京东物流

JD Logistics, Inc.
京東物流股份有限公司
(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 2618)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board (the "**Board**") of directors (the "**Directors**") of JD Logistics, Inc. (the "**Company**" or "**JD Logistics**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**") for the six months ended June 30, 2021 (the "**Reporting Period**"). These interim 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 Health International Inc. ("**JD Health**") (HKEX: 6618), and consolidated affiliated entities, excluding our Group.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2021	2020	Year-on-year change
	RMB'000	*RMB'000*	(%)
Revenue	**48,472,450**	31,542,866	53.7
Gross profit	**1,769,541**	4,054,355	(56.4)
(Loss)/profit before income tax	**(15,161,151)**	644,163	(2,453.6)
(Loss)/profit for the period	**(15,213,960)**	647,418	(2,449.9)
Non-IFRS (loss)/profit for the period[1]	**(1,501,540)**	1,982,934	(175.7)

(1) We define "Non-IFRS (loss)/profit for the period" as (loss)/profit for the period, excluding share-based payments, listing expense, amortization of intangible assets resulting from acquisitions, fair value changes of financial assets at fair value through profit or loss, and fair value changes of convertible redeemable preferred shares. We exclude these items because they are either non-operating in nature or not indicative of our core operating results and business outlook, or do not generate any cash outflows.

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2021.

CEO STATEMENT

I am pleased to present our interim performance for the six months ended June 30, 2021 to our shareholders.

BUSINESS REVIEW

We are the leading technology-driven supply chain solutions and logistics services provider in China. Our mission is to drive superior efficiency and sustainability for global supply chains through technology. We continually strengthen our full spectrum of integrated supply chain solutions and high-quality logistics services with full digitalization and end-to-end coverage. Through our high quality services, we empower more customers and substantially optimize their operational efficiencies, and in turn, enhance their customers' experience and loyalty to our services. In the first half of 2021, our total revenue increased by 53.7% year-on-year to RMB48.5 billion, of which revenue from external customers was RMB26.5 billion, representing an increase of 109.6% comparing to the same period last year and 54.7% of our total revenue for the Reporting Period.

We primarily focus on six industries: fast-moving consumer goods ("**FMCG**"), apparel, home appliances and home furniture, 3C, automotive and fresh produce. By leveraging over a decade of experience and the know-how we have accumulated from serving leading players in these key verticals, we have developed standardized and modularized solution services which have enabled us to capture an increasing market share among small- and medium-sized market players.

As we expand our customer base, we have always been prioritizing high-quality services and best-in-class customer experience, demonstrated by the high satisfaction ratings in national surveys published by the State Post Bureau. During JD Group's 618 Grand Promotion, i.e. the shopping festival from June 1 to June 18, we provided outstanding delivery experiences to the customers, with delivery within minutes of order placement in over 200 cities across the country and same- or next-day delivery covering 92% of districts and counties and 84% of townships in China.

We are committed to investing in technology and innovation to continuously expand our service offerings and enhance our competitive advantages. In particular, we place strong emphasis on our automation, digitalization, and intelligentization capabilities, which optimize the customer experience and operating efficiencies across our business segments. In the first half of 2021, our research and development expenses were RMB1.4 billion, representing 2.8% of our total revenue.

At the same time, we are continually strengthening our logistics infrastructure as the base of our operations and the foundation of our core advantages. As of June 30, 2021, we operated approximately 1,200 warehouses, approximately 7,800 delivery stations and employed approximately 200,000 in-house delivery personnel. Over and above our strong in-house infrastructure, we have also adopted a synergistic approach to expanding network coverage and promoting flexibility with strategic collaboration partners in maritime, land and air transportation.

Logistics infrastructure and networks

Our superior supply chain solutions and logistics services are built on a foundation comprised of six highly-synergized networks, including our warehouse network, line-haul transportation network, last-mile delivery network, bulky item logistics network, cold chain logistics network and cross-border logistics network. Our networks are extensive, flexible and digitally-integrated, providing compelling advantages in delivering excellent customer experiences and maintaining a formidable competitive barrier to entry.

Warehouse network

Our nationwide warehouse network is one of the largest in China and serve as a critical component of our integrated supply chain logistics services. As of June 30, 2021, our warehouse network covered nearly all counties and districts in China, consisting of approximately 1,200 self-operated warehouses and over 1,600 owner-operator cloud warehouses under our Open Warehouse Platform. Our warehouse network has an aggregate gross floor area ("**GFA**") of approximately 23 million square meters, including warehouse space managed through the Open Warehouse Platform.

We harness the power of technology to enhance operating efficiency in our warehouse network, one of them being our Asia No.1 smart mega-warehouses, which also demonstrate our industry-leading technological innovations and high technology standards. In these warehouses, we utilize automated guided vehicles ("**AGVs**") and robotics along with advanced technologies to deliver critical improvements in speed and accuracy that are scalable to 24/7 operation during peak fulfillment and delivery periods. As of June 30, 2021, we operated 38 Asia No.1 smart mega-warehouses in 28 cities across China, six of which has commenced operations in 6 cities including Nanning, Haikou and etc. during the first half of 2021.

Line-haul transportation network

As of June 30, 2021, we operated over 210 sorting centers in China and had over 1,000 air cargo routes. We have adopted a synergistic approach to expand the coverage of our integrated transportation network.

In the first half of 2021, we deepened our collaboration with China Railway Corporation by jointly establishing a joint venture, namely China Railway Jingdong Logistics Co., Ltd. (中鐵京東物流有限公司), setting up numerous high-quality multimodality transportation routes, and extending to integrated supply chain logistics services (such as distribution services between warehouses). As of June 30, 2021, our cooperation with China Railway Corporation has enabled us to utilize over 300 railway routes, approximately 200 of which are high-speed railway routes.

Last-mile delivery network

Our vast last-mile delivery network primarily consists of delivery stations, service stations and self-service lockers, supported by our well-trained in-house delivery team. Combined, they enable us to provide best-in-class last mile delivery services, which are critical in driving end customer satisfaction and strengthening our brand image.

As of June 30, 2021, we employed approximately 200,000 in-house delivery personnel and operated approximately 7,800 delivery stations covering 32 provinces and municipalities and 445 districts in different cities and municipalities in China. The vast majority of our delivery stations are self-operated to ensure top-quality service.

In addition, we operate over 10,000 service stations and self-service lockers, as well as 280,000 partnered self-service lockers and service points, providing 24/7 smart pick-up and drop-off services.

Bulky item logistics network

Our bulky item logistics network, comprising multi-level warehouses, door-to-door delivery, value-added installation and after-sales service capabilities, ensures we deliver a compelling customer experience by offering one-stop delivery and installation solutions to end customers.

For lower-tier cities with growing e-commerce penetration, we leverage the resources of our network partners under the Jing Dong Bang (京東幫) brand to cost-effectively meet customers' demands. As of June 30, 2021, we were able to utilize approximately 1,800 bulky item delivery and installation stations under Jing Dong Bang (京東幫).

Cold chain logistics network

As of June 30, 2021, we had over 100 temperature-controlled cold storage warehouses designated for fresh, frozen and refrigerated products with an operation area of more than 600,000 square meters. In addition, as of June 30, 2021, we operated 23 warehouses designated for pharmaceuticals and medical instruments with an operation area of 160,000 square meters.

In 2021, we were appointed by the Ministry of Transport as a key service provider to transport the COVID-19 vaccine for distribution in Beijing. As part of this effort, we also initiated several projects for vaccine transportation.

Cross-border logistics network

In the second quarter of 2021, we flew inaugural flights on two brand-new charter flight routes, from China to Thailand and from China to the U.S. The China-Thailand route enables next-day delivery from China to Thailand, deliveries within Thailand and from Thailand to China as fast as same-day, and door-to-door within 48 hours. Customers can choose any front distribution center to drop off their goods, after which items are processed for collection, customs clearance and local distribution immediately following the charter flight, allowing door-to-door delivery within 48 hours.

Separately, by leveraging our rich technical expertise and years of experience in automation planning and implementation, in February 2021, we implemented automated goods-to-person sorting by AGV in our warehouses in Poland and Germany. This achieved a 2.5 times increase in terms of the efficiency in racking, sorting and picking from pre-automation levels.

As of June 30, 2021, we had approximately 50 bonded warehouses and overseas warehouses, covering an aggregate GFA of over 500,000 square meters.

Logistics Technology

Logistics technology is the bedrock of our operations and what differentiates us from our competitors. We are continuously strengthening our technological innovation and applications in various aspects of supply chain services to achieve service automation, operation digitalization and intelligent decision-making.

Our scientific and technological innovations are deeply integrated with operation scenarios, aiding us in our constant pursuit of higher operating efficiency, and the enhanced customer experience that naturally follows.

One example of our applied innovative technologies is the BeiDou Smart Flow-picking Innovation Warehouse (北斗新倉) that we recently built in North China. This facility is capable of simultaneously handling millions of SKUs in different product categories with AI (artificial intelligence)-driven automation and high flexibility. In this warehouse, picking can be carried out for diverse merchandise types in extremely complex settings with high efficiency, precision, automation and density. We own the full intellectual property rights for this warehouse's software, hardware, and operating model. Along with our Asia No.1 smart mega-warehouses, BeiDou Smart Flow-picking Innovation Warehouse represents a major breakthrough in smart logistics.

The BeiDou Smart Flow-picking Innovation Warehouse offers a technological upgrade of the entire picking process by utilizing the industry's most state-of-the-art picking model, which significantly increases picking density, reduces warehouse workers' walking distance and streamlines picking motions from 14 to 6 steps. Applying multiple cutting-edge technologies along with advanced innovative equipment integration, our BeiDou Smart Flow-picking Innovation Warehouse enables customers in the greater Beijing-Tianjin-Hebei region to enjoy a better service experience and have their orders fulfilled with 2-3 hours faster than before.

To further enhance last-mile delivery capabilities, we have established a comprehensive system for R&D, testing and application of autonomous driving technologies. As of June 30, 2021, we had applied for and obtained more than 500 patents related to autonomous driving technologies. Our latest fleet of fully self-developed L4 autonomous driving smart delivery vehicles can drive on open roads without the supervision of safety officers, making us one of the leaders in autonomous driving in the world.

Thanks to our leading technological capabilities, we have deployed over 100 smart delivery vehicles in more than 10 cities including Beijing, Shanghai, Changshu, and Wuhu, providing services in 8 delivery scenarios including urban communities, business parks, office buildings, apartments, hotels, campuses, supermarkets, and stores. In May 2021, we were among the first companies to receive pilot licenses for operating unmanned delivery vehicles in Beijing.

In addition to improving our operating efficiency, our smart delivery vehicles have played a pivotal role in ensuring the distribution of essential materials in the fight against the pandemic.

Our technologies not only support our own operations, but can also be exported to support our customers' supply chain management. We have capitalized on our prowess and know-how in AI, IoT (Internet of things) and robotics to empower digital transformation and high-quality growth in other industries.

One area we brought significant improvements is material management and control, an important part of the workflow for production cost reduction. Generally, the lengthier the material handling process and the bigger the capital investment, the greater the likelihood for manpower and inventory wastage. We help our customers plan and implement solutions tailored to their unique needs, to facilitate more efficient and cost-effective material handling and achieve significant cost reduction. For example, Yubei Xiaobaodang Mining Company (榆北小保當礦業公司), a subsidiary of Shaanxi Coal and Chemical Industry Group (陝西煤業化工集團), collaborated with JD Logistics to implement unmanned intelligent material warehousing by adopting automated and smart equipment such as unmanned AGVs, four-way pallet shuttles and smart forklifts. We created custom solutions for Yubei Xiaobaodang Mining Company utilizing technologies including facial recognition, algorithm design, data mining and analysis and fast and accurate simulation. We integrated these technologies into warehousing and system planning and implemented applications such as warehouse control system (WCS) and warehousing management system (WMS), empowering Yubei Xiaobaodang Mining Company to automate 100% of its material handling processes, improve space utilization by 150%, and raise overall storage capacity and operating efficiency by 70% and 50%, respectively.

Integrated logistics solutions and services

As we continued to develop diverse solutions and services to empower our customers' supply chains management and significantly improve their operating efficiencies, the number of our customers kept increasing. Our total revenue reached RMB48.5 billion in the first half of 2021, representing 53.7% higher comparing to the same period last year.

Integrated supply chain customers

As we brought measurable improvements to our customers' supply chain operations and deepened our penetration into a wide array of industries, such as FMCG, apparel, home appliances and home furniture, 3C, automotive and fresh produce, our revenue from integrated supply chain customers grew 29.6% year-over-year in the first half of 2021 to RMB33.6 billion, of which the revenue from our external integrated supply chain customers reached to RMB11.7 billion, representing 65.6% year-over-year growth.

As of June 30, 2021, the number of external integrated supply chain customers reached 59,067, expanding 58.7% year-over-year. Average Revenue Per Customer ("**ARPC**") was RMB197,339 in the first half of 2021, versus RMB189,069 in the first half of 2020, reflecting strong customer endorsement for our integrated supply chain logistics services along with deepening collaborations and growing customer stickiness.

Through cooperating with industry leaders, we have accumulated industry insights, cultivated tailored solutions to address industry-specific pain points and enhanced our brand with benchmark cases.

For example, we significantly improved supply chain operations efficiency for Xiaomi Youpin (小米有品). Our service scope expanded from standardized transportation to integrated supply chain logistics services during the past three years. In June of this year, we further strengthened our collaboration and officially opened a warehousing and distribution center in Tianjin covering all product categories in China. This facility provides one-stop logistics services including collection, sorting, warehousing, packaging and distribution. Collectively these services serve to underpin Xiaomi Youpin's excellent customer experience. Our services have helped Xiaomi Youpin shorten its fulfillment cycle by five hours and we are now actively offering this solution and services to more customers in the same industry.

Leveraging our bulky item logistics network and service capabilities, we have also served and empowered many well-known home furnishings and furniture brands. For Cheers (芝華仕), a nationally recognized furniture brand, we provide one-stop services including transportation and installation as well as product transportation from multiple manufacturing facilities to delivery destinations across the country. We have grown to become a mission-critical logistics service provider for Cheers and our solutions have become benchmark standards for the home furnishings industry, adopted by many home furnishings brands.

Furthermore, we deepened our penetration into small- and medium-sized enterprises ("**SMEs**"). Our standardized services help them improve supply chain operating efficiency throughout the entire process, including warehousing, transportation, last-mile delivery and reverse logistics.

We innovatively provided JINGHUI (京慧), a standardized supply chain optimization product, with logistics services to SMEs. We can assess a customer's business to determine the optimal number of regional warehouses and the best allocation of inventory across different regional warehouses within 1–2 weeks (far more quickly than the industry norm). This solution enabled a maternity and infant brand customer to reduce its proportion of cross-region orders to 7% from 40%, improving next-day delivery coverage to nearly 90% of total orders received. We simultaneously reduced the customer's inventory turnover days by 48%, contributing to significantly improved supply chain efficiency and overall operating cost reduction.

Other customers

Our revenue from other customers increased by 164.8% year-over-year in the first half of 2021 to RMB14.9 billion, driven by an increase in the number of customers served. Standard products such as express delivery and freight delivery services not only help us expand our customer pool but also serve as a gateway for our integrated supply chain logistics services.

Service quality and customer experience

"Customer-first" is our core value. We are proud that our superior service quality is widely recognized by our customers. Over the years, we have consistently maintained best-in-class customer satisfaction ratings as reported by survey results published by the State Post Bureau.

We continue to expand our logistics network's penetration and improve efficiency to make our customer experience more compelling. We have strengthened our transregional transportation networks via road, railway and air, ensuring overnight delivery within the same province and district, and 24-hour delivery for intra-province packages.

We are also introducing our premium delivery services to more customers in remote areas and lower-tier cities. Notably, we have expanded our warehousing and distribution center capacity in the Tibet Autonomous Region and have now achieved local fulfillment for approximately 80% of ordered merchandise, which has resulted a substantial increase in our same-day delivery coverage in the region.

Corporate Social Responsibility

JD Logistics is committed to fulfilling its corporate social responsibility and incorporates sustainable development into its day-to-day management.

We practise green and sustainable development on a strategic level. By promoting the "Green Stream Initiative," we seek to connect upstream and downstream supply chain partners in order to reduce carbon emissions, improve energy efficiency and develop green supply chains in storage, transportation, and packaging. We are the first logistics company in China to have completed the Science Based Targets initiative (SBTi). We are also motivated to use more new energy vehicles as well as promote and utilize more renewable energy and environmentally-friendly materials, in addition to other green development measures.

In the first half of 2021, JD Logistics took an active part in the fight against COVID-19 and disaster relief efforts in the wake of earthquakes and floods. Thanks to our supply chain capabilities and technological advantages, we were able to dispatch and deliver emergency supplies to the affected regions promptly and efficiently, helping businesses to resume operations and production with much-needed support.

Appreciation

On behalf of the Board, I would like to express sincere gratitude to all our employees, customers and our partners, as well as my heartfelt thanks to shareholders and stakeholders for their consistent support and trust. Going forward, we will continue to spare no efforts to facilitate the development of the real economy and the advancement of emerging industries with our technology-driven integrated supply chain solutions. We will also remain firmly committed to delivering high-quality service experiences to our customers while collaborating with our partners to reduce social logistics costs, and drive efficiency improvement for business and society.

Executive Director and CEO
Yui Yu

August 23, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased by 53.7% from RMB31.5 billion for the six months ended June 30, 2020 to RMB48.5 billion for the six months ended June 30, 2021. The increase in our total revenue was driven by a 29.6% increase in revenue from our integrated supply chain customers and a 164.8% increase in revenue from other customers.

The increase in revenue from integrated supply chain customers was primarily driven by an increase in the number of our external integrated supply chain customers, as well as the increase of ARPC. The number of our external integrated supply chain customers increased from 37,229 for the six months ended June 30, 2020 to 59,067 for the six months ended June 30, 2021. The increase in the number of external integrated supply chain customers was due to the increased demand of our services as well as our ongoing sales and marketing efforts. In addition, we achieved an ARPC of RMB189,069 and RMB197,339 for the six months ended June 30, 2020 and the six months ended June 30, 2021, respectively. Such improvement reflected strong customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness.

Revenue from other customers increased by 164.8% from RMB5.6 billion for the six months ended June 30, 2020 to RMB14.9 billion for the six months ended June 30, 2021, primarily due to the increases in parcel volume and tonnage of our express delivery and freight delivery services driven by the increase in the number of other customers, as well as the acquisition of Kuayue-Express Group Co., Ltd. ("**Kuayue Express**") in August 2020.

Cost of revenue

Our cost of revenue increased by 69.9% from RMB27.5 billion for the six months ended June 30, 2020 to RMB46.7 billion for the six months ended June 30, 2021, which was in line with the rapid growth of our revenue during the same period. The increase in cost of revenue was also driven by the reduction in benefits from COVID-19 related government support.

Our employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 48.6% from RMB11.5 billion for the six months ended June 30, 2020 to RMB17.2 billion for the six months ended June 30, 2021, primarily due to an increase in the number of employees involved in the provision of our services, which was in line with the continued growth of our business.

Outsourcing cost, including costs charged by transportation companies, couriers and other service providers for sorting, shipping, dispatching, delivering and labor outsourcing services, increased by 94.0% from RMB9.8 billion for the six months ended June 30, 2020 to RMB19.0 billion for the six months ended June 30, 2021. The increase was primarily driven by the growth of external businesses which required higher outsourcing capacity. In addition, the significant growth of our express delivery and freight delivery services, for which suppliers are frequently used for the line haul transportation portion, also contributed to the increase in our outsourcing cost. Further, the increase was also driven by the acquisition of Kuayue Express in August 2020.

Rental cost increased by 60.4% from RMB2.8 billion for the six months ended June 30, 2020 to RMB4.5 billion for the six months ended June 30, 2021, primarily due to expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services.

Depreciation and amortization increased by 36.1% from RMB0.7 billion for the six months ended June 30, 2020 to RMB0.9 billion for the six months ended June 30, 2021, primarily due to an increase in the number of our logistics facilities, which in turn resulted in a larger amount of capital expenditure having been incurred for the logistics equipment in these facilities.

Other cost of revenue increased by 91.8% from RMB2.7 billion for the six months ended June 30, 2020 to RMB5.1 billion for the six months ended June 30, 2021, primarily due to the increase of fuel cost, cost of maintenance service, cost of packaging and other consumable materials.

Gross profit and gross profit margin

As a result of the foregoing, we recorded (i) a gross profit of RMB4.1 billion and RMB1.8 billion for the six months ended June 30, 2020 and the six months ended June 30, 2021, respectively, and (ii) a gross profit margin of 12.9% and 3.7% for the six months ended June 30, 2020 and the six months ended June 30, 2021, respectively. The decrease in the gross profit margin was primarily due to the reduction in benefits from COVID-19 related government support and in the second half of 2020 our efforts in enhancing and expanding our logistics networks including increases in headcount of operational personnel, warehouse space, line-haul routes and other logistics infrastructure.

Selling and marketing expenses

Our selling and marketing expenses increased by 131.1% from RMB0.6 billion for the six months ended June 30, 2020 to RMB1.4 billion for the six months ended June 30, 2021. The increase was in line with the growth of our revenue from external customers and was primarily due to the increase in headcount of sales and marketing personnel to promote our service offerings to both new and existing customers, the increase in branding and promotional activities and the acquisition of Kuayue Express in August 2020.

Research and development expenses

Our research and development expenses increased by 55.2% from RMB0.9 billion for the six months ended June 30, 2020 to RMB1.4 billion for the six months ended June 30, 2021. The increase was primarily attributable to the increase of research and development headcount and other research and development related expenses as we continued to invest in technology and innovation.

General and administrative expenses

Our general and administrative expenses increased by 59.3% from RMB1.0 billion for the six months ended June 30, 2020 to RMB1.5 billion for the six months ended June 30, 2021, primarily due to an increase of employee benefits expenses including the share-based payments, also partially driven by the acquisition of Kuayue Express in August 2020.

Other income, gains/(losses), net

Our other income, gains/(losses), net increased by 268.6% from a gain of RMB140.3 million for the six months ended June 30, 2020 to a gain of RMB517.2 million for the six months ended June 30, 2021, primarily due to an increase in government grants and gains on fair value changes of financial assets at fair value through profit or loss.

Finance income

Our finance income decreased by 47.9% from RMB127.7 million for the six months ended June 30, 2020 to RMB66.5 million for the six months ended June 30, 2021, primarily due to a decrease in interest income from bank deposits and related parties.

Finance costs

Our finance costs increased by 64.7% from RMB214.1 million for the six months ended June 30, 2020 to RMB352.6 million for the six months ended June 30, 2021, primarily due to an increase in interest on lease liabilities.

Fair value changes of convertible redeemable preferred shares

We recorded a loss on fair value changes of convertible redeemable preferred shares of RMB0.8 billion for the six months ended June 30, 2020 and RMB12.8 billion for the six months ended June 30, 2021, respectively, primarily due to an increase in the fair value of our Series A 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 May 28, 2021 (the "**Listing**" or "**Global Offering**"), all convertible redeemable preferred shares have been converted into ordinary shares on a conversion ratio of 1:1.

(Loss)/profit for the period

As a result of the foregoing, we generated a profit of RMB0.6 billion for the six months ended June 30, 2020 and a loss of RMB15.2 billion for the six months ended June 30, 2021. The loss for the six months ended June 30, 2021 was primarily due to (i) the changes in fair value of convertible redeemable preferred shares, (ii) the reduction in benefits from COVID-19 related government support, and (iii) in the second half of 2020 our efforts in enhancing and expanding our logistics networks including increases in our warehouse space, line-haul routes and other logistics infrastructure.

Non-IFRS Measures

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

We believe non-IFRS (loss)/profit provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of non-IFRS (loss)/profit may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS (loss)/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 (loss)/profit as (loss)/profit for the period, excluding share-based payments, listing expense, amortization of intangible assets resulting from acquisitions, fair value changes of financial assets at fair value through profit or loss, and fair value changes of convertible redeemable preferred shares. We exclude these items because they are either non-operating in nature or not indicative of our core operating results and business outlook, or do not generate any cash outflows.

We account for the compensation cost from share-based payment transactions with employees based on the grant-date fair value of the equity instrument issued by JD.com, Inc., us and Kuayue Express. The reconciling item is non-cash in nature and does not result in cash outflow. We exclude listing expense as this item, which arises from activities relating to the Listing, is one-off and non-recurring. Amortization of intangible assets resulting from acquisitions represents the amortization expenses of other intangible assets acquired in a business combination with finite useful lives, which is recognized on a straight-line basis over the estimated useful lives. The reconciling item is non-cash and not related to our normal activities. Fair value changes of financial assets at fair value through profit or loss represents gains or losses from fair value changes on investments measured at fair value. Multiple valuation techniques are used to determine the fair values of these investments. The reconciling item is non-cash and not related to our normal activities. Further, we account for the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. The fair value of convertible redeemable preferred shares has been determined by using the income approach and is affected primarily by the changes in our equity value. The convertible redeemable 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 does not result in cash outflow. In particular, we exclude fair value changes of convertible redeemable preferred shares because we do not believe this item is reflective of ongoing operating results in the period, as this non-cash item is affected by varying valuation methodologies and assumptions and has no direct correlation to the operation of our business.

The following table reconciles our non-IFRS (loss)/profit for the six months ended June 30, 2020 and 2021 presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is (loss)/profit for the period:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Reconciliation of (loss)/profit to Non-IFRS (loss)/profit:		
(Loss)/profit for the period	**(15,213,960)**	647,418
Add:		
Share-based payments	**727,751**	451,967
Listing expense	**57,528**	—
Amortization of intangible assets resulting from acquisitions	**177,333**	—
Fair value changes of financial assets at fair value through profit or loss	**(93,995)**	65,367
Fair value changes of convertible redeemable preferred shares	**12,843,803**	818,182
Non-IFRS (loss)/profit for the period	**(1,501,540)**	1,982,934

Liquidity and Capital Resources

For the six months ended June 30, 2021, we funded our cash requirements principally from cash generated from financing activities through the Global Offering. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB25.9 billion as of June 30, 2021.

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net cash generated from operating activities	**239,750**	5,192,347
Net cash used in investing activities	**(1,142,512)**	(1,794,976)
Net cash generated from/(used in) financing activities	**20,340,108**	(3,142,167)
Net increase in cash and cash equivalents	**19,437,346**	255,204
Cash and cash equivalents at the beginning of the period	**6,346,869**	9,274,203
Effects of foreign exchange rate changes on cash and cash equivalents	**103,491**	128,778
Cash and cash equivalents at the end of the period	**25,887,706**	9,658,185

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities 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

For the six months ended June 30, 2021, net cash generated from operating activities was RMB239.8 million. Our cash generated from operations was primarily attributable to our loss of RMB15.2 billion, as adjusted by (i) non-cash and non-operating items, which primarily consist of loss on fair value changes of convertible redeemable preferred shares of RMB12.8 billion, depreciation of right-of-use assets of RMB2.6 billion, depreciation of property and equipment of RMB911.6 million, and share-based payments of RMB727.8 million and (ii) changes in working capital, which primarily result from an increase in accrued expenses and other payables of RMB1.7 billion and an increase in trade payables of RMB1.1 billion, offset by an increase in trade receivables of RMB4.4 billion.

For the six months ended June 30, 2020, net cash generated from operating activities was RMB5.2 billion. Our cash generated from operations was primarily attributable to our profit of RMB647.4 million, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of right-of-use assets of RMB1.6 billion, loss on fair value changes of convertible redeemable preferred shares of RMB818.2 million, depreciation of property and equipment of RMB793.3 million, and share-based payments of RMB452.0 million and (ii) changes in working capital, which primarily result from an increase in trade payables of RMB619.4 million, partially offset by an increase in trade receivables of RMB564.4 million.

Net Cash Used in Investing Activities

For the six months ended June 30, 2021, net cash used in investing activities was RMB1.1 billion, which was primarily attributable to payment for financial assets at fair value through profit or loss (wealth management products) of RMB5.9 billion, placement of term deposits of RMB3.1 billion, and capital expenditures of RMB1.6 billion, partially offset by maturity of financial assets at fair value through profit or loss (wealth management products) of RMB6.0 billion and maturity of term deposits of RMB3.6 billion.

For the six months ended June 30, 2020, net cash used in investing activities was RMB1.8 billion, which was primarily attributable to capital expenditures of RMB1.4 billion, and payment for financial assets at fair value through profit or loss (wealth management products) of RMB1.0 billion, partially offset by maturity of financial assets at fair value through profit or loss (wealth management products) of RMB737.0 million.

Net Cash Generated from/(Used in) Financing Activities

For the six months ended June 30, 2021, net cash generated from financing activities was RMB20.3 billion, which was primarily attributable to net proceeds from issuance of ordinary shares relating to the Global Offering of RMB23.0 billion and proceeds from borrowings of RMB0.6 billion, partially offset by principal portion of lease payments of RMB2.4 billion and payment to JD Group of RMB0.6 billion.

For the six months ended June 30, 2020, net cash used in financing activities was RMB3.1 billion, which was primarily attributable to principal portion of lease payments of RMB1.5 billion and payment to JD Group of RMB1.5 billion.

Gearing Ratio

As of June 30, 2021, our gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was approximately 1.5%.

Significant Investments Held

The Group did not make or hold any significant investments during the six months ended June 30, 2021.

Future Plans for Material Investments and Capital Assets

As of June 30, 2021, 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 May 17, 2021 (the "**Prospectus**"), we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies for the six months ended June 30, 2021.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of June 30, 2021.

Function	**Number of Staff**	**% of Total**
Operations	261,238	95.5
Sales and marketing	4,918	1.8
Research and development	3,890	1.4
General administration	3,556	1.3
Total	273,602	100.0

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, for the six months ended June 30, 2021 were RMB19.8 billion, as opposed to RMB13.3 billion for the six months ended June 30, 2020, representing a year-on-year increase of 48.6%.

Foreign Exchange Risk

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

During the six months ended June 30, 2021, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant.

Pledge of Assets

As of June 30, 2021, restricted cash of RMB403.7 million was pledged, compared with RMB61.7 million as of December 31, 2020.

Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities or guarantees.

Save as disclosed in this announcement and as of the date of this announcement, there were no other significant events that might affect the Group since June 30, 2021.

Borrowings

As of June 30, 2021, our outstanding borrowings amounted to RMB560.0 million.

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Revenue	**48,472,450**	31,542,866
Cost of revenue	**(46,702,909)**	(27,488,511)
Gross profit	**1,769,541**	4,054,355
Selling and marketing expenses	**(1,380,429)**	(597,362)
Research and development expenses	**(1,379,029)**	(888,271)
General and administrative expenses	**(1,513,330)**	(950,026)
Other income, gains/(losses), net	**517,186**	140,303
Finance income	**66,492**	127,742
Finance costs	**(352,597)**	(214,070)
Fair value changes of convertible redeemable preferred shares	**(12,843,803)**	(818,182)
Impairment losses under expected credit loss model, net of reversal	**(28,584)**	(203,251)
Share of results of an associate and joint ventures	**(16,598)**	(7,075)
(Loss)/profit before income tax	**(15,161,151)**	644,163
Income tax (expense)/credit	**(52,809)**	3,255
(Loss)/profit for the period	**(15,213,960)**	647,418
(Loss)/profit for the period attributable to:		
Owners of the Company	**(15,360,404)**	650,456
Non-controlling interests	**146,444**	(3,038)
	(15,213,960)	647,418
	RMB	*RMB*
(Loss)/earnings per share		
Basic (loss)/earnings per share	**(3.62)**	0.17
Diluted (loss)/earnings per share	**(3.62)**	0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	Unaudited Six months ended June 30, 2021 RMB'000	2020 RMB'000
(Loss)/profit for the period	**(15,213,960)**	647,418
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**718,115**	(34,415)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(43,246)**	54,712
Share of other comprehensive income of an associate, net of related income tax	**658**	9
Other comprehensive income for the period	**675,527**	20,306
Total comprehensive (loss)/income for the period	**(14,538,433)**	667,724
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(14,684,877)**	670,762
Non-controlling interests	**146,444**	(3,038)
	(14,538,433)	667,724

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
ASSETS		
Non-current assets		
Property and equipment	**8,131,578**	6,652,425
Right-of-use assets	**13,997,016**	12,185,603
Goodwill	**1,499,142**	1,499,142
Other intangible assets	**2,629,385**	2,807,787
Interest in an associate	**209,464**	224,021
Interests in joint ventures	**19,859**	7,742
Financial assets at fair value through profit or loss	**1,128,480**	1,057,358
Deferred tax assets	**31,973**	43,112
Prepayments, other receivables and other assets	**1,315,620**	1,101,033
Restricted cash	**3,420**	4,991
Total non-current assets	**28,965,937**	25,583,214
Current assets		
Inventories	**538,741**	393,086
Trade receivables	**12,785,589**	5,371,323
Contract assets	**82,219**	58,602
Prepayments, other receivables and other assets	**2,331,533**	12,376,832
Financial assets at fair value through profit or loss	**935,233**	947,738
Term deposits	**2,644,040**	3,588,695
Restricted cash	**400,308**	56,743
Cash and cash equivalents	**25,887,706**	6,346,869
Total current assets	**45,605,369**	29,139,888
Total assets	**74,571,306**	54,723,102
EQUITY AND LIABILITIES		
Equity		
Share capital	**971**	611
Treasury shares	**(84)**	—
Reserves	**61,877,168**	3,368,733
Accumulated losses	**(23,871,420)**	(8,511,016)
Equity attributable to owners of the Company	**38,006,635**	(5,141,672)
Non-controlling interests	**2,399,169**	2,248,040
Total equity	**40,405,804**	(2,893,632)

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
Liabilities		
Non-current liabilities		
Lease liabilities	**8,990,282**	7,844,604
Convertible redeemable preferred shares	**—**	21,918,414
Equity instruments with preference rights	**614,197**	597,380
Deferred tax liabilities	**686,415**	717,285
Other non-current liabilities	**1,200,000**	200,000
Total non-current liabilities	**11,490,894**	31,277,683
Current liabilities		
Trade payables	**6,863,368**	5,811,619
Contract liabilities	**80,408**	67,548
Accrued expenses and other payables	**9,490,017**	15,410,593
Advances from customers	**212,452**	258,861
Borrowings	**560,000**	—
Lease liabilities	**5,268,570**	4,619,073
Payables to interest holders of consolidated investment funds	**130,161**	116,950
Tax liabilities	**69,632**	54,407
Total current liabilities	**22,674,608**	26,339,051
Total liabilities	**34,165,502**	57,616,734
Total equity and liabilities	**74,571,306**	54,723,102

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net cash generated from operating activities	**239,750**	5,192,347
Net cash used in investing activities	**(1,142,512)**	(1,794,976)
Net cash generated from/(used in) financing activities	**20,340,108**	(3,142,167)
Net increase in cash and cash equivalents	**19,437,346**	255,204
Cash and cash equivalents at the beginning of the period	**6,346,869**	9,274,203
Effects of foreign exchange rate changes on cash and cash equivalents	**103,491**	128,778
Cash and cash equivalents at the end of the period	**25,887,706**	9,658,185

General information, basis of preparation and presentation

The Company is an investment holding company. The Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**"), engage in the business of providing integrated supply chain solutions and logistics services to customers across a wide array of industries through its leading logistics network in the PRC. The Group's principal operations and geographic markets are in the PRC.

The Company was successfully listed on the Main Board of Hong Kong Stock Exchange on May 28, 2021 (the "**Listing**").

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**"). The condensed consolidated financial statements should be read in conjunction with the Group's historical financial information as set out in the accountants' report (the "**Accountants' Report**") included in Appendix I to the Prospectus in connection with the initial public offering of the Company's shares on the Main Board of the Hong Kong Stock Exchange, which have been prepared based on accounting policies that conform with International Financial Reporting Standards ("**IFRSs**") and the conventions applicable for the reorganization and spin-off.

Application of new and amendments to IFRSs

During the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19—Related Rent Concessions beyond 30 June 2021".

The application of the amendments to IFRSs in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Accountants' Report.

Revenue

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

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Type of customer:		
Integrated supply chain customers	**33,617,508**	25,932,253
Other customers	**14,854,942**	5,610,613
Total	**48,472,450**	31,542,866
Timing of revenue recognition:		
Overtime	**45,953,194**	30,186,075
A point in time	**2,519,256**	1,356,791
Total	**48,472,450**	31,542,866

Income tax (expense)/credit

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Current tax	**(72,540)**	(4,521)
Deferred tax	**19,731**	7,776
Total	**(52,809)**	3,255

(Loss)/profit before income tax

(Loss)/profit before income tax has been arrived at after charging:

	Unaudited Six months ended June 30, **2021** ***RMB'000***	 2020 *RMB'000*
Employee benefit expenses	**19,833,098**	13,348,350
Depreciation of right-of-use assets	**2,554,520**	1,582,436
Depreciation of property and equipment	**911,555**	701,788
Amortization of other intangible assets	**186,714**	6,008
Outsourcing cost	**19,032,958**	9,812,031

(Loss)/earnings per share

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

Basic (loss)/earnings per share

	Unaudited Six months ended June 30, **2021**	 2020
(Loss)/earnings for the period attributable to owners of the Company (RMB'000)	**(15,360,404)**	650,456
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**4,243,826,718**	3,924,000,000
Basic (loss)/earnings per share attributable to owners of the Company (RMB per share)	**(3.62)**	0.17

Diluted (loss)/earnings per share

As the Group incurred losses for the current interim period, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the current interim period was the same as basic loss per share.

	Unaudited Six months ended June 30,	
	2021	2020
(Loss)/earnings for the period attributable to owners of the Company (RMB'000)	**(15,360,404)**	650,456
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**4,243,826,718**	3,924,000,000
Effect of dilutive potential ordinary shares	**—**	171,541,775
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**4,243,826,718**	4,095,541,775
Diluted (loss)/earnings per share attributable to owners of the Company (RMB per share)	**(3.62)**	0.16

The computation of diluted earnings per share for the six months ended June 30, 2020 does not assume the conversion of the convertible redeemable preferred shares of the Company as the conversion effect would be anti-dilutive.

Dividends

No dividends were paid, declared or proposed during the current interim period. The Board has determined that no dividend will be paid in respect of the current interim period (six months ended June 30, 2020: nil).

Share-based payments

Share-based awards to the Group's employees and non-employees are granted under a share incentive plan of JD Group (the "**JD Group Share Incentive Plan**"). The Group launched the Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Awards Scheme (collectively, the "**JD Logistics Share Incentive Plan**"). In addition, share-based awards to the employees and non-employees of Kuayue Express are granted under a share incentive plan of Kuayue Express (the "**Kuayue Express Share Incentive Plan**").

Pre-IPO ESOP

On March 31, 2018, the Board of Directors of the Company approved and adopted a share incentive plan (the "**Pre-IPO ESOP**"). As of June 30, 2021, the maximum aggregate number of underlying shares which may be issued pursuant to all awards under the Pre-IPO ESOP is 598,847,916 shares that are reserved under the Pre-IPO ESOP. The Pre-IPO ESOP is valid and effective for 10 years from the approval of the Board. Under Pre-IPO ESOP, the Company granted service-based and performance-based share options to employees and non-employees. The share options are generally scheduled to be vested over six years. One-sixth of the awards shall be vested upon the first anniversary dates of the grants or the end of the calendar year, and the remaining of the awards shall be vested on straight line basis at the anniversary years or the end of the remaining calendar year.

The Company will not grant further share options under the Pre-IPO ESOP after the Listing. As of June 30, 2021, the Company has issued 208,111,646 ordinary shares with respect to the Pre-IPO ESOP to trusts that were established to hold the shares on trust for the benefit of the participants of the JD Logistics Share Incentive Plan (the "**Share Scheme Trusts**").

Post-IPO Share Option Scheme

On May 10, 2021, the Company approved and adopted a share option scheme (the "**Post-IPO Share Option Scheme**"). As of June 30, 2021, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme was 609,160,767 shares. The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the date of the Listing. As of June 30, 2021, no share options had been granted under the Post-IPO Share Option Scheme.

Post-IPO Share Award Scheme

On May 10, 2021, the Company approved and adopted a share award scheme (the "**Post-IPO Share Award Scheme**"). As of June 30, 2021, the aggregate number of shares underlying all grants made pursuant to the Post-IPO Share Award Scheme will not exceed 609,160,767 shares without shareholders' approval. As of June 30, 2021, no shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme. As of June 30, 2021, the Company has issued 315,000,000 ordinary shares with respect to the Post-IPO Share Award Scheme to Share Scheme Trusts.

Trade Receivables

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
Trade receivables from third parties	**6,155,244**	5,517,630
Trade receivables from related parties*	**6,897,954**	93,473
Less: allowance for credit losses	**(267,609)**	(239,780)
	12,785,589	5,371,323

* As of December 31, 2020, trade receivables from related parties do not include trade receivables from JD Group in relation to the provision of integrated supply chain solutions and logistics services by the Group. Upon completion of the Spin-off, trade receivables from JD Group in relation to the provision of integrated supply chain solutions and logistics services by the Group had been accounted for as trade receivables in the Condensed Consolidated Financial Statements.

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

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
Within 3 months	**12,721,917**	5,337,485
3 to 6 months	**139,428**	100,283
6 to 12 months	**72,035**	61,987
Over 12 months	**119,818**	111,348
	13,053,198	5,611,103
Less: allowance for credit losses	**(267,609)**	(239,780)
	12,785,589	5,371,323

Trade payables

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

	Unaudited As of June 30, 2021 *RMB'000*	Audited As of December 31, 2020 *RMB'000*
Within 3 months	**6,154,160**	5,092,371
3 to 6 months	**401,339**	501,446
6 to 12 months	**167,449**	122,484
Over 12 months	**140,420**	95,318
	6,863,368	5,811,619

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

Certain reputable financial institutions offer supply chain financing services to the Group's suppliers. Suppliers can sell one or more of the Group's payment obligations at their sole discretion to the financial institutions to receive funds ahead of time from the financial institutions to meet their cash flow needs. The Group's rights and obligations to suppliers are not impacted. The original payment terms, timing and amount, remain unchanged.

As of June 30, 2021, RMB515.9 million of the outstanding payment obligations were elected by the suppliers and sold to the financial institutions (December 31, 2020: RMB473.0 million).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the "**Shareholders**"). Throughout the period from the Listing Date up to June 30, 2021, 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 Hong Kong Stock Exchange (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 May 28, 2021, the Company did not hold any Board meeting throughout the period from the Listing Date and up to June 30, 2021.

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 devised its own code of conduct for securities transactions (the "**Insider Trading Policy**") regarding the Directors' dealings in the securities of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. 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 Insider Trading Policy throughout the period from the Listing Date up to June 30, 2021.

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 to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee comprises three members, namely Nora Gu Yi Wu, Carol Yun Yau Li and Sandy Ran Xu, with Nora Gu Yi Wu (being our independent non-executive Director with the appropriate professional qualifications) as chair of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and Deloitte Touche Tohmatsu, the auditor of the Company (the "**Auditor**").

The condensed consolidated financial statements of the Group for the six months ended June 30, 2021 has been reviewed by the Company's Auditor in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

OTHER BOARD COMMITTEES

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

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

During the period from the Listing Date up to June 30, 2021, 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.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 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) were approximately RMB23 billion after deducting underwriting commissions and offering expenses paid or payable. There has been no change in the intended use of net proceeds as previously disclosed in the prospectus.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.jdl.cn. The interim report of the Group for the six months ended June 30, 2021 will be published on the aforesaid websites of the Hong Kong Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By order of the Board
JD Logistics, Inc.
Mr. Yui Yu
Executive Director

Hong Kong, August 23, 2021

As of the date of this announcement, the Board comprises Mr. Yui Yu, Mr. Yanlei Chen and Mr. Jun Fan as executive Directors, Mr. Richard Qiangdong Liu, Ms. Sandy Ran Xu and Ms. Pang Zhang as non-executive Directors, and Ms. Nora Gu Yi Wu, Ms. Carol Yun Yau Li and Mr. Liming Wang as independent non-executive Directors.