 million in 2020, primarily due to an increase of interest earnings from bank balances and term deposits.

### *Fair value change of convertible preferred shares*

We recorded a loss on fair value change of convertible preferred shares of RMB17.5 billion in 2020. The change was primarily due to an increase in the per share fair value of the Series A Preference Shares and the Series B Preference Shares, as a result of an increase in our Company's equity value. Upon the completion of the Company's listing of shares on the Main Board of the Hong Kong Stock Exchange and global offering on December 8, 2020 (the "**Listing**" or "**Global Offering**"), all convertible preferred shares have been converted into ordinary shares on a conversion ratio of 1:1.

### *Income tax expense*

Our income tax expense increased by 18.7% from RMB137.1 million in 2019 to RMB162.8 million in 2020, primarily due to the increase in taxable income.

## *Loss for the year*

As a result of the foregoing, we incurred a loss of RMB1.0 billion in 2019 and incurred a loss of RMB17.2 billion in 2020, primarily due to a loss of RMB17.5 billion on the fair value change of convertible preferred shares in 2020.

## *Non-IFRS Measures*

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use non-IFRS profit as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe non-IFRS profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance.

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

We define non-IFRS profit as profit/(loss) for the year, excluding share-based payment expenses, fair value changes of convertible preferred shares and one-off listing expenses. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook. We account for the share-based payment expenses with employees and non-employees based on the grant-date fair value of the equity instrument issued by JD.com, Inc. and by the Company. The reconciling item is non-cash and does not result in cash outflow, and the adjustment has been consistently made during the period from the Listing Date up to the December 31, 2020. In addition, we account for the convertible preferred shares as financial liabilities at fair value through profit or loss. The convertible preferred shares automatically converted into ordinary shares upon the completion of the Listing, and no further loss or gain on fair value changes is expected to be recognized afterwards. The reconciling item is non-cash, non-recurring and do not result in cash outflow.

The following table reconciles our non-IFRS profit for 2020 and 2019 presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is loss for the year:

	<b>For the year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Reconciliation of loss to non-IFRS profit:</b>		
Loss for the year	<b>(17,234,897)</b>	<b>(971,805)</b>
Add:		
Share-based payment expenses	<b>380,299</b>	52,728
— <i>Fulfillment expenses</i>	<b>34,087</b>	9,896
— <i>Selling and marketing expenses</i>	<b>7,308</b>	1,938
— <i>Research and development expenses</i>	<b>26,499</b>	11,809
— <i>General and administrative expenses</i>	<b>312,405</b>	29,085
Fair value changes of convertible preferred shares	<b>17,539,858</b>	1,263,130
One-off listing expenses	<b>63,658</b>	—
	<hr/>	<hr/>
<b>Non-IFRS profit for the year</b>	<b>748,918</b>	<b>344,053</b>
	<hr/> <hr/>	<hr/> <hr/>

## Liquidity and Capital Resources

For the year ended December 31, 2020, we funded our cash requirements principally from cash generated from operating activities and financing activities, which are mainly from the Global Offering and Series B Preference Shares financing. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB5.0 billion and RMB32.3 billion as of December 31, 2019 and 2020, respectively.

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

	<b>For the Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
Net cash generated from operating activities	<b>3,699,464</b>	409,470
Net cash used in investing activities	<b>(7,842,584)</b>	(1,448,623)
Net cash generated from financing activities	<b>32,028,687</b>	6,509,119
	<hr/>	<hr/>
Net increase in cash and cash equivalents	<b>27,885,567</b>	5,469,966
Net return to JD Group	—	(561,887)
Cash and cash equivalents at the beginning of the year	<b>4,965,272</b>	16,213
Effects of foreign exchange rate changes on cash and cash equivalents	<b>(580,047)</b>	40,980
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>32,270,792</b>	<b>4,965,272</b>
	<hr/> <hr/>	<hr/> <hr/>

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We currently do not have any other plans for material additional external financing.

### **Net Cash Generated from Operating Activities**

Net cash generated from operating activities primarily comprises our loss for the year and non-cash and non-operating items, and adjusted by changes in working capital.

In 2020, net cash generated from operating activities was RMB3.7 billion. Our cash generated from operations was primarily attributable to our loss of RMB17.2 billion, as adjusted by (i) non-cash and non-operating items, which primarily consisted of fair value changes of convertible preferred shares of RMB17.5 billion and share-based payment expenses of RMB0.4 billion, and (ii) changes in working capital, which primarily resulted from an increase in trade payables of RMB2.4 billion, an increase in accrued expenses and other payables of RMB0.5 billion and a decrease in prepayments, other receivables and other assets of RMB0.4 billion, partially offset by an increase in inventories of RMB0.5 billion.

In 2019, net cash generated from operating activities was RMB409.5 million. Our cash generated from operations was primarily attributable to our loss of RMB971.8 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of fair value changes of convertible preferred shares of RMB1,263.1 million and share-based payment expenses of RMB52.7 million; and (ii) changes in working capital, which primarily resulted from an increase in accrued expenses and other payables of RMB203.2 million, an increase in trade payables of RMB104.8 million and an increase in contract liabilities of RMB47.2 million, partially offset by an increase in inventories of RMB164.0 million and an increase in prepayments, other receivables and other assets of RMB160.1 million.

### **Net Cash Used in Investing Activities**

In 2020, net cash used in investing activities was RMB7.8 billion, which was primarily attributable to placement of term deposits of RMB6.7 billion, purchase of financial assets at fair value through profit or loss of RMB5.4 billion, payments for investment in joint ventures of RMB0.7 billion, partially offset by maturity of financial assets at fair value through profit or loss of RMB3.8 billion, maturity of term deposits of RMB1.3 billion.

In 2019, net cash used in investing activities was RMB1.4 billion, which was primarily attributable to placement of term deposits.

### **Net Cash Generated from Financing Activities**

In 2020, net cash generated from financing activities was RMB32.0 billion, which was primarily attributable to net proceeds from issuance of ordinary shares of RMB25.8 billion and proceeds from issuance of convertible preferred shares of RMB6.5 billion.

In 2019, net cash generated from financing activities was RMB6.5 billion, which was primarily attributable to proceeds from issuance of convertible preferred shares of RMB6.3 billion and advance from JD Group of RMB202.2 million.

### **Gearing Ratio**

As of December 31, 2020, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

### **Significant Investments Held**

In April 2020, we entered into a series of agreements with Tangshan Hongci Healthcare Management Co., Ltd., or Tangshan Hongci, and its shareholders, pursuant to which we injected approximately RMB668 million in cash to Tangshan Hongci for an equity interest of 49% in June 2020.

### **Future Plans for Material Investments and Capital Assets**

As of December 31, 2020, we did not have other plans for material investments and capital assets.

### **Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies**

Save for the Group's reorganisation as described in the section headed "History, Reorganization and Corporate Structure" in the prospectus of the Company dated November 26, 2020 (the "**Prospectus**"), we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the year ended December 31, 2020.

### **Employee and Remuneration Policy**

The following table sets forth the numbers of full-time staff dedicated to our business and operations categorized by function as of December 31, 2020.

<b>Function</b>	<b>Number of Staff</b>	<b>% of Total</b>
Procurement	1,306	62.2
Sales and Marketing	295	14.0
Research and Development	440	21.0
General and Administrative	58	2.8
<b>Total</b>	<b>2,099</b>	<b>100.0</b>

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

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

The total remuneration expenses, including share-based payments expenses, for the year ended December 31, 2020 were RMB1,000.3 million, as compared to RMB272.0 million for the year ended December 31, 2019, representing a year-on-year increase of 267.7%.

### **Foreign Exchange Risk**

The functional currency of our entities incorporated in the Cayman Islands, British Virgin Islands and Hong Kong is the United States dollar. Our PRC subsidiaries and consolidated affiliated entities determined their functional currency to be Renminbi. Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities.

During the year ended December 31, 2020, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant.

### **Contingent Liabilities**

As of December 31, 2020, we did not have any material contingent liabilities or guarantees.

Save as disclosed in this announcement and as at the date of this announcement, there were no other significant events that might affect the Group since December 31, 2020.

### **Borrowings**

As of December 31, 2020, we had no outstanding borrowings.

# FINANCIAL INFORMATION

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>19,382,568</b>	10,842,140
Cost of revenue	<b>(14,465,270)</b>	(8,029,868)
<b>Gross profit</b>	<b>4,917,298</b>	2,812,272
Fulfillment expenses	<b>(1,994,740)</b>	(1,169,654)
Selling and marketing expenses	<b>(1,434,587)</b>	(746,014)
Research and development expenses	<b>(609,068)</b>	(338,239)
General and administrative expenses	<b>(527,188)</b>	(124,922)
Other gains	<b>47,443</b>	565
Finance income	<b>149,116</b>	31,783
Finance costs	<b>(3,416)</b>	(35,502)
Fair value changes of convertible preferred shares	<b>(17,539,858)</b>	(1,263,130)
Impairment losses under expected credit loss model, net of reversal	<b>(117)</b>	(1,859)
Share of results of joint ventures	<b>(77,024)</b>	—
<b>Loss before income tax</b>	<b>(17,072,141)</b>	(834,700)
Income tax expense	<b>(162,756)</b>	(137,105)
<b>Loss for the year</b>	<b>(17,234,897)</b>	(971,805)
<b>Loss for the year attributable to:</b>		
Owners of the Company	<b>(17,234,363)</b>	(971,805)
Non-controlling interests	<b>(534)</b>	—
	<b>(17,234,897)</b>	(971,805)
	<i>RMB</i>	<i>RMB</i>
Basic and diluted loss per share	<b>(7.80)</b>	(0.45)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Loss for the year</b>	<b>(17,234,897)</b>	<b>(971,805)</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>64,633</b>	(9,809)
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation from functional currency to reporting currency	<b>866,592</b>	34,920
<b>Other comprehensive income for the year</b>	<b>931,225</b>	25,111
<b>Total comprehensive loss for the year</b>	<b>(16,303,672)</b>	<b>(946,694)</b>
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company	<b>(16,303,138)</b>	(946,694)
Non-controlling interests	<b>(534)</b>	—
	<b>(16,303,672)</b>	<b>(946,694)</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	28,498	600
Property and equipment	17,652	5,628
Investment in an associate	675	—
Investments in joint ventures	605,721	—
Financial assets at fair value through profit or loss	267,823	7,450
Right-of-use assets	97,355	10,567
Deferred tax assets	21,689	1,198
Prepayments, other receivables and other assets	250,366	27,191
	<hr/>	<hr/>
Total non-current assets	1,289,779	52,634
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	1,732,390	1,278,339
Trade and note receivables	75,036	21,552
Prepayments, other receivables and other assets	555,338	957,749
Financial assets at fair value through profit or loss	1,507,713	—
Term deposits	6,524,900	1,395,240
Restricted cash	38,600	5,891
Cash and cash equivalents	32,270,792	4,965,272
	<hr/>	<hr/>
Total current assets	42,704,769	8,624,043
	<hr/>	<hr/>
<b>Total assets</b>	<b>43,994,548</b>	<b>8,676,677</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>		
Share capital	11	7
Reserves	57,867,592	909,753
Accumulated losses	(18,616,760)	(1,368,791)
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>39,250,843</b>	<b>(459,031)</b>
<b>Non-controlling interests</b>	<b>501</b>	<b>—</b>
	<hr/>	<hr/>
<b>Total equity</b>	<b>39,251,344</b>	<b>(459,031)</b>
	<hr/>	<hr/>

	<b>As of December 31,</b>	
	<b>2020</b>	2019
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Convertible preferred shares	—	7,584,420
Lease liabilities	<b>61,410</b>	6,412
	<hr/>	<hr/>
Total non-current liabilities	<b>61,410</b>	7,590,832
	<hr/>	<hr/>
<b>Current liabilities</b>		
Trade payables	<b>2,899,599</b>	444,984
Income tax payables	<b>132,182</b>	—
Contract liabilities	<b>179,462</b>	87,687
Financial liabilities at fair value through profit or loss	<b>143,113</b>	—
Lease liabilities	<b>28,568</b>	4,851
Accrued expenses and other payables	<b>1,298,870</b>	1,007,354
	<hr/>	<hr/>
Total current liabilities	<b>4,681,794</b>	1,544,876
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>4,743,204</b>	9,135,708
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>43,994,548</b>	8,676,677
	<hr/> <hr/>	<hr/> <hr/>

The Company acts as an investment holding company and its subsidiaries engage in a comprehensive “Internet + Healthcare” ecosystem, providing pharmaceutical and healthcare products, internet healthcare, health management, intelligent healthcare solutions to the customers, and a variety of marketing services to the business partners (collectively the “**Listing Business**”). The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on December 8, 2020.

Historically and up to the completion of the equity transfers of the relevant entities and the Spin-off as defined below, the Listing Business were carried out by (1) Yinchuan JD Online Hospital Co., Ltd. (“**Yinchuan JD Online Hospital**”) and Jingdong Shanyuan (Qingdao) E-commerce Co., Ltd., two wholly-owned domestic companies of JD Group, and their subsidiaries established in the PRC (collectively the “**PRC Operating Entities**”) and (2) certain subsidiaries and consolidated affiliated entities of JD Group (collectively the “**Remaining JD Group**”, and the portion of the Listing Business carried out by the Remaining JD Group is referred to as “**Remaining Listing Business**”). The Group underwent a reorganization (the “**Reorganization**”) that involves equity transfers of the PRC Operating Entities to the Company and its subsidiaries.

In May 2019, the Company entered into a subscription agreement for the series A preference shares (the “**Series A Preference Shares**”) financing with certain third-party investors (the “**Series A Share Subscription Agreement**”). Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between JD Group and the 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 others. In August 2020, the Company entered into definitive agreements for the series B preference shares (the “**Series B Preference Shares**”) with a group of third-party investors.

Prior to the completion of the Spin-off as set out below, the Listing Business were carried out by the PRC Operating Entities and certain subsidiaries and consolidated affiliated entities of JD Group other than the PRC Operating Entities. No separate bank accounts were maintained by the Remaining Listing Business. The treasury and cash disbursement functions of the Remaining Listing Business were centrally administrated under JD Group. The net cash flows generated by the Remaining Listing Business were kept in the bank accounts of JD Group. Prior to the Closing Date of Series A Preference Share financing, the Group was not able to receive and retain the profits arising from the Remaining Listing Business. Accordingly, the funds generated or utilized by JD Group were presented as movements in the equity while there are no cash and cash equivalents balance for the Remaining Listing Business and there were no cash received/paid directly by the Group in relation to the operation of the Remaining Listing Business. After the Closing Date of Series A Preference Share financing, the Group was eligible to receive and retain the profits arising from the Remaining Listing Business accumulated in JD Group since January 1, 2017. Accordingly, the profits and funds generated or utilized by the Remaining Listing Business in JD Group on behalf of the Group since January 1, 2017 were recognized as the amounts due from/to related parties without any cash flow from/to the Remaining Listing Business.

The Company has substantially completed the Spin-off for the Remaining Listing Business before the date of the Listing, which includes the transfer of relevant management and employees, operating assets and liabilities, retained profits, as well as the replacement of the business contracts of counter parties to the Group (the “**Spin-off**”). Upon the completion of the Spin-off, the entire Listing Business became operated and controlled by the Group.

After the completion of the Spin-off, as the Listing business were carried out by the PRC Operating Entities, the treasury and cash disbursement functions were administrated under the Group. The profits and funds generated or utilized by the Remaining Listing Business in JD Group on behalf of the Group since January 1, 2017 and prior to the completion of the Spin-off were settled in cash by the JD Group to the Group.

The consolidated statement of profit or loss, and consolidated statement of comprehensive income/ (loss) of the Group for the years ended December 31, 2020 and 2019, include the results of the companies now comprising the Group as if the current group structure had been in existence prior to the Listing, and the Listing Business had been operated by the Group throughout the year ended December 31, 2020 and 2019, or since their respective dates of incorporation, where there is a shorter period.

Prior to the Closing Date of the Series A Preference Shares financing, expenses which are impracticable to be specifically identified to the Listing Business are determined on the following basis: (1) items included in selling and marketing expenses, research and development expenses, general and administrative expenses that are impracticable to be specifically identified were allocated from the JD Group's respective expenses based on proportion of the fulfilled order volume of the Listing Business to that of the Listing Business and JD Group; (2) order processing fees (payment fees) generated from orders of the Listing Business included in fulfillment expenses were allocated based on the percentage of the fulfilled order volume of the Listing Business to that of the Listing Business and JD Group; (3) income tax expense was calculated based on the tax rate of the entities that the Listing Business were spun off from, as if the Listing Business was a separate tax reporting entity.

After the Closing Date of Series A Preference Shares financing but prior to the Listing, revenue or expenses that were generated from/charged by JD Group in accordance with the related party transactions listed out in Series A Share Subscription Agreement was recognized by the Group directly in accordance to terms stipulated on the Series A Share Subscription Agreement. Other items of expenses which are impracticable to be specifically identified to the Listing Business are determined as same as before the Series A Share Subscription Agreement became effective.

In November 2020, the Group entered into a series of continuing connected transaction arrangements (the "**CCT Arrangements**") with JD Group, in respect of which the Group has complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Majority of related party transactions between the Group and JD Group are recognized based on the terms stipulated in the CCT Arrangements.

The consolidated financial statements have been prepared based on the accounting policies which conform with International Financial Reporting Standards (the "**IFRSs**") issued by International Accounting Standards Board (the "**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

## **Segment information**

The Group operates a comprehensive "Internet + Healthcare" ecosystem, providing pharmaceutical and healthcare products, internet healthcare, health management and intelligent healthcare solutions to the customers.

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer (the "**CEO**"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As the Group's non-current assets are all located in the PRC and most of the Group's revenue are derived from the PRC, no geographical information is presented. During the year ended December 31, 2020, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2019: nil).

## Revenue

Disaggregation of revenue from contracts with customers:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
<i>Type of goods or services:</i>		
Product revenue:		
Sales of pharmaceutical and healthcare products	16,773,547	9,434,984
Service revenue:		
Marketplace, advertising and other services	2,609,021	1,407,156
Total	19,382,568	10,842,140

## Loss before income tax

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Cost of inventories sold	14,330,050	8,011,511
Provision for impairment of inventories	81,963	981
Expenses of logistics and warehousing services*/**	1,252,080	818,932
Expenses of technology and traffic support services allocated/ provided by JD Group**	908,163	528,154
Expenses related to other support services*/**	17,088	62,825
Expenses of payment services*/**	201,411	133,045
Promotion and advertising expenses	886,073	456,681
Employee benefit expenses	1,000,348	272,028
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	27,221	7,423
Auditor's remuneration	11,000	708

\* Primarily consisted of the services allocated/provided by JD Group.

\*\* Prior to the Closing Date of Series A Preference Shares financing, the expenses of logistics and warehousing services, the expenses of technology and traffic support services, the expenses related to other support services and expenses of payment services were allocated on the basis as set out above. After the Closing Date of Series A Preference Shares financing, the expenses aforesaid were charged by JD Group in accordance with the terms and pricing policies of the related party transactions listed out in Series A Share Subscription Agreement and are set out above, except for the expenses related to other support services which are allocated on the basis as set out above. After the Listing, the majority of the transactions between JD Group and the Group are continuing connected transactions and recognized based on the terms stipulated in CCT Arrangements as set out above.

## Income tax expense

The income tax expense of the Group is analyzed as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current income tax:		
PRC EIT	183,247	137,350
Deferred income tax	(20,491)	(245)
Total	<u>162,756</u>	<u>137,105</u>

## Loss per share

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

### (a) Basic loss per share

	Year ended 31 December,	
	2020	2019
Loss for the year attributable to owners of the Company (RMB'000)	(17,234,363)	(971,805)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,208,523,703</u>	<u>2,149,253,732</u>
Basic loss per share attributable to owners of the Company (RMB per share)	<u>(7.80)</u>	<u>(0.45)</u>

### (b) Diluted loss per share

As the Group incurred a loss for the year ended December 31, 2020, the potential ordinary shares were excluded in the calculation of the diluted loss per share as their effect would result in a decrease in loss per share, which is anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2020 was the same as basic loss per share of the year (2019: the same as basic loss per share of the corresponding year).

## Financial assets at FVTPL

	As of December 31,	
	2020	2019
	RMB'000	RMB'000
<b>Non-current:</b>		
Equity investments in private companies	107,745	7,450
Call option	160,078	—
	<u>267,823</u>	<u>7,450</u>
<b>Current:</b>		
Wealth management products	1,507,713	—
	<u>1,775,536</u>	<u>7,450</u>

## Investments in joint ventures

	As of December 31, 2020 RMB'000
As of January 1, 2020	—
Cost of unlisted investments in joint ventures	682,745
Share of post-acquisition loss and other comprehensive income/(loss)	<u>(77,024)</u>
As of December 31, 2020	<u>605,721</u>

## Inventories

	As of December 31,	
	2020	2019
	RMB'000	RMB'000
Products	1,819,147	1,283,133
Less: impairment provision	<u>(86,757)</u>	<u>(4,794)</u>
	<u>1,732,390</u>	<u>1,278,339</u>

## Trade and note receivables

	As of December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from third parties	<b>79,634</b>	27,080
Less: allowance for ECL	<b>(6,369)</b>	(6,252)
Note receivables	<b>1,771</b>	724
	<u><b>75,036</b></u>	<u>21,552</u>

Aging analysis of trade receivables from third parties based on invoice date is as follows:

	As of December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<b>71,412</b>	13,921
3 to 6 months	<b>1,685</b>	3,799
6 to 12 months	<b>1,744</b>	8,791
Over 12 months	<b>4,793</b>	569
	<u><b>79,634</b></u>	<u>27,080</u>
Less: allowance for ECL	<b>(6,369)</b>	(6,252)
	<u><b>73,265</b></u>	<u>20,828</u>

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

## Trade payables

Trade payables primarily consist of payables to suppliers.



The credit period of trade payables is mainly ranging from 30 to 60 days. An aging analysis of the trade payables based on the invoice date is as follows:

	<b>As of December 31,</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>2,066,689</b>	444,984
3 to 6 months	<b>750,321</b>	—
6 to 12 months	<b>82,589</b>	—
	<hr/>	<hr/>
Total	<b><u>2,899,599</u></b>	<u>444,984</u>

## **Dividends**

No dividends had been paid or declared by the Company for the year ended December 31, 2020, nor has any dividend been proposed since the end of the Reporting Period (2019: nil).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company was incorporated in the Cayman Islands on November 30, 2018 with limited liability, and the shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on December 8, 2020 (the “**Listing Date**”).

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the “**Shareholders**”). Throughout the period from the Listing Date up to December 31, 2020, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) except as disclosed below.

Code provision A.1.1 of the Corporate Governance Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on December 8, 2020, the Company did not hold any Board meeting throughout the period from the Listing Date and up to December 31, 2020.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2020.

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the period from the Listing Date up to December 31, 2020.

### Scope of Work of the Company’s Auditors

The figures in respect to the Group’s consolidated results for the year ended December 31, 2020 as set out in the preliminary announcement have been agreed by the Company’s independent auditor, Messrs. Deloitte Touche Tohmastu (the “**Auditor**”), to the amounts set out in the audited consolidated financial statements of the Group for the year ended December 31, 2020. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises three members, namely Xingyao Chen (陳興堯), Wenyi Huang (黃文藝) and Sandy Ran Xu (許冉), with Xingyao Chen (陳興堯) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the audit committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2020 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

## OTHER BOARD COMMITTEES

In addition to the audit committee, the Company has also established a nomination committee (the “**Nomination Committee**”) and a remuneration committee (the “**Remuneration Committee**”).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period from the Listing Date up to December 31, 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities listed on the Hong Kong Stock Exchange.

## **FINAL DIVIDEND**

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company's annual general meeting (the "AGM") will be held on Friday, June 25, 2021. The register of members of the Company will be closed from Tuesday, June 22, 2021 to Friday, June 25, 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 21, 2021.

## **USE OF PROCEEDS**

With the Shares listed on the Hong Kong Stock Exchange on the Listing Date, the net proceeds from the Global Offering (following full exercise of the Over-allotment Option, as defined in the prospectus of the Company dated November 26, 2020 (the "Prospectus")) were approximately RMB25.7 billion after deducting underwriting commissions and offering expenses paid or payable, which will be utilized for the purposes as set out in the Prospectus.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [ir.jdhealth.com](http://ir.jdhealth.com). The annual report of the Group for the year ended December 31, 2020 will be published on the aforesaid websites of the Hong Kong Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

## **RESIGNATION OF DIRECTORS**

The Board also announces that Ms. Yayun Li (李婭雲) ("Ms. Li") has tendered her resignation as a non-executive Director and member of the Remuneration Committee; and Mr. Wenyi Huang (黃文藝) ("Mr. Huang") has tendered his resignation as an independent non-executive Director of the Company and a member of the Audit Committee and the Nomination Committee, with effect from March 29, 2021 due to their respective other business engagements which require more of their time and dedication.

Ms. Li and Mr. Huang have each confirmed that they have no disagreement with the Board and there is no matter in respect of their resignation that needs to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange.

The Board would like to take this opportunity to express its gratitude to both Ms. Li and Mr. Huang for their valuable contribution to the Company during their tenure of office.

## APPOINTMENT OF DIRECTORS

The Board is pleased to announce that Ms. Pang Zhang (張雱) (“**Ms. Zhang**”) has been appointed as a non-executive Director and member of the Remuneration Committee, and Dr. Jiyu Zhang (張吉豫) (“**Dr. Zhang**”) has been appointed as an independent non-executive Director and a member of the Audit Committee and Nomination Committee, with effect from March 29, 2021.

The biographical details of Ms. Pang Zhang and Dr. Zhang are set out below:

Ms. Pang Zhang (張雱), is a non-executive Director. Ms. Zhang joined the JD Group in July 2011 and has served as JD Group’s chief human resources officer since December 2020. She has significant experience in leadership development as well as organizational processes optimization, and has held multiple key roles within different departments in JD Group including JD Group’s CEO office, JD Retail and JD Digits business groups.

Ms. Zhang also holds directorships in JD Logistics, Inc., a company which has submitted an application for primary listing on the Hong Kong Stock Exchange and various subsidiaries of JD Group and our Group, including, Beijing Jingdong Century Information Technology Co., Ltd. (北京京東世紀信息技術有限公司), Xi’an Jingdong Xuncheng Logistics Co., Ltd. (西安京東訊成物流有限公司) and Xi’an Jingdong Xincheng Information Technology Co., Ltd. (西安京東信成信息技術有限公司).

Ms. Zhang received a bachelor’s degree of commerce in e-commerce from Central University of Finance and Economics (中央財經大學) in June 2011 and a Cornell-Tsinghua Finance MBA in June 2020.

Ms. Zhang has entered into an appointment letter with the Company for a term of three years commencing from March 29, 2021, subject to (i) retirement from office and re-election at the next general meeting of the Company and (ii) retirement by rotation and re-election at least once every three years, in accordance with the articles of association of the Company and the Corporate Governance Code. According to the terms of Ms. Zhang’s appointment, Ms. Zhang is entitled to discretionary award of options and/or awards under the rules of any share option scheme or share award scheme adopted by the Company from time to time, but is not entitled to receive any remuneration and other benefits in her capacity as a non-executive Director.

Dr. Jiyu Zhang (張吉豫), is an independent non-executive Director. Dr. Zhang currently holds associate professorship and serves as the executive director of the Law and Technology Institute at Renmin University of China (中國人民大學). She is also a member of and currently holds various leadership positions in the Cyberspace Security Strategy and Law Committee of China Institute of Communications, Beijing Intellectual Property Law Research Association, China Cyber Information Law Society and Law and Policy Working Group of China Artificial Intelligence and Industry Alliance. Prior to that, Dr. Zhang held an assistant professorship and was a post-doctoral fellow in intellectual property law at the Renmin University of China Law School (中國人民大學法學院) from August 2014 to August 2017 and September 2011 to July 2014, respectively.

Dr. Zhang received a bachelor of science degree with a double major in mathematics and applied mathematics and a bachelor of science degree in computer science and technology from Peking University (北京大學) in 2004. She then received her Doctor of Science in computer architecture from Peking University in 2011.

Dr. Zhang has entered into an appointment letter with the Company for a term of three years commencing from March 29, 2021, subject to (i) retirement from office and re-election at the next general meeting of the Company and (ii) retirement by rotation and re-election at least once every three years, in accordance with the articles of association of the Company and the Corporate Governance Code. According to the terms of Dr. Zhang's appointment, Dr. Zhang is entitled to a director's fee of RMB250,000 per annum and certain equity-based compensation, and Dr. Zhang is entitled to the reimbursement of all reasonable out-of-pocket expenses incurred in relation to the discharge of her duties in connection with the business of the Company. The director's fee was recommended by the Remuneration Committee with reference to her duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market conditions.

Save as disclosed above, as at the date of this announcement, both Ms. Zhang and Dr. Zhang have confirmed that they do not hold (i) any other position with the Company or other members of the Group; (ii) any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Save as disclosed above, as at the date of this announcement, Ms. Zhang and Dr. Zhang have confirmed that they do not have any relationship with any Director, senior management or substantial shareholder or controlling shareholder of the Company, or any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information that is required to be disclosed pursuant to any of the requirements under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange relating to Ms. Zhang and Dr. Zhang's appointments.

The Board would like to express its warmest welcome to Ms. Zhang and Dr. Zhang on their respective appointments.

By order of the Board  
**JD Health International Inc.**  
**Mr. Lijun Xin**  
*Executive Director*

Hong Kong, March 29, 2021

*As at the date of this announcement, the Board comprises Mr. Lijun Xin as the executive Director, Mr. Richard Qiangdong Liu, Mr. Lei Xu, Ms. Sandy Ran Xu, Ms. Pang Zhang and Mr. Qingqing Yi as non-executive Directors, and Mr. Xingyao Chen, Ms. Ling Li and Dr. Jiyu Zhang as independent non-executive Directors.*