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JD Logistics, Inc.
京东物流股份有限公司

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

(Stock Code: 2618)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the “**Board**”) of directors (the “**Directors**”) of JD Logistics, Inc. (the “**Company**” or “**JD Logistics**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the year ended December 31, 2022 (the “**Reporting Period**”). These annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group. In addition, “**JD Group**” refers to JD.com, Inc. (NASDAQ: JD; HKEX: 9618) and its subsidiaries, including JD Health International Inc. (HKEX: 6618), and consolidated affiliated entities, excluding the Group.

FINANCIAL HIGHLIGHTS

	Unaudited		Year-over-year change (%)
	Three months ended December 31, 2022	2021	
	RMB'000	RMB'000	
Revenue	43,008,326	30,471,676	41.1
Gross profit	3,816,033	2,744,727	39.0
Profit before income tax	620,530	624,995	(0.7)
Profit for the period	491,892	604,485	(18.6)
Non-IFRS profit for the period ⁽¹⁾	1,004,210	842,730	19.2

	Year ended December 31,		Year-over-year
	2022	2021	change
	RMB'000	RMB'000	(%)
Revenue	137,402,008	104,693,402	31.2
Gross profit	10,099,637	5,784,076	74.6
Loss before income tax	(814,180)	(15,600,358)	(94.8)
Loss for the year	(1,090,294)	(15,660,732)	(93.0)
Non-IFRS profit/(loss) for the year ⁽¹⁾	866,031	(1,225,916)	N/A

(1) We define “Non-IFRS profit/(loss)” as profit or loss, excluding certain reconciling items as set out in the section headed “Non-IFRS Measures”. 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 a final dividend for the year ended December 31, 2022.

CEO STATEMENT

Dear shareholders,

For JD Logistics, 2022 was a year filled with opportunities and challenges alike. COVID-19 pandemic posed unprecedented demand for the safety and stability of supply chain services. Meanwhile, consumers’ needs for logistics services continued to grow. These developments prompted more corporate customers to seek supply chain transformation and upgrades, accelerating the transformation of supply chains towards integration, digitalization and intelligentization.

As a leading technology-driven supply chain solutions and logistics services provider, we adhered to our customer-first approach and continued to cultivate our primary business in the integrated supply chain services market, constantly creating value through our trusted supply chain services. Our supply chain solutions provided both stability and flexibility underpinned by our directly operated warehousing-centric logistics network. Our end-to-end digital and intelligent capabilities and in-depth industry insights, allowed us to minimize uncertainties when facing challenges, helping our customers improve their risk resistance capabilities, reduce costs and enhance efficiency. In 2022, our total revenue reached RMB137.4 billion and our revenue from external customers reached RMB89.1 billion, accounting for 64.9% of total revenue. By providing integrated supply chain logistics services to industry leaders including Volvo Cars (“**Volvo**”), SAIC GM Wuling Co., Ltd. (上汽通用五菱汽車股份有限公司) and Shandong Lingong Construction Machinery Co., Ltd. (山東臨工工程機械有限公司), we have successfully built a benchmark for automotive aftermarket integrated supply chain services and further expanded into more industry sectors. Notably, the thriving live streaming e-commerce and other platforms brought us new growth opportunities in 2022. Through establishing innovative supply chain models and providing solid logistics services to platform merchants, we gained considerable business penetration on these platforms.

We continued to invest in infrastructure and logistics technology to expand the breadth and depth of our integrated supply chain logistics services. In the physical world, we constantly reinforced our logistics infrastructure. In July 2022, we completed the strategic acquisition of Deppon Logistics Co., Ltd. (“**Deppon**” or “**Deppon Logistics**,” Shanghai Stock Exchange code: 603056), and in August 2022, JD Airlines officially commenced operation. These strides have been instrumental in bolstering our self-operated, safe and stable supply chain operations, while also broadening our integrated supply chain logistics services. Moreover, we made steady progress in overseas markets, expanding our global coverage by growing our overseas warehouse network and integrating transportation resources across intercontinental cargo routes, railway, maritime and multimodal transportation. In the digital world, with continued investments in science and technology, we comprehensively increased automation coverage, as well as strengthened forecasting and decision-making capabilities throughout the supply chain processes. Leveraging our three-in-one supply chain logistics technology comprising software, hardware and system integration, we achieved end-to-end synergy optimization and efficiency reinforcement.

While actively pursuing business growth, we never lost sight of our commitment to building a “responsible supply chain.” Facing a complex and severe pandemic prevention and control situation, we spared no effort in mobilizing resources nationwide many times to ensure the supply of basic human necessities and the stability of supply chain services across the country. We also comprehensively promoted rural revitalization and provided supply chain services to over 1,000 agricultural production zones in China. Furthermore, as the first Chinese logistics company to set up carbon emission reduction targets under the Science Based Targets initiative (SBTi), we worked with numerous business partners to facilitate end-to-end carbon emission reduction along the supply chain, jointly promoting low-carbon transformation and sustainable development of enterprises, industries and our society.

Appreciation

On behalf of the Board, I would like to say thank you to all our employees, customers and business partners. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their long-time support and trust.

Looking ahead into the new year, JD Logistics will continue to focus on integrated supply chain logistics services and provide “real support to the real economy” leveraging the advantages in our supply chain and logistics network. We will further incorporate supply chain solutions and logistics services into the entire corporate business process, across manufacturing, sales and after-sales, helping industries to lower costs, boost efficiency and enhance consumer experiences, hence contributing to high-quality and sustainable development of the real economy.

Yui Yu

Executive Director and CEO

March 9, 2023

BUSINESS REVIEW

We are China's leading technology-driven supply chain solutions and logistics services provider. With the mission to "drive superior efficiency and sustainability for global supply chain through technology," we aim to become the world's most trusted supply chain solutions and logistics services provider. Based on our nationwide logistics network with a global reach and abundant industry insights, we offer a full spectrum of supply chain solutions and high-quality logistics services covering various industries to customers and consumers.

In 2022, uncertainties in the macro environment and emergencies such as the resurging pandemic posed challenges to our business development and operations. Nevertheless, our warehousing-centric supply chain management and logistics fulfillment approach demonstrated exceptional resilience and operational stability in case of emergencies. Our directly operated logistics network allows us to swiftly mobilize and organize resources and ensure uninterrupted operations during the pandemic and other emergencies. Our integrated supply chain logistics management capabilities, such as the intelligent, agile inventory deployment from our geographically diverse warehouses, enable customers to quickly realize integrated multi-channel inventory management and guarantee their end customers' experience.

In 2022, our total revenue reached RMB137.4 billion, increasing by 31.2% year-over-year. Notably, revenue from external customers reached RMB89.1 billion, increasing by 50.8% year-over-year, accounting for 64.9% of total revenue, a larger proportion compared with the prior year.

We continued to promote the broad application of integrated supply chain solutions and high-quality logistics services to help customers across a wide range of industries improve operational efficiency, lower costs, and elevate customer experience. As we empowered more customers, we gained valuable experience which further strengthened our service capabilities.

We provide industry-specific integrated supply chain solutions and service products for customers in fast-moving consumer goods ("FMCG"), home appliances and home furniture, apparel, 3C, automotive and fresh produce industries. In 2022, the number of our external integrated supply chain customers continued to grow by 7.1% year-over-year to 79,928. At the same time, we further expanded the scope and depth of our collaboration with existing customers to help more of them achieve the digital and intelligent transformation of their supply chains. Our average revenue per customer ("ARPC") amounted to RMB365,015 in 2022, rising by 6.9% year-over-year.

In addition, we developed integrated supply chain solutions and products for specific industry verticals such as the liquor, beauty and cosmetics sectors based on their business scenarios and needs, supporting the quick roll-out of our businesses.

On top of that, we achieved significant business growth from live streaming e-commerce and other platforms in 2022. Specifically, we became one of the first batch of logistics companies connected to the Yinxuda (音需達) service of the e-commerce platform operated by Douyin (抖音), offering high-quality delivery services such as to-door delivery to Douyin users. As of December 31, 2022, we had served over 20,000 merchants on Douyin's platform. Additionally, we became the official logistics partner of the e-commerce platform operated by Kuaishou (快手), providing non-stop pick-up and delivery services during the 2023 Spring Festival for the merchants and consumers on Kuaishou's platform.

Guided at all times by our core value, “customer-first,” we have received widespread recognition from customers and consumers for our professional and reliable services. According to survey results published by the State Post Bureau of the People’s Republic of China, we have constantly maintained best-in-class customer satisfaction ratings. In August 2022, we were selected as one of the world’s Top 10 logistics brands in 2022 by Brand Finance, an authoritative global brand valuation consultancy.

Firmly committed to technological innovation and investment, we strive to bring cutting-edge scientific breakthroughs into real world applications with a team of dedicated research and development personnel, which totaled 4,662 members as of December 31, 2022. At the same time, through service automation, operational digitalization and decision-making intelligentization, we continually seek solutions that balance cost and efficiency as well as experience optimization. In 2022, our research and development expenses were RMB3.1 billion, representing 2.3% of total revenue.

Alongside our research and development efforts, we continued to strengthen our logistics infrastructure to deliver high-quality integrated supply chain solutions and logistics services and best-in-class customer experiences.

On July 26, 2022, we completed the strategic acquisition of Deppon Logistics. Deppon Logistics is an integrated, customer-centric logistics company providing a wide range of solutions including delivery services, Less-Than-Truckload transportation, Full Truckload transportation, and warehousing management. This acquisition marked the further enhancement of our comprehensive logistics network, supply chain capabilities and service quality. By the end of 2022, Deppon Logistics owned close to 9,000 service outlets in China covering almost all the counties and districts in China, 132 sorting centers with an aggregate gross floor area (“GFA”) of over 2 million square meters and more than 20,000 self-owned vehicles. The revenue contribution of Deppon Logistics amounted to RMB14.4 billion from July 26, 2022 to December 31, 2022.

On August 31, 2022, we received the Operation Certification of Public Air Carriers of Large Aircraft (CCAR-Part 121) from the Civil Aviation Administration of China, marking the official commencement of JD Airlines’ operation. As of December 31, 2022, our three all-cargo airplanes began regular operations with the routes including Shenzhen-Hangzhou, Nantong-Beijing, and Shenzhen-Wuxi. In addition, we covered more than 1,000 air cargo routes through cooperation with partners.

As of December 31, 2022, we operated more than 1,500 warehouses, over 18,000 delivery stations and service outlets, and employed over 290,000 in-house delivery personnel.

Integrated Supply Chain Solutions and Logistics Services

We empower our customers' supply chain management and enhance their operational efficiency. In 2022, our business continued to grow, with total revenue reaching RMB137.4 billion, a year-over-year increase of 31.2%.

Our warehousing-centric supply chain management and logistics fulfillment approach, as well as our directly operated logistics network, demonstrated exceptional resilience and operational stability in 2022.

Our integrated supply chain logistics management capabilities, such as the intelligent, agile inventory deployment from our geographically diverse warehouses, enable customers to quickly realize integrated multi-channel inventory management and guarantee their end customers' experience. Taking the global premium automobile brand Volvo as an example, we customized a flexible, nimble digitalized supply chain system for Volvo based on the sales and flow characteristics of after-sales spare parts, setting up eight regional warehouses across the country for fast-, medium- and slow-moving products, respectively, to enable refined inventory management across multiple product categories. During the COVID-19 outbreak in Shanghai, we quickly prepared warehousing and transportation resources to deploy Volvo's after-sales spare parts inventory from its central warehouse in Shanghai to the eight regional warehouses according to the parts' sales and flow characteristics, ensuring that each warehouse had sufficient inventory to meet sales requirements for a period of time in the future and reasonably high order fulfillment rates for Volvo during the extraordinary circumstances brought about by the outbreak.

Integrated supply chain customers

Our revenue from integrated supply chain customers reached RMB77.4 billion in 2022. The number of our external integrated supply chain customers continued to grow, reaching 79,928, a year-over-year increase of 7.1%. Our ARPC amounted to RMB365,015, an increase of 6.9% compared with 2021.

For the FMCG, home appliances and home furniture, apparel, 3C, automotive and fresh produce industries, we have tailored our integrated supply chain solutions and products to each industry to directly address their pain points. Among them, FMCG accounted for the highest percentage of our revenue from external integrated supply chain customers. In 2022, we deepened our cooperation with a wide variety of industry leaders by empowering their omni-channel business development and further enhancing their supply chain efficiency.

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

	Year ended December 31,		
	2022	2021	2020
External integrated supply chain customers with annual revenue contribution no less than RMB10 million:			
Number of customers	362	296	179
ARPC (RMB in millions)	42.2	42.4	37.7
Revenue (RMB in millions)	15,271	12,550	6,746
% of revenue from external integrated supply chain customers	52.3%	49.3%	41.0%
External integrated supply chain customers with annual revenue contribution less than RMB10 million:			
Number of customers	79,566	74,306	52,487
ARPC (RMB in thousands)	174.8	173.9	185.2
Revenue (RMB in millions)	13,904	12,920	9,718
% of revenue from external integrated supply chain customers	47.7%	50.7%	59.0%

We made significant progress in FMCG in 2022. As a key partner in the supply chain digital transformation of Yili Group, one of the largest dairy producers in China, we provided end-to-end supply chain services, including supply chain consulting and planning, digitalized system development, and supply chain operation, as well as basic logistics services such as warehousing, transportation and delivery. By building an integrated supply chain management system, we effectively addressed the problem of their fragmented multi-channel inventory management, reducing their inventory turnover days and lowering the proportion of near-expiration inventory for goods with a high requirement for freshness, such as liquid milk. Deepening our partnership with Yili Group helped us build a benchmark in the FMCG industry, effectively helping us to further grow our market.

In addition, we developed solutions and products for specific industry verticals such as liquor, beauty and cosmetics based on their business scenarios and needs, supporting the further roll-out of our businesses.

Other customers

Our revenue from other customers reached RMB60.0 billion in 2022, increasing by 78.3% year-over-year. While constantly expanding our integrated supply chain logistics and service capabilities, we further strengthened our foundational network capabilities to ensure our standard products such as express delivery and freight delivery services continue to represent the industry's highest standards of quality, reliability and convenience.

In 2022, we continued increasing our investment in key cities to strengthen our network infrastructure and logistics capabilities, including expansion of our pick-up and delivery services coverage and improvements in our overall operation timeliness. These accomplishments further enhanced customer experience and satisfaction, and ultimately drove our revenue growth.

Notably, we achieved significant business growth from serving live streaming e-commerce and other platforms in 2022. Specifically, we became one of the first batch of logistics companies connected to the Yinxuda (音需達) service of the e-commerce platform operated by Douyin (抖音), offering high-quality delivery services such as to-door delivery to Douyin users. As of December 31, 2022, we had served over 20,000 merchants on Douyin's platform. Additionally, we became the official logistics partner of the e-commerce platform operated by Kuaishou (快手), providing non-stop pick-up and delivery services during the 2023 Spring Festival for the merchants and consumers on Kuaishou's platform.

As we completed the acquisition of Deppon Logistics on July 26, 2022, Deppon contributed approximately RMB14.0 billion to our revenue from other customers from July 26, 2022 to December 31, 2022.

Logistics Technology

Technological innovation has always been our priority. We have continuously expanded our competitive advantages in supply chain logistics software, hardware and system integration through long-term technological investments and innovations. Currently, our technology-driven products and solutions cover key processes of the supply chain logistics, across logistics parks, warehousing and sortation, and transportation and delivery, which comprehensively enhance our forecasting, decision-making and smart execution capabilities. Our core technology products include self-developed automated guided vehicles, high-density storage systems integrated with software and hardware, robotic picking and packaging systems, and intelligent delivery vehicles, among others.

We have continually enhanced our automation application throughout the supply chain process. Our self-developed, industry-leading warehousing automation solutions have further shortened the fulfillment time for each individual SKU, realizing high levels of automation and flexibility end-to-end. In 2022, we commenced the operation of our highly automated Beidou Smart Flow-picking Innovation Warehouses (北鬥新倉) in Xi'an and Suqian, effectively elevating operational efficiency and further improving fulfillment timeliness and customer satisfaction.

We apply technological innovations to each key stage of our supply chain services to promote operational digitalization and decision-making intelligentization. For example, in the warehousing stage, we separately store top-selling products and constantly optimize sorting routes to increase sorting efficiency. In the transportation stage, driven by smart algorithms, we use smart deployment and stowage to achieve efficient allocation and refined operation of resources, which has significantly lowered our comprehensive transportation costs and occurrence of accidents. During the pandemic outbreak, we were the first among domestic logistics companies to perform accurate address identification for last-mile pick-up and delivery services. We forecasted and managed timeliness by applying accurate identification technology to order addresses to ensure accurate order fulfillment in pandemic-afflicted areas, thereby guaranteeing the customer experience.

Leveraging our advantages in Internet of Things, artificial intelligence and robotics technologies accumulated over the years, we have fueled the digital transformation and high-quality growth of customers in various industries. For example, working with a modern food conglomerate with assets and revenue both exceeding RMB100 billion, we built a smart operation and management platform for its cold chain logistics parks and a supply chain data middle platform, helping it achieve end-to-end product monitoring and digitalized deployment of vehicles in its logistics parks. These tools effectively elevated its operational efficiency and refined its management. By strengthening its logistics parks and process management, we expanded our partnership on the basis of our existing cooperation.

As of December 31, 2022, we had received authorization for over 3,500 patents and software licenses, among which more than 2,000 are related to automation technology and unmanned technology.

Logistics Infrastructure and Networks

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

On July 26, 2022, we completed the acquisition of Deppon Logistics, which marked the further enhancement of our comprehensive logistics network, supply chain capabilities and service quality.

Warehouse network

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

As of December 31, 2022, our warehouse network covered nearly all counties and districts in China, consisting of over 1,500 self-operated warehouses and over 2,000 third-party warehouse-owner operated cloud warehouses under our Open Warehouse Platform. Our warehouse network has an aggregate GFA of more than 30 million square meters, including warehouse space managed through the Open Warehouse Platform.

We harness the power of technology to enhance the operational efficiency of our warehouse network. One notable example is our Asia No. 1 smart industrial parks, which also demonstrate our industry-leading technological innovations and high technology standards. As of December 31, 2022, we operated 35 Asia No. 1 smart industrial parks in 27 cities across China¹.

We continued to expand our dedicated warehouses for FMCG, apparel, automotive and other industries, and constantly strengthened our operational efficiency and product competitiveness, supporting the rapid expansion of our business.

1. Starting from 2022, we updated and upgraded the criteria (the “**New Criteria**”) of the Asia No. 1 smart industrial parks, including but not limited to the GFA, the investment scale, and the level of automation. Under the New Criteria, by the end of 2021, we operated 28 Asia No. 1 smart industrial parks in 24 cities nationwide.

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

Line-haul transportation network

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

As of December 31, 2022, we had a self-operated fleet consisting of over 40,000 vehicles. In addition, we operated approximately 400 sorting centers in China and worked with our partners on more than 400 railway routes.

With the official commencement of JD Airlines' operation in August 2022, our three all-cargo airplanes started regular operations with the routes including Shenzhen-Hangzhou, Nantong-Beijing, and Shenzhen-Wuxi. In addition, we covered more than 1,000 air cargo routes through cooperation with partners as of December 31, 2022.

Last-mile delivery network

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

As of December 31, 2022, we employed over 290,000 in-house delivery personnel and operated over 18,000 delivery stations and service outlets, covering more than 300 prefecture-level administrative regions in 31 provinces and municipalities in China. The vast majority of our delivery stations and service outlets are self-operated to ensure top quality services.

Bulky item logistics network

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

As of December 31, 2022, we had over 200 warehouses with bulky- and heavy-item storage capabilities and more than 200 sorting centers, with an aggregate GFA of over 4 million square meters.

For lower-tier cities with growing e-commerce penetration, we leverage the resources of our network partners under the Jing Dong Bang (京東幫) brand to expand our network coverage. As of December 31, 2022, we utilized approximately 1,800 bulky item delivery and installation stations under Jing Dong Bang (京東幫).

Cold chain logistics network

As of December 31, 2022, we operated over 100 temperature-controlled cold storage warehouses designated for fresh, frozen and refrigerated products with an operation area of more than 500,000 square meters. In addition, as of December 31, 2022, we operated more than 30 warehouses designated for pharmaceuticals and medical instruments with an operation area of over 200,000 square meters.

Cross-border logistics network

As of December 31, 2022, we operated approximately 90 bonded warehouses, international direct distribution warehouses and overseas warehouses, covering an aggregate GFA of nearly 900,000 square meters.

Since 2020, we have consistently accelerated our overseas expansion of warehouses and other infrastructure. The establishment of self-operated overseas warehouses in the United States, Germany, the Netherlands, France, the United Kingdom, Vietnam, the United Arab Emirates, Australia and Malaysia, among other locations, represents the achievement of the initial milestone in our global network expansion plan. We will continue to expand our end-to-end global network centered on our warehouse network and further enhance regional synergies enabled by intercontinental freight routes, railways, maritime and multimodal transportation routes.

Corporate Social Responsibility

As a new type of real economy-based enterprise with digitalized technologies and capabilities, we are always committed to fulfilling our social responsibilities by fully leveraging our advantages in integrated supply chain logistics services and exporting our supply chain capabilities cultivated over the years to promote high-quality supply chain development in the wider society.

In 2022, facing COVID-19 outbreaks in various regions, such as Shanghai, Beijing and Chongqing, we immediately undertook our social responsibility and mobilized our in-house delivery personnel nationwide many times to ensure the supply of basic human necessities, including food, maternal and baby care products, and medical supplies, via road, rail, air and maritime transportation. During this process, we also developed tools and methodologies to respond to supply chain emergencies.

We also continued to deepen the penetration of our integrated supply chain logistics services in rural areas and facilitate the distribution of agricultural products to end customers, by providing efficient and high-quality logistics services to over 1,000 agricultural production zones in China. In 2022, we further improved our supply chain infrastructure in northwestern China. With our Xinjiang Jiashi cold chain warehouse and phase II of the Xi'an Asia No. 1 smart industrial parks which recently commenced operation, we have not only substantially improved logistics timeliness in remote regions, but more importantly, also established sales channels for high-quality agricultural products, such as kiwifruits from Shaanxi and plums from Jiashi, contributing to farmers' income growth and rural prosperity.

As we firmly believe that our employees are our greatest asset, we strive to offer a safe workplace that embraces equality, inclusion and diversity. We provide our employees with competitive salaries, comprehensive healthcare, and other benefits, as well as broad career development opportunities.

We have maintained a steadfast commitment to promoting the establishment of a green supply chain ecosystem. In 2022, which marked the fifth anniversary of our “Green Stream Initiative (青流計劃)”, we took the lead and released the industry’s first Carbon Neutral Guide for Logistics Parks (物流園區碳中和指南) and the Delivered with Original Package (DWOP) certification (原廠直發包裝認證標準). While putting battery swapping vehicles into use on a large scale, we also used clean energy vehicles in the transportation services we provided to Amway and other customers.

We have always incorporated the concept of sustainable development into our development strategy and day-to-day operations. In May 2022, we published our first Environmental, Social and Governance (ESG) Report since our listing. In November 2022, we received an industry-leading ESG score in the S&P Global Corporate Sustainability Assessment. Furthermore, to improve our corporate governance and promote steady development, we have been continuously reinforcing information security, privacy protection, and internal control and compliance management.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Fourth Quarter of 2022 Compared to Fourth Quarter of 2021

The following table sets forth the comparative figures for the fourth quarter of 2022 and the fourth quarter of 2021, respectively:

	Unaudited	
	Three months ended December 31,	
	2022	2021
	RMB'000	RMB'000
Revenue	43,008,326	30,471,676
Cost of revenue	<u>(39,192,293)</u>	<u>(27,726,949)</u>
Gross profit	3,816,033	2,744,727
Selling and marketing expenses	(1,177,911)	(885,352)
Research and development expenses	(892,366)	(711,148)
General and administrative expenses	(969,120)	(608,677)
Others, net ⁽¹⁾	<u>(156,106)</u>	<u>85,445</u>
Profit before income tax	620,530	624,995
Income tax expense	<u>(128,638)</u>	<u>(20,510)</u>
Profit for the period	<u>491,892</u>	<u>604,485</u>
Profit for the period attributable to:		
Owners of the Company	352,572	588,236
Non-controlling interests	<u>139,320</u>	<u>16,249</u>
	<u>491,892</u>	<u>604,485</u>
Non-IFRS profit for the period attributable to:		
Owners of the Company	817,640	785,326
Non-controlling interests	<u>186,570</u>	<u>57,404</u>
	<u>1,004,210</u>	<u>842,730</u>

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

Revenue

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

	Unaudited			
	Three months ended December 31,			
	2022		2021	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
Revenue:				
Integrated supply chain customers	21,143,921	49.2	20,335,401	66.7
Other customers	21,864,405	50.8	10,136,275	33.3
Total	<u>43,008,326</u>	<u>100.0</u>	<u>30,471,676</u>	<u>100.0</u>

Included in the revenue for the fourth quarter of 2022 was external revenue generated by Deppon and its subsidiaries (collectively, “**Deppon Group**”) in the amount of RMB8.6 billion (revenue generated by Deppon Group through providing services to other subsidiaries and consolidated affiliated entities of the Company had been eliminated upon consolidation). The following table sets forth a breakdown of revenue generated by Deppon Group by integrated supply chain customers and other customers, both in absolute amount and as a percentage of revenue generated by Deppon Group for the period presented.

	Unaudited	
	Three months ended	
	December 31, 2022	
	<i>RMB’000</i>	<i>%</i>
Revenue generated by Deppon Group⁽¹⁾:		
Integrated supply chain customers	263,497	3.1
Other customers	8,304,177	96.9
Total	<u>8,567,674</u>	<u>100.0</u>

(1) Revenue generated by Deppon Group through providing services to JD Group is not presented separately, as the amount was immaterial for the period presented.

Revenue increased by 41.1% to RMB43.0 billion in the fourth quarter of 2022 from RMB30.5 billion in the same period of 2021. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 4.0% to RMB21.1 billion in the fourth quarter of 2022 from RMB20.3 billion in the same period of 2021. 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 the ARPC. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, increased to 60,859 (60,122, excluding Deppon Group) in the fourth quarter of 2022 from 60,063 in the same period of 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, our ARPC increased to RMB135,172 (RMB132,446, excluding Deppon Group) in the fourth quarter of 2022 from RMB127,202 in the same period of 2021. Our ARPC improvement reflected 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 115.7% to RMB21.9 billion in the fourth quarter of 2022, from RMB10.1 billion in the same period of 2021, primarily due to the increases in business volume of our express delivery and freight delivery services, as well as the consolidation of Deppon Group.

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others, both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Three months ended December 31,			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue:				
From JD Group	12,917,494	30.0	12,695,288	41.7
From others	30,090,832	70.0	17,776,388	58.3
 Total	<u>43,008,326</u>	<u>100.0</u>	<u>30,471,676</u>	<u>100.0</u>

Cost of revenue

Cost of revenue increased by 41.4% to RMB39.2 billion in the fourth quarter of 2022, from RMB27.7 billion in the same period of 2021, which was in line with the rapid growth of our revenue during the corresponding period. The overall increase in cost of revenue was also driven by the consolidation of Deppon Group, including the increases set forth below in employee benefit expenses, outsourcing cost, rental cost, depreciation and amortization, and other cost of revenue.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 29.9% to RMB12.8 billion in the fourth quarter of 2022 from RMB9.8 billion in the same period of 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 third-party transportation companies, express delivery companies and other service providers for sorting, shipping, dispatching, delivery and labor outsourcing services, increased by 48.3% to RMB17.1 billion in the fourth quarter of 2022 from RMB11.5 billion in the same period of 2021. The increase was primarily driven by the growth of our business which required higher outsourcing capacity. In addition, the growth of our express delivery and freight delivery services, leading to increasing demand of outsourcing services for line haul transportation, also contributed to the increase in our outsourcing cost.

Rental cost increased by 21.9% to RMB3.1 billion in the fourth quarter of 2022 from RMB2.5 billion in the same period of 2021, primarily due to the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services.

Depreciation and amortization increased by 83.6% to RMB0.9 billion in the fourth quarter of 2022 from RMB0.5 billion in the same period of 2021, primarily due to an increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 59.2% to RMB5.3 billion in the fourth quarter of 2022 from RMB3.3 billion in the same period of 2021, primarily due to the increase in fuel cost, cost of installation and maintenance services, 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 RMB3.8 billion and RMB2.7 billion in the fourth quarter of 2022 and 2021, respectively, and (ii) a gross profit margin of 8.9% and 9.0% in the fourth quarter of 2022 and 2021, respectively.

Selling and marketing expenses

Selling and marketing expenses increased by 33.0% to RMB1,177.9 million in the fourth quarter of 2022, from RMB885.4 million in the same period of 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 consolidation of Deppon Group.

Research and development expenses

Research and development expenses increased by 25.5% to RMB892.4 million in the fourth quarter of 2022, from RMB711.1 million in the same period of 2021. The increase was primarily attributable to the consolidation of Deppon Group.

General and administrative expenses

General and administrative expenses increased by 59.2% to RMB969.1 million in the fourth quarter of 2022, from RMB608.7 million in the same period of 2021. The increase was primarily attributable to an increase in employee benefit expenses and the consolidation of Deppon Group.

Profit for the period

As a result of the foregoing, we recorded a profit of RMB491.9 million and RMB604.5 million in the fourth quarter of 2022 and 2021, respectively.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following table sets forth the comparative figures for the year ended December 31, 2022 and the year ended December 31, 2021, respectively:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Revenue	137,402,008	104,693,402
Cost of revenue	(127,302,371)	(98,909,326)
Gross profit	10,099,637	5,784,076
Selling and marketing expenses	(4,062,150)	(3,078,384)
Research and development expenses	(3,122,863)	(2,813,342)
General and administrative expenses	(3,157,073)	(2,867,201)
Others, net ⁽¹⁾	(571,731)	(12,625,507)
Loss before income tax	(814,180)	(15,600,358)
Income tax expense	(276,114)	(60,374)
Loss for the year	(1,090,294)	(15,660,732)
(Loss)/profit for the year attributable to:		
Owners of the Company	(1,396,834)	(15,841,960)
Non-controlling interests	306,540	181,228
	(1,090,294)	(15,660,732)
Non-IFRS profit/(loss) for the year attributable to:		
Owners of the Company	382,931	(1,553,598)
Non-controlling interests	483,100	327,682
	866,031	(1,225,916)

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

Revenue

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

	Year ended December 31,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue:				
Integrated supply chain customers	77,435,959	56.4	71,054,463	67.9
Other customers	59,966,049	43.6	33,638,939	32.1
Total	<u>137,402,008</u>	<u>100.0</u>	<u>104,693,402</u>	<u>100.0</u>

Included in the revenue of 2022 was external revenue generated by Deppon Group during the period from July 26, 2022 to December 31, 2022 in the amount of RMB14.4 billion (revenue generated by Deppon Group through providing services to other subsidiaries and consolidated affiliated entities of the Company had been eliminated upon consolidation). The following table sets forth a breakdown of revenue generated by Deppon Group by integrated supply chain customers and other customers, both in absolute amount and as a percentage of revenue generated by Deppon Group for the period presented.

	From July 26, 2022 to December 31, 2022	
	<i>RMB'000</i>	<i>%</i>
Revenue generated by Deppon Group⁽¹⁾:		
Integrated supply chain customers	428,033	3.0
Other customers	13,959,737	97.0
Total	<u>14,387,770</u>	<u>100.0</u>

(1) Revenue generated by Deppon Group through providing services to JD Group is not presented separately, as the amount was immaterial for the period presented.

Revenue increased by 31.2% to RMB137.4 billion in 2022 from RMB104.7 billion in 2021. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 9.0% to RMB77.4 billion in 2022 from RMB71.1 billion in 2021. The increase in revenue from integrated supply chain customers was primarily driven by (i) an increase in revenue from JD Group, and (ii) an increase in the number of our external integrated supply chain customers, as well as the increase of the ARPC. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, increased to 79,928 (79,027, excluding Deppon Group) in 2022 from 74,602 in 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, our ARPC increased to RMB365,015 (RMB363,761, excluding Deppon Group) in 2022 from RMB341,424 in 2021. Our ARPC improvement reflected 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 78.3% to RMB60.0 billion in 2022, from RMB33.6 billion in 2021, primarily due to the increases in business volume of our express delivery and freight delivery services, as well as the consolidation of Deppon Group.

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others, both in absolute amount and as a percentage of our total revenue for the years presented.

	Year ended December 31,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue:				
From JD Group	48,261,010	35.1	45,583,569	43.5
From others	89,140,998	64.9	59,109,833	56.5
Total	<u>137,402,008</u>	<u>100.0</u>	<u>104,693,402</u>	<u>100.0</u>

Cost of revenue

Cost of revenue increased by 28.7% to RMB127.3 billion in 2022, from RMB98.9 billion in 2021, which was in line with the rapid growth of our revenue during the corresponding year. The overall increase in cost of revenue was also driven by the consolidation of Deppon Group, including the increases set forth below in employee benefit expenses, outsourcing cost, rental cost, depreciation and amortization, and other cost of revenue.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 24.8% to RMB44.6 billion in 2022 from RMB35.8 billion in 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 third-party transportation companies, express delivery companies and other service providers for sorting, shipping, dispatching, delivery and labor outsourcing services, increased by 27.8% to RMB51.6 billion in 2022 from RMB40.4 billion in 2021. The increase was primarily driven by the growth of our business which required higher outsourcing capacity. In addition, the growth of our express delivery and freight delivery services, leading to increasing demand of outsourcing services for line haul transportation, also contributed to the increase in our outsourcing cost.

Rental cost increased by 18.4% to RMB11.2 billion in 2022 from RMB9.5 billion in 2021, primarily due to the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services.

Depreciation and amortization increased by 54.0% to RMB2.9 billion in 2022 from RMB1.9 billion in 2021, primarily due to an increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 48.8% to RMB17.0 billion in 2022 from RMB11.4 billion in 2021, primarily due to the increase in fuel cost, cost of installation and maintenance services, 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 RMB10.1 billion and RMB5.8 billion in 2022 and 2021, respectively, and (ii) a gross profit margin of 7.4% and 5.5% in 2022 and 2021, respectively. The increase in the gross profit margin was primarily due to (i) refined cost control measures, (ii) effective restructuring of customer portfolio, (iii) economies of scale as our revenue grew rapidly, driving efficiency gains in most of our cost components, and (iv) the positive impact on gross profit as a result of the consolidation of Deppon Group.

Selling and marketing expenses

Selling and marketing expenses increased by 32.0% to RMB4.1 billion in 2022, from RMB3.1 billion in 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 consolidation of Deppon Group.

Research and development expenses

Research and development expenses increased by 11.0% to RMB3.1 billion in 2022, from RMB2.8 billion in 2021. The increase was primarily attributable to an increase in employee benefit expenses and the consolidation of Deppon Group.

General and administrative expenses

General and administrative expenses increased by 10.1% to RMB3.2 billion in 2022, from RMB2.9 billion in 2021. The increase was attributable to the consolidation of Deppon Group.

Loss for the year

As a result of the foregoing, we incurred a loss of RMB1.1 billion in 2022 and a loss of RMB15.7 billion in 2021, respectively.

Non-IFRS Measures

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

We believe non-IFRS profit/(loss) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of non-IFRS profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS profit/(loss) 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.

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

	Unaudited	
	Three months ended December 31,	
	2022	2021
	RMB'000	RMB'000
Reconciliation of profit to non-IFRS profit:		
Profit for the period	491,892	604,485
<i>Adjusted for:</i>		
Share-based payments	311,957	321,816
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	141,829	88,667
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	58,532	(158,687)
Impairment of investments, net of reversal	—	(13,551)
	<hr/>	<hr/>
Non-IFRS profit for the period⁽³⁾	<u>1,004,210</u>	<u>842,730</u>
Non-IFRS profit for the period attributable to:		
Owners of the Company	817,640	785,326
Non-controlling interests	186,570	57,404
	<hr/>	<hr/>
	<u>1,004,210</u>	<u>842,730</u>

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Reconciliation of loss to non-IFRS profit/(loss):		
Loss for the year	(1,090,294)	(15,660,732)
<i>Adjusted for:</i>		
Share-based payments	1,242,901	1,447,219
Listing expense	—	57,528
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	446,387	354,667
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	267,037	(272,052)
Impairment of investments, net of reversal	—	3,651
Fair value changes of convertible redeemable preferred shares ⁽⁵⁾	—	12,843,803
	<hr/>	<hr/>
Non-IFRS profit/(loss) for the year⁽⁴⁾	<u>866,031</u>	<u>(1,225,916)</u>
Non-IFRS profit/(loss) for the year attributable to:		
Owners of the Company	382,931	(1,553,598)
Non-controlling interests	483,100	327,682
	<hr/>	<hr/>
	<u>866,031</u>	<u>(1,225,916)</u>

- (1) Represents the amortization expenses of other intangible assets acquired in business combinations with finite useful lives, which is recognized on a straight-line basis over the estimated useful lives.
- (2) Represents gains or losses from fair value changes on equity investments measured at fair value. Multiple valuation techniques and key inputs are used to determine the fair values of these investments.
- (3) Included in the non-IFRS profit for the three months ended December 31, 2022 was a profit generated by Deppon Group in the amount of RMB332.0 million.
- (4) Included in the non-IFRS profit for the year ended December 31, 2022 was a profit generated by Deppon Group during the period from July 26, 2022 to December 31, 2022 in the amount of RMB588.3 million.
- (5) 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. Upon 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 had been converted into ordinary shares on a conversion ratio of 1:1. No further loss or gain on fair value changes had been recognized afterwards.

Liquidity and Capital Resources

In April 2022, pursuant to the placing agreement dated March 25, 2022, the Company issued 150,500,000 ordinary shares to independent investors at a placing price of HKD20.71 per share (the “**Placing**”). In May 2022, pursuant to the subscription agreement dated March 25, 2022, the Company issued 261,400,000 ordinary shares to Jingdong Technology Group Corporation at a subscription price of HKD20.71 per share (the “**Subscription**”). The net proceeds from the Placing and the Subscription were approximately RMB6,924 million. For further details, please refer to the Company’s announcements dated April 1, 2022 and May 26, 2022 and the Company’s circular dated April 25, 2022.

In 2022, we funded our cash requirements principally from cash generated from operating activities and financing activities through the Placing and the Subscription.

Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB21.5 billion and RMB17.9 billion as of December 31, 2022 and 2021, respectively.

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

	Year ended December 31,	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Net cash generated from operating activities	13,314,224	6,207,337
Net cash used in investing activities	(13,107,418)	(11,122,435)
Net cash generated from financing activities	1,480,998	16,596,681
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,687,804	11,681,583
Cash and cash equivalents at the beginning of the year	17,922,779	6,346,869
Effects of foreign exchange rate changes on cash and cash equivalents	1,884,769	(105,673)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>21,495,352</u>	<u>17,922,779</u>

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

Net cash generated from operating activities

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

In 2021, our net cash generated from operating activities was RMB6.2 billion, which was primarily attributable to our loss of RMB15.7 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 RMB5.5 billion, depreciation of property and equipment of RMB2.0 billion, and share-based payments of RMB1.4 billion and (ii) changes in working capital, which was primarily resulted from an increase in accrued expenses, other payables and other non-current liabilities of RMB6.8 billion, and an increase in trade payables of RMB1.0 billion, offset by an increase in trade receivables of RMB6.9 billion and an increase in prepayments, other receivables and other assets of RMB1.8 billion.

Net cash used in investing activities

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

In 2021, our net cash used in investing activities was RMB11.1 billion, which was primarily attributable to payment for financial assets at fair value through profit or loss of RMB16.8 billion, placement of term deposits of RMB11.9 billion, and capital expenditures of RMB4.1 billion, partially offset by maturity of financial assets at fair value through profit or loss of RMB15.0 billion and maturity of term deposits of RMB6.8 billion.

Net cash generated from financing activities

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

In 2021, our net cash generated from financing activities was RMB16.6 billion, which was primarily attributable to net proceeds from issuance of ordinary shares relating to the Global Offering of RMB23.0 billion, partially offset by principal portion of lease payments of RMB5.0 billion.

Gearing Ratio

As of December 31, 2022, our gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was approximately 13.8%.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

On March 11, 2022, the Group entered into a series of agreements with the shareholders of Deppon Holdco, in relation to the acquisition of approximately 99.99% equity interest of Deppon Holdco (the “**Acquisition**”), which in turn held approximately 66.50% of the issued share capital of Deppon, for a total consideration of approximately RMB8,975.9 million. The Acquisition was completed on July 26, 2022. Upon completion of the Acquisition, the Group controlled Deppon Holdco. Accordingly, Deppon Holdco (including Deppon and its subsidiaries) has become a subsidiary of the Company, and its financial results, except for that of certain excluded business, have been consolidated into the Group’s consolidated financial statements. Details of the Acquisition are set out in the announcement of the Company dated March 13, 2022 and July 27, 2022 and the circular of the Company dated June 30, 2022. On August 8, 2022, the Group acquired additional approximately 0.01% equity interest of Deppon Holdco.

As Deppon is listed on the Shanghai Stock Exchange, pursuant to the relevant rules of the PRC authorities, on July 29, 2022, the Group made a general offer for 277,109,539 unrestricted and tradable shares of Deppon (representing approximately 26.98% equity interest in Deppon), at an offering price of RMB13.15 per share, for the period between August 2, 2022 and August 31, 2022 (the “**General Offer**”). Upon completion of the General Offer, the Group acquired an aggregate of 55,776,083 shares of Deppon, representing approximately 5.4% equity interest in Deppon, at cash consideration of RMB733.5 million.

On May 19, 2022, JD Logistics Holding Limited (a direct wholly-owned subsidiary of the Company) entered into an equity transfer agreement with an indirect wholly-owned subsidiary of Jingdong Technology Holding Co., Ltd. (an associate of a connected person of the Company) to sell 100% equity interest in Jingdong International Financial Leasing Co., Ltd. at a cash consideration of USD30 million (equivalent to approximately RMB201.3 million as of the disposal date) (the “**Disposal**”). The Disposal constituted connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). Details of the Disposal are set out in the announcement of the Company dated May 19, 2022.

Save as disclosed in this announcement, the Group did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies for the year ended December 31, 2022.

Significant Investments Held

Save as disclosed above, the Group did not make any other significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2022) during the year ended December 31, 2022.

Future Plans for Material Investments and Capital Assets

As of December 31, 2022, we did not have other plans for material investments and capital assets.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees categorized by function as of December 31, 2022.

Function	Number of staff	% of total
Operations	370,825	95.1
Selling and marketing	8,175	2.1
Research and development	4,662	1.2
General and administrative	6,367	1.6
Total	<u>390,029</u>	<u>100.0</u>

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 laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

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

The total employee benefit expenses, including share-based payments, for the year ended December 31, 2022 were RMB50.8 billion, as compared to RMB41.2 billion for the year ended December 31, 2021, representing a year-on-year increase of 23.4%.

Foreign Exchange Risk

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

Pledge of Assets

As of December 31, 2022, restricted cash of RMB237.8 million was pledged. We also had pledged certain land use rights and equity interest in subsidiaries for borrowings.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities or guarantees.

Borrowings

As of December 31, 2022, our outstanding borrowings amounted to RMB6.4 billion.

Significant Events after December 31, 2022

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, 2022.

FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	137,402,008	104,693,402
Cost of revenue	(127,302,371)	(98,909,326)
	<hr/>	<hr/>
Gross profit	10,099,637	5,784,076
Selling and marketing expenses	(4,062,150)	(3,078,384)
Research and development expenses	(3,122,863)	(2,813,342)
General and administrative expenses	(3,157,073)	(2,867,201)
Other income, gains/(losses), net	8,404	896,153
Finance income	616,846	233,628
Finance costs	(893,323)	(718,853)
Fair value changes of convertible redeemable preferred shares	—	(12,843,803)
Impairment losses under expected credit loss model, net of reversal	(290,622)	(155,863)
Share of results of associates and joint ventures	(13,036)	(36,769)
	<hr/>	<hr/>
Loss before income tax	(814,180)	(15,600,358)
Income tax expense	(276,114)	(60,374)
	<hr/>	<hr/>
Loss for the year	(1,090,294)	(15,660,732)
	<hr/>	<hr/>
(Loss)/profit for the year attributable to:		
Owners of the Company	(1,396,834)	(15,841,960)
Non-controlling interests	306,540	181,228
	<hr/>	<hr/>
	(1,090,294)	(15,660,732)
	<hr/>	<hr/>
	<i>RMB</i>	<i>RMB</i>
Loss per share		
Basic and diluted loss per share	(0.23)	(3.19)
	<hr/>	<hr/>

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(1,090,294)	(15,660,732)
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value on equity instruments at fair value through other comprehensive income	(101,462)	—
Exchange differences on translation from functional currency to presentation currency	1,811,564	485,374
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	690,371	(100,692)
Share of other comprehensive income of associates, net of related income tax	4	514
Other comprehensive income for the year	2,400,477	385,196
Total comprehensive income/(loss) for the year	1,310,183	(15,275,536)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	1,032,123	(15,456,764)
Non-controlling interests	278,060	181,228
	1,310,183	(15,275,536)

Consolidated Statement of Financial Position

	As of December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Property and equipment	14,988,598	8,875,146
Right-of-use assets	17,454,348	14,699,396
Investment properties	92,291	—
Goodwill	6,849,216	1,499,142
Other intangible assets	4,434,626	2,458,116
Interests in associates	280,282	140,445
Interests in joint ventures	17,645	15,266
Financial assets at fair value through profit or loss	1,636,474	1,527,296
Equity instruments at fair value through other comprehensive income	834,224	—
Deferred tax assets	150,455	87,788
Prepayments, other receivables and other assets	2,354,955	2,091,606
	<hr/>	<hr/>
Total non-current assets	49,093,114	31,394,201
Current assets		
Inventories	647,445	683,168
Trade receivables	14,935,066	12,164,028
Contract assets	301,359	113,685
Prepayments, other receivables and other assets	6,054,860	3,519,000
Financial assets at fair value through profit or loss	1,271,454	2,577,978
Term deposits	12,660,868	8,412,913
Restricted cash	237,753	7,316
Cash and cash equivalents	21,495,352	17,922,779
	<hr/>	<hr/>
Total current assets	57,604,157	45,400,867
	<hr/>	<hr/>
Total assets	106,697,271	76,795,068

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,039	971
Treasury shares	(70)	(74)
Reserves	72,890,641	62,298,093
Accumulated losses	<u>(26,310,910)</u>	<u>(24,360,894)</u>
Equity attributable to owners of the Company	46,580,700	37,938,096
Non-controlling interests	<u>6,627,861</u>	<u>2,451,037</u>
Total equity	<u>53,208,561</u>	<u>40,389,133</u>
Liabilities		
Non-current liabilities		
Borrowings	5,108,162	—
Lease liabilities	10,502,864	9,409,162
Equity instruments with preference rights	—	631,014
Deferred tax liabilities	1,596,883	720,178
Other non-current liabilities	<u>2,034,574</u>	<u>1,100,000</u>
Total non-current liabilities	<u>19,242,483</u>	<u>11,860,354</u>
Current liabilities		
Trade payables	9,099,869	6,772,692
Contract liabilities	192,788	125,638
Accrued expenses and other payables	16,091,369	11,044,538
Advances from customers	222,242	723,009
Borrowings	1,300,602	—
Lease liabilities	6,862,661	5,763,509
Derivative financial instruments	30,064	—
Payables to interest holders of consolidated investment funds	41,164	46,145
Tax liabilities	<u>405,468</u>	<u>70,050</u>
Total current liabilities	<u>34,246,227</u>	<u>24,545,581</u>
Total liabilities	<u>53,488,710</u>	<u>36,405,935</u>
Total equity and liabilities	<u>106,697,271</u>	<u>76,795,068</u>

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	13,314,224	6,207,337
Net cash used in investing activities	(13,107,418)	(11,122,435)
Net cash generated from financing activities	1,480,998	16,596,681
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,687,804	11,681,583
Cash and cash equivalents at the beginning of the year	17,922,779	6,346,869
Effects of foreign exchange rate changes on cash and cash equivalents	1,884,769	(105,673)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>21,495,352</u>	<u>17,922,779</u>

Notes to the Financial Information

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. The Group’s principal operations and geographic markets are in the People’s Republic of China.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of United States dollars (“**USD**”). All values are rounded to the nearest thousand (’000) except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”). The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Application of amendments to IFRSs

In the current year, 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 January 1, 2022 for the preparation of the consolidated financial statements:

Amendments	Content
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018–2020

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

Revenue

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

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Type of customer:		
Integrated supply chain customers	77,435,959	71,054,463
Other customers	59,966,049	33,638,939
Total	<u>137,402,008</u>	<u>104,693,402</u>
Timing of revenue recognition:		
Overtime	130,562,130	99,339,541
A point in time	6,839,878	5,353,861
Total	<u>137,402,008</u>	<u>104,693,402</u>

Income tax expense

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	236,977	102,157
Deferred tax	39,137	(41,783)
Total	<u>276,114</u>	<u>60,374</u>

Loss before income tax

Loss before income tax has been arrived at after charging:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses	50,826,522	41,174,106
Outsourcing cost	51,554,840	40,355,956
Depreciation of right-of-use assets	6,466,117	5,450,796
Depreciation of property and equipment	3,064,485	1,968,647
Amortization of other intangible assets	485,703	375,097
Auditors' remuneration		
— Audit and audit-related services	22,210	13,097
— Non-audit services	2,694	1,230

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:

	Year ended December 31,	
	2022	2021
Numerator:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	<u>(1,396,834)</u>	<u>(15,841,960)</u>
Denominator:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>6,003,731,526</u>	<u>4,963,487,733</u>
Basic and diluted loss per share attributable to owners of the Company (RMB per share)	<u>(0.23)</u>	<u>(3.19)</u>

For the year ended December 31, 2022, the potential dilutive ordinary shares and the impact of subsidiaries' diluted earnings were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2022 was the same as basic loss per share (2021: diluted loss per share was the same as basic loss per share).

Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended December 31, 2022, nor has any dividend been proposed since the end of the reporting period (2021: none).

Trade receivables

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Trade receivables from third parties	11,231,500	7,334,970
Trade receivables from related parties	4,221,342	5,145,307
Less: allowance for credit losses	(517,776)	(316,249)
	<u>14,935,066</u>	<u>12,164,028</u>

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

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

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Within 3 months	14,838,678	12,040,147
3 to 6 months	239,433	220,533
6 to 12 months	131,484	109,657
Over 12 months	243,247	109,940
	<u>15,452,842</u>	<u>12,480,277</u>
Less: allowance for credit losses	(517,776)	(316,249)
	<u>14,935,066</u>	<u>12,164,028</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 were with a maturity period of less than one year.

As of December 31, 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB776,541,000 (2021: RMB434,229,000), which are past due but not credit-impaired as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group did not hold any collateral over these balances.

Trade payables

	As of December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	9,049,161	6,293,923
Trade payables under supplier financing arrangements ⁽¹⁾	50,708	478,769
	<u>9,099,869</u>	<u>6,772,692</u>

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

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

	As of December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	8,403,131	6,419,263
3 to 6 months	367,572	226,395
6 to 12 months	153,678	57,111
Over 12 months	175,488	69,923
	<u>9,099,869</u>	<u>6,772,692</u>

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the “**Shareholders**”). During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules.

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

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, 2022.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect to the Group’s consolidated results for the year ended December 31, 2022 as set out in this announcement have been agreed by the Company’s independent auditor, Messrs. Deloitte Touche Tohmatsu (the “**Auditor**”), to the amounts set out in the audited consolidated financial statements of the Group for the year ended December 31, 2022 as approved by the Board of Directors on March 9, 2023. 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 this announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

OTHER BOARD COMMITTEES

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

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

Placing of Shares

On March 25, 2022, the Company entered into a placing agreement with Goldman Sachs (Asia) L.L.C., Merrill Lynch (Asia Pacific) Limited, Haitong International Securities Company Limited and UBS AG Hong Kong Branch (the “**Placing Agents**”), pursuant to which the Company has agreed to appoint the Placing Agents, and the Placing Agents, each on a several but not joint nor joint and several basis, agreed to act as placing agents for the purpose of procuring on a best effort basis, as agents of the Company, purchasers to purchase 150,500,000 placing shares at the placing price of HKD20.71 for each placing share. Completion of the Placing took place on April 1, 2022. For further details, please refer to the Company's announcements dated March 25, 2022 and April 1, 2022.

Subscription Agreement

On March 25, 2022, the Company and Jingdong Technology Group Corporation entered into a subscription agreement, pursuant to which Jingdong Technology Group Corporation has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue subscription shares at the subscription price of HKD20.71 (equivalent to approximately USD2.65) for each subscription share. Completion of the Subscription took place on May 26, 2022. For further details, please refer to the Company's announcements dated March 25, 2022 and May 26, 2022 and the circular of the Company dated April 25, 2022.

Save as disclosed in this announcement, during the year ended December 31, 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other securities of the Company 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, 2022.

USE OF PROCEEDS

Net Proceeds from the Global Offering

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 May 17, 2021 (the “**Prospectus**”)) were approximately RMB22,945 million after deducting underwriting commissions and offering expenses paid or payable. There has been no change in the intended use of the net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2022.

Purpose	Percentage of net proceeds	Net proceeds (RMB million)	Unutilized	Utilized	Unutilized	Expected timeline of full utilization
			amount as of January 1, 2022 (RMB million)	amount for the year ended December 31, 2022 (RMB million)	amount as of December 31, 2022 (RMB million)	
Upgrading and expansion of our logistics networks	55%	12,620	7,860	3,350	4,510	12 to 36 months from the Listing
Developing advanced technologies to be used in our supply chain solutions and logistics services	20%	4,589	3,758	704	3,054	12 to 36 months from the Listing
Expanding the breadth and depth of our solutions, as well as for penetrating existing customers and attracting potential customers	15%	3,442	2,729	814	1,915	12 to 36 months from the Listing
General corporate purposes and working capital needs	10%	2,294	1,096	315	781	12 to 36 months from the Listing
Total	100%	22,945	15,443	5,183	10,260	

Net Proceeds from the Placing and the Subscription

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

The following table sets forth a summary of the utilization of the net proceeds from the Placing and the Subscription as of December 31, 2022.

Purpose	Percentage of net proceeds	Net proceeds (RMB million)	Utilized amount for the year ended December 31, 2022 (RMB million)	Unutilized amount as of December 31, 2022 (RMB million)	Expected timeline of full utilization
Improving our logistics network and solutions, both organically and/or by acquisitions	85%	5,885	5,885	—	12 to 24 months from the closing date of the Subscription
General corporate purposes and working capital needs	15%	1,039	—	1,039	12 to 24 months from the closing date of the Subscription
Total	100%	6,924	5,885	1,039	

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at ir.jdl.com. The annual report of the Company for the year ended December 31, 2022 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, March 9, 2023

As at the date of this announcement, the Board comprises Mr. Yui Yu as executive Director, Mr. Richard Qiangdong Liu as non-executive Director, and Ms. Nora Gu Yi Wu, Mr. Liming Wang, Dr. Xiande Zhao, Mr. Yang Zhang and Ms. Jennifer Ngar-Wing Yu as independent non-executive Directors.