

JDH 京东健康

JD Health International Inc.

京东健康股份有限公司

(於開曼群島註冊成立的有限公司) (A company incorporated in the Cayman Islands with limited liability)

股份代號：6618 (港幣櫃台) 及 86618 (人民幣櫃台)

Stock Codes: 6618 (HKD counter) and 86618 (RMB counter)

 **2023**
中期報告
Interim Report



CONTENTS

2	Corporate Information
4	Management Discussion and Analysis
15	Other Information
27	Report on Review of Condensed Consolidated Financial Statements
28	Condensed Consolidated Statement of Profit or Loss
29	Condensed Consolidated Statement of Comprehensive Income/(Loss)
30	Condensed Consolidated Statement of Financial Position
32	Condensed Consolidated Statement of Changes in Equity
33	Condensed Consolidated Statement of Cash Flows
34	Notes to the Condensed Consolidated Financial Statements
57	Definitions

CORPORATE INFORMATION

Board of Directors

Executive Director

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

Non-Executive Directors

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

Qingqing Yi

Independent Non-Executive Directors

Xingyao Chen (陳興堯)

Ling Li (李玲)

Jiyu Zhang (張吉豫)

Ying Wu (吳鷹)

Audit Committee

Xingyao Chen (陳興堯) (*Chairperson*)

Jiyu Zhang (張吉豫)

Ling Li (李玲)

Remuneration Committee

Ling Li (李玲) (*Chairperson*)

Enlin Jin (金恩林)

Ying Wu (吳鷹)

Nomination Committee

Richard Qiangdong Liu (劉強東) (*Chairperson*)

Jiyu Zhang (張吉豫)

Ying Wu (吳鷹)

Company secretary

Ming King Chiu (趙明璟)

Authorized representatives

Enlin Jin (金恩林)

Ming King Chiu (趙明璟)

Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

Registered office

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Headquarters

Block C, Building 2, Jingdong Headquarters

No. 20 Kechuang 11 Street

Yizhuang Economic and Technological Development Zone

Daxing District

Beijing 101111

People's Republic of China

Principal place of business in Hong Kong

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

Legal advisors

As to Hong Kong law and United States law

Skadden, Arps, Slate, Meagher & Flom and affiliates

As to PRC law

Shihui Partners

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP

Principal share registrar and transfer office

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

Hong Kong share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Principal bankers

Bank of China Limited, Head Office
China Construction Bank Corporation
Standard Chartered Bank (China) Limited

Stock codes

6618 (HKD counter)
86618 (RMB counter)

Company website

<https://ir.jdhealth.com>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

2023 marks the first year of implementation of the guiding principles of the 20th CPC National Congress, and a crucial year for the advancement of China's "14th Five-Year Plan". Internet healthcare is playing an increasingly important role in providing people with quick and easy access to high-quality medication, medical consultations and health management services.

Since the beginning of 2023, the government has introduced a series of supportive policies for the development of internet healthcare industry. Among them, the "Opinions on Further Improving the Medical and Health Service System" (《關於進一步完善醫療衛生服務體系的意見》), issued by the General Office of the CPC Central Committee and the General Office of the State Council, proposed to promote the development of "Internet + Healthcare" and an industrial internet platform for the medical field, with the goal of accelerating the application of information technology across health sectors. In addition, the Catalogue for Guiding Industry Restructuring (2023 edition, draft for comments) (《產業結構調整指導目錄 (2023 年本 · 徵求意見稿) 》), recently issued by the National Development and Reform Commission, encouraged the application of internet technologies and medical big data as well as greater development of the access to psychological consultations and traditional Chinese medicine (TCM). As an industry-leading healthcare service provider, JD Health has actively responded to such policy guidelines and directives, leveraging its advanced technologies to construct an integrated online and offline healthcare service system, and ensuring the orderly implementation and provision of innovative healthcare services.

In the first half of 2023, our business maintained rapid growth with total revenue of RMB27.1 billion, representing a year-over-year growth of 34.0%. We strove to offer our users better-quality, more convenient and more inclusive healthcare services by enriching our product offerings and accelerating our omnichannel and multi-sector initiatives, thereby strengthening user trust and brand recognition. Our annual active user accounts for the 12 months ended June 30, 2023 reached 168.6 million, representing a net addition of 37.3 million from 131.3 million as of June 30, 2022. Leveraging on our innovative technology and digital operation capabilities, we also continued to enhance user experience across online healthcare services with refined service processes. As a result, the average daily online consultation volume exceeded 440,000 in the first half of the year.

Retail pharmacy

Our retail business model integrates direct sales, online marketplace and omnichannel initiatives. During the Reporting Period, we continuously opened up and optimized our retail pharmacy ecosystem, achieving sustainable and shared growth with our partners. In addition, we strengthened our supply chain capacities and maintained competitive pricing while insisting on compliant operations and stringent quality standards. This has enabled us to offer our users better-quality, more affordable pharmaceutical and healthcare products, earning their deepening trust and loyalty.

Management Discussion and Analysis (Continued)

Direct sales

We operate our direct sales business through “JD Pharmacy”, for which we have gradually established a comprehensive supply chain network and continued to expand cooperation with industry-leading pharmaceutical companies and healthcare product suppliers. During the Reporting Period, the direct sales business recorded revenue of RMB23.2 billion, representing a year-over-year increase of 32.5%. Relying on our strong supply chain capabilities, we ensured the timely and safe delivery of medicines and healthcare products while strengthening our competitive edge by continually expanding our fulfilment network, a three-tiered, omnichannel network designed to cover all temperature zones. We captured post-pandemic changes in consumption trends and user habits by tapping deeply into users’ health needs and encouraged cross-selling through precise digital marketing and enriched product supply. During the Reporting Period, our users’ repeat purchase rate and new user retention rate continued to improve, benefitting from our users’ intensified awareness and brand recognition of JD Health.

During the Reporting Period, we also fostered stronger cooperation with numbers of global pharmaceutical companies, striving to make quality pharmaceuticals more accessible through our industry-leading omnichannel retail network. A number of new and specialty drugs debuted on JD Pharmacy, offering patients the cutting-edge medication solutions in the world, including RINVOQ® (upadacitinib) extended-release tablets, AbbVie’s pioneering, targeted therapy drug to treat atopic dermatitis, and Fubangde® (複邦德®) (Ainuovirine, Lamivudine and Tenofovir Disoproxil Fumarate Tablets), a new Class I innovative drug developed by Aidea Pharma. Supported by our industry-leading cold chain fulfillment capabilities, Huadong Medicine’s Liraglutide® (liraglutide biosimilar) also debuted on the platform. In addition, through our self-operated offline DTP (“**Direct to Patient**”) pharmacies, we further expanded our user outreach while becoming an important partner for a wide array of innovative pharmaceutical companies to develop their omnichannel business.

Furthermore, we empowered our partners with optimized digital marketing strategies covering the entire lifecycles of their products, enabling them to improve marketing efficiency while reducing marketing costs. On the back of JD Health’s comprehensive business model, we continued to expand cooperation with Abbott, OMRON and other brands, jointly establishing a digital chronic disease management system and providing closed-loop online health management solutions for diabetes patients with upgraded products and user experiences. We also remained focused on enhancing our refined omnichannel operation capabilities by exploring in-hospital channels for medical devices and carrying out in-depth cooperation with SHINVA across network expansion, product customization and digital marketing, among other aspects. In terms of nutrition and health supplements, we offered a variety of precise and professional nutrition solutions provided by dietitians, pharmacists, and newborn care consultants who practice on our platform. We also broadened our product offering by cooperating with pharmaceutical companies to address the diverse health needs of users while assisting partners in exploring growth opportunities. During the Reporting Period, we joined hands with Sanofi’s probiotic brand Enterogermina and successfully launched three new probiotic products online.

Management Discussion and Analysis (Continued)

Online marketplace and omnichannel initiative

To drive our online marketplace's sustainable growth and success, we continued to improve user experience on our platform by leveraging the synergic operations between our online marketplace and direct sales business. By providing an upgraded digital operation system and enabling broader customer reach, we have attracted more third-party merchants to come on board, further enriching our platform's product offering. As of June 30, 2023, there were more than 36,000 third-party merchants on our online marketplace platform. During the "618" Grand Promotion this year, we introduced a series of supportive policies for merchants and brands, including coordinated marketing and promotional campaigns, traffic supports and brand marketing solutions. These efforts resulted in a record high in both the total number of merchants and the total number of products participating in the promotion, while also propelling increases in brands' sales, with more than 7,000 brands' sales doubling during the promotion.

To further accelerate our omnichannel initiative, we also focused on the on-demand retail service experience and fully completed our operational integration with the "JD Daojia" (京東到家) platform for pharmaceutical and health product categories during the Reporting Period. Our on-demand retail business operated through direct sales offline pharmacies and online marketplace business model, creating competitive advantages through a wide selection of quality product offerings and superior customer experience. Furthermore, we launched a series of traffic supports and precision marketing solutions to enhance merchants' operation efficiency, attracting additional merchants and better retaining those who already operate on our platform. As of June 30, 2023, our omnichannel network has covered more than 400 cities across the country, providing on-demand retail services for our users with access to more than 1,200 chain store brands and 100,000 merchants, of which more than 60% are located in lower-tier cities.

Healthcare services

We are firmly committed to upgrading our online healthcare service experience and providing users with greater access to quality healthcare services. During the Reporting Period, we continued to explore innovative medical service models in the field of specialized diseases, aiming to provide users with an easy access point to closed-loop online medical services. We also upgraded our family doctor services and offered personalized and continuous health management services throughout users' lifecycles, while further strengthening our collaboration with offline medical institutions and service providers to improve accessibility of quality healthcare services.

Integrated online and offline medical services

To deliver more efficient, professional and reliable online medical services to our users, we have consistently enhanced the service capabilities of JD Health Online Hospital (京東健康互聯網醫院). As of June 30, 2023, the average daily consultation volume of our online hospital exceeded 440,000. During the Reporting Period, leveraging our online medical resources and digital technology, we established one of the first online medical centers specializing in dermatology in China to provide closed-loop medical services to our users, meeting their long-term disease management needs in the most convenient way. Thus far, our online hospital has attracted more than 40 renowned dermatology specialists who have opened "virtual clinics" online under their personal brands, and has engaged nearly 3,000 dermatologists from Class 3-A hospitals. Furthermore, designed to offer professional and convenient counseling services to users, our newly-launched psychological service center has attracted more than 1,000 therapists and 6,000 psychiatrists to join the platform to provide a variety of services including psychological health screening, counseling and diagnosis. Empowered by JD Health's digital technologies, it also enables precise matching while ensuring user privacy and security at the same time.

Management Discussion and Analysis (Continued)

We also upgraded our JD family doctor service offering during the Reporting Period and introduced the “year-round caring for elderly” service (老人全年照護服務), aiming to improve our elderly users’ health conditions and overall well-being through continuous health status tracking and proactive care provided by their dedicated family doctors. 99% of users have given us positive feedback since we launched the service. Among our other consumer healthcare services, we further improved the physical examination service experience and upgraded our “all-access card” benefits by offering users access to a broader variety of online and offline health management services.

Furthermore, “Suyu Community Hospital”, a primary medical institution we jointly built with the Suyu District government of Suqian City and the Suyu District Health Bureau, officially opened during the Reporting Period, while the JD Health Examination Center Suqian Store also officially commenced operation. Taken together, these initiatives will provide a high-quality, efficient and convenient medical service experience for residents in Suqian through our industry leading “online + offline” service network and medical resources.

Smart healthcare solutions and digital health

We have implemented our smart healthcare solutions in numerous medical institutions to facilitate their efficiency improvement and elevate patients’ medical experience. During the Reporting Period, we jointly built a regional medical service platform with the Civil Administration and Health Bureau of Xinwu District, Wuxi City, to provide one-stop services such as online follow-up visits, digital prescription, and prescription delivery for local residents through the integration of various offline medical resources within the district. Following the successful trail in Haidian District of Beijing, we have implemented the AI-based prescription vetting system in 16 community service centers during the Reporting Period, facilitating the standardizing of prescription review for more community hospitals to ensure medication safety while improving diagnostic efficiency.

We also forged a new cooperation with HUAWEI during the Reporting Period to provide users with medical examination report interpretation services through its new smart watch, HUAWEI WATCH 4. The service, which is provided by doctors from JD Health Online Hospital, is available online 24/7 with a 60-second average response time and offers detailed interpretation of mini-medical reports within 30 minutes. Beyond that, our doctors will also provide personalized services such as health consultation, life health guidance, and online diagnosis and treatment based on users’ specific situations.

Public welfare and corporate social responsibility

As a healthcare service enterprise that centers on users’ health in everything we do, we have always actively fulfilled our social responsibilities and strongly supported the high-quality development of the healthcare industry.

We continued to carry out public welfare activities and provide assistance to people in need, making quality healthcare resources more accessible and safeguarding people’s health and well-being. We have launched multiple healthcare initiatives with the China Social Assistance Foundation and worked with brand partners to donate healthcare materials, including vitamins, HPV self-test kits, fingertip oximeters and more, to women and children living in rural areas. During the Reporting Period, we have collaborated with 45 caring partners and carried out 25 medical and health public welfare activities with joint donation of more than RMB20 million.

Management Discussion and Analysis (Continued)

Prospects

As an industry-leading, innovative healthcare service provider, we will forge ahead by further opening our ecosystem, continually strengthening our supply chain capabilities for pharmaceutical and healthcare products and improving our healthcare services capabilities to provide users with accessible, convenient and affordable healthcare products and services. With respect to the retail pharmacy business, we believe this market demonstrates significant growth potential as users develop healthier consumption habits. We will continue to develop our capabilities in this field, unlocking the value embedded in our “direct sales + online marketplace + omnichannel initiative” ecosystem. To that end, we will join hands with brands and business partners to increase the accessibility of drugs and healthcare products, focusing on user experience improvements in our on-demand retail service while also employing a strategy targeting lower-tier markets. In terms of healthcare services, we will fulfill users’ diverse healthcare needs by building a closed service loop in the field of specialized diseases and exploring opportunities for online healthcare service solutions across different usage scenarios. Meanwhile, we will deepen our cooperation with doctors, medical institutions, government departments and other industry participants, providing them with digital and intelligent solutions, in an effort to promote the development of integrated online and offline healthcare services. In addition, we will utilize our healthcare-specific large language model to upgrade our AI-based medical services and solutions, empowering ecosystem partners to better and more efficiently serve users through our open platform and technology innovation.

Going forward, JD Health will remain committed to its business philosophy of “trust-based value creation, centered on customers’ health”, better fulfilling our customers’ evolving healthcare needs while expanding cooperation with our ecosystem partners to pursue shared growth across the health and wellness industry.

Financial review

Revenue

Our revenue increased by 34.0% from RMB20.2 billion for the six months ended June 30, 2022 to RMB27.1 billion for the six months ended June 30, 2023. The increase in our total revenue was primarily due to an increase by 32.5% in products revenue from sales of pharmaceutical and healthcare products from RMB17.5 billion for the six months ended June 30, 2022 to RMB23.2 billion for the six months ended June 30, 2023. Such growth on products revenue was primarily driven by an increase in the number of active user accounts and additional purchases from user accounts, the increasing online penetration of pharmaceutical and healthcare products sales, and the enrichment in product offering.

Service revenue from online marketplace, digital marketing and other services increased by 43.7% from RMB2.7 billion for the six months ended June 30, 2022 to RMB3.9 billion for the six months ended June 30, 2023. The increase in our service revenue was primarily due to (i) an increase in digital marketing service fees primarily attributable to an increase in the number of advertisers on our platform, in line with the continuous growth of transactions in our platform, and (ii) an increase in commission fees primarily attributable to an increase in the sales volume of third-party merchants on our online marketplace.

Cost of revenue

Our cost of revenue increased by 32.2% from RMB15.8 billion for the six months ended June 30, 2022 to RMB20.9 billion for the six months ended June 30, 2023. The increase was primarily due to an increase in the sales volume of our pharmaceutical and healthcare products through JD Pharmacy, which was in line with the growth of our retail pharmacy and healthcare business.

Gross profit and gross profit margin

As a result of the foregoing, we recorded a gross profit of RMB4.4 billion for the six months ended June 30, 2022, representing a gross profit margin of 21.8%, and a gross profit of RMB6.2 billion for the six months ended June 30, 2023, representing a gross profit margin of 22.9%. The increase in the gross profit margin was primarily due to a change in the product mix.

Fulfillment expenses

Our fulfillment expenses increased by 31.9% from RMB1.9 billion for the six months ended June 30, 2022 to RMB2.6 billion for the six months ended June 30, 2023. The increase was primarily due to (i) an increase in expenses of logistics and warehousing services as a result of an increase in the usage of logistics services along with more products sales and warehousing services as more warehouses were utilized, (ii) an increase in expenses of payment service, and (iii) an increase in other fulfillment expenses, including employee benefit expenses and customer service expenses, all of which were in line with the continued growth of our business. Fulfillment expenses as a percentage of revenue decreased from 9.6% for the six months ended June 30, 2022 to 9.5% for the six months ended June 30, 2023.

Management Discussion and Analysis (Continued)

Selling and marketing expenses

Our selling and marketing expenses increased by 28.0% from RMB0.9 billion for the six months ended June 30, 2022 to RMB1.2 billion for the six months ended June 30, 2023. The increase was primarily due to (i) an increase in expenses of technology and traffic support services provided by JD Group, and (ii) an increase in expenses of promotion and advertising. Selling and marketing expenses as a percentage of revenue decreased from 4.6% for the six months ended June 30, 2022 to 4.4% for the six months ended June 30, 2023.

Research and development expenses

Our research and development expenses increased by 26.7% from RMB486.8 million for the six months ended June 30, 2022 to RMB616.9 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) an increase in expenses of technology and traffic support services provided by JD Group, and (ii) an increase in employee benefit expenses for employees involved in research and development activities. Research and development expenses as a percentage of revenue decreased from 2.4% for the six months ended June 30, 2022 to 2.3% for the six months ended June 30, 2023.

General and administrative expenses

Our general and administrative expenses decreased by 11.1% from RMB986.2 million for the six months ended June 30, 2022 to RMB876.8 million for the six months ended June 30, 2023, primarily attributable to a decrease of share-based payment expenses. General and administrative expenses as a percentage of revenue decreased from 4.9% for the six months ended June 30, 2022 to 3.2% for the six months ended June 30, 2023.

Finance income

Our finance income increased by 324.4% from RMB220.6 million for the six months ended June 30, 2022 to RMB936.5 million for the six months ended June 30, 2023, primarily due to an increase of interest earnings from bank balances, term deposits and wealth management products at amortized cost under other assets.

Income tax expense

Our income tax expense increased by 74.4% from RMB154.4 million for the six months ended June 30, 2022 to RMB269.2 million for the six months ended June 30, 2023, primarily due to the increase of taxable income, partially offset by the impacts of deferred income tax.

Profit for the period

As a result of the foregoing, we incurred a profit of RMB223.0 million for the six months ended June 30, 2022 and a profit of RMB1,562.0 million for the six months ended June 30, 2023.

Management Discussion and Analysis (Continued)

Non-IFRS Measures

To supplement our condensed consolidated financial statements, which are presented in accordance with the IFRSs, we also use non-IFRS profit as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe non-IFRS profit facilitates comparisons of operating performance from period to period and 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 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 profit may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS profit has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

The following table reconciles the most directly comparable financial measure, which is profit for the period, calculated and presented in accordance with IFRSs, to the non-IFRS profit for the six months ended June 30, 2023 and 2022:

	For the six months ended June 30,	
	2023 RMB'000	2022 RMB'000
Reconciliation of profit to non-IFRS profit:		
Profit for the period	1,561,992	222,958
Add:		
Share-based payment expenses	802,223	980,280
— <i>Fulfillment expenses</i>	58,468	67,963
— <i>Selling and marketing expenses</i>	19,410	23,398
— <i>Research and development expenses</i>	49,285	51,124
— <i>General and administrative expenses</i>	675,060	837,795
Fair value changes for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") except for wealth management products ⁽¹⁾	56,272	10,807
Tax effects on non-IFRS adjustments	15,173	(3,392)
Non-IFRS profit for the period	2,435,660	1,210,653

(1) Represents gains or losses from fair value changes on equity investments and derivatives measured at fair value. Multiple valuation techniques and key inputs are used to determine the fair values of these investments.

Management Discussion and Analysis (Continued)

Liquidity and capital resources

For the six months ended June 30, 2023, we funded our cash requirements primarily from cash generated from operating activities. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB11.9 billion and RMB18.7 billion as of June 30, 2023 and December 31, 2022, respectively.

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

	For the six months ended June 30,	
	2023 RMB'000	2022 RMB'000
Net cash generated from operating activities	368,079	2,256,115
Net cash used in investing activities	(7,240,181)	(2,810,535)
Net cash used in financing activities	(18,521)	(631,511)
Net decrease in cash and cash equivalents	(6,890,623)	(1,185,931)
Cash and cash equivalents at the beginning of the period	18,717,724	17,252,295
Effects of foreign exchange rate changes on cash and cash equivalents	68,665	601,664
Cash and cash equivalents at the end of the period	11,895,766	16,668,028

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 (following full exercise of the Over-allotment Option as defined in the Prospectus).

Net cash generated from operating activities

For the six months ended June 30, 2023, net cash generated from operating activities was RMB0.4 billion, which was primarily attributable to the profit for the period of RMB1.6 billion, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payment expenses of RMB0.8 billion and certain other items of RMB0.7 billion in aggregate, offset by finance income of RMB0.9 billion, and (ii) changes in working capital, which primarily resulted from a decrease in certain current assets of RMB2.0 billion, offset by a decrease in certain current liabilities of RMB3.9 billion.

For the six months ended June 30, 2022, net cash generated from operating activities was RMB2.3 billion, which was primarily attributable to the profit for the period of RMB0.2 billion, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payment expenses of RMB1.0 billion, and (ii) changes in working capital, which primarily resulted from an increase in trade payables of RMB1.6 billion, partially offset by an increase in trade and note receivables of RMB0.5 billion.

Management Discussion and Analysis (Continued)

Net cash used in investing activities

For the six months ended June 30, 2023, net cash used in investing activities was RMB7.2 billion, which was primarily attributable to the placement of term deposits of RMB11.8 billion, the purchase of financial assets at FVTPL of RMB3.8 billion and financial assets at amortized cost of RMB0.7 billion, partially offset by the maturity of term deposits of RMB8.1 billion and financial assets at FVTPL of RMB1.0 billion.

For the six months ended June 30, 2022, net cash used in investing activities was RMB2.8 billion, which was primarily attributable to the placement of term deposits of RMB3.9 billion and the purchase of financial assets at FVTPL of RMB3.6 billion, partially offset by the maturity of term deposits of RMB4.0 billion and financial assets at FVTPL of RMB0.7 billion.

Net cash used in financing activities

For the six months ended June 30, 2023, net cash used in financing activities was RMB18.5 million, which was primarily attributable to the principal portion of lease payments of RMB9.4 million.

For the six months ended June 30, 2022, net cash used in financing activities was RMB631.5 million, which was primarily attributable to the repurchase of shares of RMB607.8 million and the principal portion of lease payments of RMB19.1 million.

Gearing ratio

As of June 30, 2023, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

Significant investments held

We did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2023) during the six months ended June 30, 2023.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

Save as disclosed in this report, we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the six months ended June 30, 2023.

Future plans for material investments and capital assets

As of June 30, 2023, we did not have other plans for material investments and capital assets.

Management Discussion and Analysis (Continued)

Employees and remuneration policy

The following table sets forth the numbers of employees dedicated to our business and operations categorized by function as of June 30, 2023.

Function	Number of employees	% of total
Procurement	1,911	69.4
Sales and marketing	222	8.1
Research and development	514	18.7
General and administrative	104	3.8
	2,751	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 employee benefit expenses, including share-based payment expenses, for the six months ended June 30, 2023 were RMB1.3 billion, as compared to RMB1.5 billion for the six months ended June 30, 2022.

Foreign exchange risk

The functional currency of our entities incorporated in the Cayman Islands, British Virgin Islands and Hong Kong is USD. Our PRC subsidiaries and consolidated affiliated entities determined their functional currency to be RMB. 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, 2023, 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, 2023, we did not have any pledged assets.

Contingent liabilities

As of June 30, 2023, we did not have any material contingent liabilities or guarantees.

Borrowings

As of June 30, 2023, we had no outstanding borrowings.

OTHER INFORMATION

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

As of June 30, 2023, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the Company

Name of Director	Nature of interest	Number of Shares	% of holding ⁽⁸⁾
Enlin Jin (金恩林)	Beneficial owner ⁽¹⁾	506,699 ^(L)	0.02
Richard Qiangdong Liu (劉強東)	Interest in a controlled corporation ⁽²⁾ ; Beneficial owner ⁽³⁾	2,184,655,829 ^(L)	68.70
Xingyao Chen (陳興堯)	Beneficial owner ⁽⁴⁾	6,330 ^(L)	0.00
Ling Li (李玲)	Beneficial owner ⁽⁵⁾	6,330 ^(L)	0.00
Jiyu Zhang (張吉豫)	Beneficial owner ⁽⁶⁾	6,641 ^(L)	0.00
Ying Wu (吳鷹)	Beneficial owner ⁽⁷⁾	18,383 ^(L)	0.00

Notes:

- (1) Includes Mr. Enlin Jin (金恩林)'s entitlement to receive up to 161,333 Shares pursuant to the exercise of options granted to him under the pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options; and up to 116,668 Shares pursuant to the vesting of the Award Shares granted to him under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those Award Shares.
- (2) JD Jiankang, which holds 2,149,253,732 Shares, is wholly-owned by JD.com. As of June 30, 2023, Mr. Richard Qiangdong Liu (劉強東) is interested in approximately 73.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (3) Includes Mr. Richard Qiangdong Liu (劉強東)'s entitlement to receive up to 35,361,678 Shares pursuant to the exercise of options granted to him under the Pre-IPO ESOP, subject to the conditions (including vesting conditions) of those options.
- (4) Includes Mr. Xingyao Chen (陳興堯)'s entitlement to receive up to 2,697 Shares pursuant to the vesting of the Award Shares granted to him under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those Award Shares.
- (5) Includes Ms. Ling Li (李玲)'s entitlement to receive up to 2,697 Shares pursuant to the vesting of the Award Shares granted to her under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those Award Shares.
- (6) Includes Dr. Jiyu Zhang (張吉豫)'s entitlement to receive up to 2,697 Shares pursuant to the vesting of the Award Shares granted to her under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those Award Shares.
- (7) Includes Mr. Ying Wu (吳鷹)'s entitlement to receive up to 13,646 Shares pursuant to the vesting of the Award Shares granted to her under the Post-IPO Share Award Scheme, subject to the conditions (including vesting conditions) of those Award Shares.
- (8) The percentages are calculated on the basis of 3,179,915,111 Shares in issue as of June 30, 2023.
- (9) (L) denotes a long position in the Shares.

Other Information (Continued)

(ii) Interests in the underlying shares of associated corporations of the Company

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

Except as specifically noted, the following table sets forth the directors’ or chief executives’ beneficial ownership of JD.com’s Class A ordinary shares and Class B ordinary shares as of June 30, 2023.

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

	Ordinary Shares Beneficially Owned*				
	Class A ordinary shares	Class B ordinary shares	Total ordinary shares	% of beneficial ownership	% of aggregate voting power ^{#(4)}
Director and executive officer					
Richard Qiangdong Liu (劉強東)	34,774,550 ⁽¹⁾	368,007,423 ⁽¹⁾	402,781,973 ⁽¹⁾	12.7 ⁽¹⁾	73.9 ⁽²⁾⁽³⁾

Notes:

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

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

Other Information (Continued)

- (1) Represents (i) 11,487,275 ADSs (each representing two Class A ordinary shares), representing 22,974,550 Class A ordinary shares, held by Max Smart Limited, (ii) 11,800,000 Class A ordinary shares that Mr. Richard Qiangdong Liu (劉強東) had the right to acquire upon exercise of options that shall have become vested within 60 days after June 30, 2023 and (iii) 368,007,423 Class B ordinary shares held by Max Smart Limited. Max Smart Limited is a British Virgin Islands company beneficially owned by Mr. Richard Qiangdong Liu through a trust and of which Mr. Richard Qiangdong Liu is the sole director. The ordinary shares beneficially owned by Mr. Richard Qiangdong Liu do not include 17,967,186 Class B ordinary shares held by Fortune Rising Holdings Limited, a British Virgin Islands company, as described in note (2) below.
- (2) The aggregate voting power includes the voting power with respect to the 17,967,186 Class B ordinary shares held by Fortune Rising Holdings Limited. Mr. Richard Qiangdong Liu (劉強東) is the sole shareholder and the sole director of Fortune Rising Holdings Limited and he may be deemed to beneficially own the voting power with respect to all of the ordinary shares held by Fortune Rising Holdings Limited in accordance with the rules and regulations of the U.S. SEC, notwithstanding the facts described in note (3) below.
- (3) Fortune Rising Holdings Limited holds the 17,967,186 Class B ordinary shares for the purpose of transferring such shares to the plan participants under JD.com's share incentive plan, and administers the awards and acts according to JD.com's instruction. Fortune Rising Holdings Limited exercises the voting power with respect to these shares according to JD.com's instruction. Fortune Rising Holdings Limited is a company incorporated in the British Virgin Islands. Mr. Richard Qiangdong Liu (劉強東) is the sole shareholder and the sole director of Fortune Rising Holdings Limited.
- (4) The percentage is calculated on the basis of 3,152,120,733 ordinary shares of JD.com outstanding as of June 30, 2023.

The following table lists out the interests of Directors or chief executives (who are not entitled to the DI Waivers) in JD.com, JD Logistics and CNLP, all of which are Associated Corporations that are also subsidiaries of JD.com (i.e. fellow subsidiaries), as of June 30, 2023:

Name of Director	Associated Corporation	Nature of interest	Number of shares	% of interest in underlying shares of Associated Corporation
Enlin Jin (金恩林)	JD.com	Beneficial owner ⁽¹⁾	2,502 ^(L)	0.00
Enlin Jin (金恩林)	JD Logistics	Beneficial owner	28,000 ^(L)	0.00
Richard Qiangdong Liu (劉強東)	JD Logistics	Beneficial owner ⁽²⁾ ; Interest in a controlled corporation ⁽³⁾	4,291,457,805 ^(L)	64.98
Richard Qiangdong Liu (劉強東)	CNLP	Interest in controlled corporation ⁽⁴⁾	3,474,283,058 ^(L)	100.00
Ling Li (李玲)	JD.com	Interest of spouse ⁽⁵⁾	49,140 ^(L)	0.00
Ling Li (李玲)	JD Logistics	Interest of spouse ⁽⁶⁾	49,000 ^(L)	0.00

Other Information (Continued)

Notes:

- (1) Includes Mr. Enlin Jin (金恩林)'s entitlement to receive up to 1,330 shares in JD.com pursuant to restricted share units under the share incentive plan of JD.com.
- (2) Includes Mr. Richard Qiangdong Liu (劉強東)'s entitlement to receive up to 66,124,471 shares in JD Logistics pursuant to options under the share incentive plan of JD Logistics.
- (3) Jingdong Technology Group Corporation, which holds 4,192,271,100 shares in JD Logistics, is wholly-owned by JD.com. As of June 30, 2023, Mr. Richard Qiangdong Liu (劉強東) is interested in approximately 73.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (4) These interests comprise of 3,474,283,058 shares of CNLP directly held by JD Property which is owned as to 74.96% by JD.com as of June 30, 2023. As of June 30, 2023, Mr. Richard Qiangdong Liu (劉強東) is interested in approximately 73.9% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings.
- (5) Represents 49,140 shares in JD.com directly held by Mr. Dingbo Xu (許定波). Ms. Ling Li (李玲) is the spouse of Mr. Dingbo Xu, she is deemed to be interested in the shares in JD.com in which Mr. Dingbo Xu is interested.
- (6) Represents 49,000 shares in JD Logistics directly held by Mr. Dingbo Xu (許定波). Ms. Ling Li (李玲) is the spouse of Mr. Dingbo Xu, she is deemed to be interested in the shares in JD Logistics in which Mr. Dingbo Xu is interested.
- (7) (L) denotes a long position in the Shares.

Save as disclosed above, as of June 30, 2023, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

Substantial shareholders' interests and short positions in Shares and underlying shares

As of June 30, 2023, the persons other than the Directors, whose interests have been disclosed in this interim report, had an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares	% of holding ⁽²⁾
JD Jiankang ⁽¹⁾	Beneficial owner	2,149,253,732 ^(L)	67.59
JD.com ⁽¹⁾	Interest in controlled corporation	2,149,253,732 ^(L)	67.59

Notes:

- (1) JD Jiankang is wholly-owned by JD.com. Under the SFO, JD.com is deemed to be interested in and control the 2,149,253,732 Shares held by JD Jiankang.
- (2) The percentages are calculated on the basis of 3,179,915,111 Shares in issue as of June 30, 2023.
- (3) (L) denotes a long position in the Shares.

Save as disclosed herein, as at June 30, 2023, no person, other than the Directors whose interests are set out in this interim report, had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information (Continued)

Share incentive schemes

The Company has three existing share incentive schemes, namely the Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023. The Company has complied and will continue to comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

2,542,276 new Shares, representing approximately 0.08% of the weighted average of issued share capital of the Company, were issued or may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme.

Further details and relevant breakdowns of each of the share incentive schemes are set out below:

1. Pre-IPO ESOP

Summary of the Pre-IPO ESOP is set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

Details of the outstanding options granted under the Pre-IPO ESOP (to be satisfied by existing Shares) are as follows:

Name	Role	Date of grant	Vesting period ⁽¹⁾	Exercise price (per Share)	Outstanding as of January 1, 2023	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2023
Directors									
Enlin Jin (金恩林)	Executive Director and Chief Executive Officer	October 1, 2020	0 to 5.5 years	US\$0.0000005	239,795	78,462	—	—	161,333
Richard Qiangdong Liu (劉強東)	Non-executive Director and chairman of the Board	October 15, 2020	1 to 6 years	US\$0.0000005	35,361,678	—	—	—	35,361,678
Other grantees in aggregate		October 1, 2020	0 to 8.8 years	US\$0.0000005	16,235,472	1,748,430	8,145	1,241,474	13,237,423
					51,836,945	1,826,892	8,145	1,241,474	48,760,434

Note:

- (1) The exercise period of the options granted under the Pre-IPO ESOP shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP and the share option award agreement signed by the grantee.

2. Post-IPO Share Option Scheme

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 312,708,211 Shares, being no more than 10% of the Shares in issue on the Listing Date (the “**Option Scheme Mandate Limit**”) (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the shares to be issued under the Pre-IPO ESOP and grants under the Post-IPO Share Award Scheme). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

No options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and therefore, as of January 1, 2023 and June 30, 2023, the total number of Shares available for grant under the Post-IPO Share Option Scheme was 312,708,211 Shares.

Further details of the Post-IPO Share Option Scheme are set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

3. Post-IPO Share Award Scheme

Maximum number of Award Shares (either to be satisfied by new Shares or existing Shares) available for grant

The aggregate number of Award Shares granted and to be granted under the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 312,708,211 Shares without Shareholders’ approval (the “**Post-IPO Share Award Scheme Limit**”) subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

As of January 1, 2023, 256,955,180 Award Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 2,609,676 Award Shares were granted to eligible participants pursuant to the Post-IPO Share Award Scheme. As of June 30, 2023, 255,656,691 Award Shares were available for grant under the Post-IPO Share Award Scheme.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 312,708,211 Shares, representing 10% of the Company’s issued share capital upon listing (the “**Scheme Mandate**”).

As of January 1, 2023, 294,458,211 new Shares were available for issue under the Scheme Mandate. During the Reporting Period, nil new Shares were issued pursuant to the Post-IPO Share Award Scheme. As of June 30, 2023, 294,458,211 new Shares were available for issue under the Scheme Mandate.

Further details of the Post-IPO Share Award Scheme are set out in the section headed “Statutory and General Information — Share Incentive Plan” of Appendix IV to the Prospectus.

Other Information (Continued)

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme for the six months ended June 30, 2023 (to be satisfied by new Shares) are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested Award Shares as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Unvested Award Shares as of June 30, 2023	Closing price of Shares immediately before the grant during the Reporting Period (HKD)	Fair value of	Weighted
											Award Shares at the date of grant during the Reporting Period and standard policy adopted ⁽¹⁾ (HKD)	average closing price of the Share immediately before the date of vesting during the Reporting Period (HKD)
Employee Participants	January 1, 2021 to April 1, 2023	0.2 to 6 years	Nil	45,137,642 ⁽²⁾	2,542,276 ⁽³⁾	8,475,932	35	1,134,308	38,069,643 ⁽²⁾	58.40 to 71.35	58.40 to 71.35	70.53
				45,137,642	2,542,276	8,475,932	35	1,134,308	38,069,643			

Notes:

- (1) The fair values of the Award Shares granted during the Reporting Period were determined based on the market value of the Shares at the respective grant dates.
- (2) As disclosed in the 2022 Annual Report, the number of unvested Award Shares for Employee Participants and Related Entity Participants as of December 31, 2022 was 44,942,214 and 188,679, respectively. During the Reporting Period, due to administrative reasons, such as change in personnel positions and costs reasons, the scheme administrator has resolved to make administrative adjustments (the “**Administrative Adjustments**”) in relation to the type of Shares to be used to (i) satisfy 103,679 Award Shares with existing Shares (instead of new Shares as originally intended on the date of grant); and (ii) satisfy 110,428 Award Shares with new Shares (instead of existing Shares as originally intended on the date of grant). After the Administrative Adjustments and the movements of Award Shares as stated in the table, the number of unvested Award Shares for Employee Participants as of June 30, 2023 was 38,069,643.

For the avoidance of doubt, (a) such Administrative Adjustments are allowed under the rules of the Post-IPO Share Award Scheme, (b) all the terms and conditions of the grants as stated in the above (i) and (ii) have not been amended, the updates are purely administrative adjustments and only in respect of how the award shall be satisfied, and (c) all the awards subject to the Administrative Adjustments were granted before the effective date of the new Chapter 17 of the Listing Rules (i.e. January 1, 2023) and the Company has complied and will continue to comply with the new Chapter 17 of the Listing Rules to the extent required by the transitional arrangements for the existing share schemes.

- (3) There is no performance target attached to the Award Shares granted during the Reporting Period.

Other Information (Continued)

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by existing Shares) are as follows:

Name	Role	Date of grant	Vesting period	Purchase price	Unvested					Unvested Award Shares as of June 30, 2023	Closing price of Shares immediately before the Reporting Period (HKD)	Fair value of awards at the date of grant during the Reporting Period and the accounting standard adopted ⁽¹⁾ (HKD)	Weighted average closing price of the Share immediately before the date of vesting during the Reporting Period (HKD)
					Award Shares as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period				
Directors													
Enlin Jin (金恩林)	Executive Director and Chief Executive Officer	April 1, 2021 to July 1, 2022	0.8 to 4 years	Nil	165,001	—	48,333	—	—	116,668	N/A	N/A	58.40
Ling Li (李玲)	Independent non-executive Director	July 16, 2021	0.4 to 2.4 years	Nil	2,697	—	—	—	—	2,697	N/A	N/A	N/A
Xingyao Chen (陳興堯)	Independent non-executive Director	July 16, 2021	0.4 to 2.4 years	Nil	2,697	—	—	—	—	2,697	N/A	N/A	N/A
Jiyu Zhang (張吉豫)	Independent non-executive Director	July 16, 2021	0.7 to 2.7 years	Nil	5,394	—	2,697	—	—	2,697	N/A	N/A	60.50
Ying Wu (吳鷹)	Independent non-executive Director	July 1, 2022	0.8 to 2.8 years	Nil	20,469	—	6,823	—	—	13,646	N/A	N/A	57.50
Other grantees in aggregate		April 1, 2021 to April 1, 2023	0.8 to 12.9 years	Nil	911,520 ⁽²⁾	67,400 ⁽³⁾	233,048	—	176,844	569,028 ⁽²⁾	58.40	58.40	58.72
					1,107,778	67,400	290,901	—	176,844	707,433			

Other Information (Continued)

Notes:

- (1) The fair values of the Awards Shares granted during the Reporting Period were determined based on the market value of the Shares at the respective grant dates.
- (2) As disclosed in the 2022 Annual Report, the number of unvested Award Shares for the five highest paid individual during the year ended December 31, 2022 in aggregate and other grantees in aggregate as of December 31, 2022 was 93,174 and 825,095, respectively. During the Reporting Period, due to the Administrative Adjustments as referred to in note (2) in the table on page 22 and the movements of Award Shares as stated in the table, the number of unvested Award Shares for other grantees in aggregate (including the five highest paid individuals during the financial year ended December 31, 2022 as set out in the 2022 Annual Report) as of June 30, 2023 was 569,028.
- (3) There is no performance target attached to the Award Shares granted during the Reporting Period.

Use of net 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) were approximately RMB25.7 billion (the “**Net Proceeds**”) after deducting underwriting commissions and offering expenses, which will be utilized for the purposes as set out in the Prospectus. There has been no change in the intended use of net proceeds and expected time of full utilization as previously disclosed in the Prospectus.

The following table sets forth a summary of the utilization of the Net Proceeds as of June 30, 2023:

Purpose	Net Proceeds (RMB million)	Amount utilized during		Unutilized amount as of June 30, 2023 (RMB million)
		Unutilized amount as of January 1, 2023 (RMB million)	the six months ended June 30, 2023 (RMB million)	
Use for business expansion, including further developing our retail pharmacy business and online healthcare services, enhancing user growth and engagement and promoting brand awareness	10,288	6,454	3,095	3,359
Research and development	7,716	7,716	2	7,714
Potential investments and acquisitions or strategic alliances	5,144	2,911	—	2,911
Working capital needs and general corporate purpose	2,573	648	—	648
	25,721	17,729	3,097	14,632

Purchase, sale or redemption of the Company's listed securities

During the six months ended June 30, 2023, 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.

Compliance with the Corporate Governance Code

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 the Shareholders. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in 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.

Compliance with the Model Code for securities transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the six months ended June 30, 2023.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Xingyao Chen (陳興堯), Dr. Jiyu Zhang (張吉豫) and Ms. Ling Li (李玲), with Mr. Xingyao Chen (陳興堯) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has reviewed this interim report and the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 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 has reviewed the condensed consolidated financial statements of the Group for the six months ended June 30, 2023 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.

Interim dividends

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

Other Information (Continued)

Continuing connected transactions

Pursuant to the technology and traffic support services framework agreement entered into between the Company and JD.com on October 21, 2022 (the “**2023 Technology and Traffic Support Services Framework Agreement**”), the commission fees JD Group shall charge the Group shall be determined by the following formula:

A fixed rate x the value of the fulfilled orders of healthcare products and services generated through JD Group’s online platforms

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

During the Reporting Period, the actual transaction amounts under the 2023 Technology and Traffic Support Services Framework Agreement amounted to approximately RMB1,049 million.

For details, please refer to the announcement of the Company dated October 21, 2022.

Changes in information of Directors and chief executives

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors and chief executives since the last published annual report are set out below:

The annual Directors’ fee of each of Ms. Ling Li, (李玲) Dr. Jiyu Zhang, (張吉豫) Mr. Xingyao Chen (陳興堯) and Mr. Ying Wu (吳鷹) has been revised to RMB338 thousand with effect from May 10, 2023.

Save as disclosed in this interim report, there were no changes in information of the Directors and chief executives that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published annual report.

Important events after reporting date

Save as disclosed in this interim report, there were no other significant events affecting the Company which occurred after June 30, 2023 and up to the date of the Company’s 2023 interim results announcement released on August 16, 2023.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

To the Board of Directors of JD Health International Inc.

(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of JD Health International Inc. (the “**Company**”), its subsidiaries and consolidated affiliated entities (collectively referred to as the “**Group**”) set out on pages 28 to 56, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income/(loss), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 16, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4	27,110,336	20,225,212
Cost of revenue		(20,907,336)	(15,810,653)
Gross profit		6,203,000	4,414,559
Fulfillment expenses		(2,570,542)	(1,948,219)
Selling and marketing expenses		(1,194,914)	(933,296)
Research and development expenses		(616,863)	(486,797)
General and administrative expenses		(876,775)	(986,159)
Other income and gains, net		52,111	161,079
Finance income	5	936,455	220,643
Finance costs		(4,387)	(4,873)
Impairment losses under expected credit loss model, net of reversal		(64,662)	(11,025)
Share of results of associates and joint ventures		(32,197)	(48,566)
Profit before income tax	6	1,831,226	377,346
Income tax expense	7	(269,234)	(154,388)
Profit for the period		1,561,992	222,958
Profit for the period attributable to:			
Owners of the Company		1,561,358	223,552
Non-controlling interests		634	(594)
		1,561,992	222,958
		RMB	RMB
		(Unaudited)	(Unaudited)
Earnings per share			
Basic	8	0.50	0.07
Diluted	8	0.49	0.07

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period	1,561,992	222,958
Other comprehensive income/(loss)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(85,772)	(56,733)
<i>Item that may not be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation from functional currency to presentation currency	1,638,901	1,958,120
Other comprehensive income for the period	1,553,129	1,901,387
Total comprehensive income for the period	3,115,121	2,124,345
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	3,114,487	2,124,939
Non-controlling interests	634	(594)
	3,115,121	2,124,345

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment		90,397	46,643
Right-of-use assets		204,398	205,268
Intangible assets		2,287,504	2,268,011
Investments in associates		3,710	3,179
Investments in joint ventures	9	383,317	415,295
Financial assets at fair value through profit or loss	10	1,191,650	1,204,690
Deferred tax assets		241,018	208,465
Prepayments, other receivables and other assets	11	489,485	478,586
Total non-current assets		4,891,479	4,830,137
Current assets			
Inventories	12	5,136,251	5,996,269
Trade and note receivables	13	371,279	954,958
Prepayments, other receivables and other assets	11	2,467,448	2,496,721
Financial assets at fair value through profit or loss	10	4,020,854	1,003,061
Term deposits		32,552,914	27,245,424
Restricted cash		11,624	33,002
Cash and cash equivalents		11,895,766	18,717,724
Total current assets		56,456,136	56,447,159
Total assets		61,347,615	61,277,296

Condensed Consolidated Statement of Financial Position (Continued)

	Notes	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	14	11	11
Treasury shares	14	(29,021)	(34,297)
Reserves		66,529,732	64,196,597
Accumulated losses		(17,820,705)	(19,382,063)
Equity attributable to owners of the Company		48,680,017	44,780,248
Non-controlling interests		14,107	4,314
Total equity		48,694,124	44,784,562
Liabilities			
Non-current liabilities			
Deferred tax liabilities		7,819	7,819
Lease liabilities		132,615	128,761
Total non-current liabilities		140,434	136,580
Current liabilities			
Trade payables	17	8,341,749	10,526,029
Income tax payables		343,316	380,186
Contract liabilities	4	385,169	1,374,953
Financial liabilities at fair value through profit or loss	18	154,446	108,927
Lease liabilities		84,129	70,649
Accrued expenses and other payables	19	3,204,248	3,895,410
Total current liabilities		12,513,057	16,356,154
Total liabilities		12,653,491	16,492,734
Total equity and liabilities		61,347,615	61,277,296

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company						Sub-total	Non-controlling interests	Total
		Share capital	Treasury shares	Share premium	Contribution reserve	Other reserve ¹	Accumulated losses			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
As of January 1, 2022 (audited)		11	(50,636)	56,241,734	768,023	2,609,100	(19,714,839)	39,853,393	1,190	39,854,583
Profit/(loss) for the period		—	—	—	—	—	223,552	223,552	(594)	222,958
Other comprehensive income for the period		—	—	—	—	1,901,387	—	1,901,387	—	1,901,387
Total comprehensive income/(loss) for the period		—	—	—	—	1,901,387	223,552	2,124,939	(594)	2,124,345
Share-based payment expenses, surplus of tax effects	15	—	—	—	—	983,418	—	983,418	—	983,418
Exercise of share options and vesting of RSUs ²	15	—	6,928	896,778	—	(903,706)	—	—	—	—
Repurchase and cancellation of shares	14	—*	—	(607,835)	—	—	—	(607,835)	—	(607,835)
As of June 30, 2022 (unaudited)		11	(43,708)	56,530,677	768,023	4,590,199	(19,491,287)	42,353,915	596	42,354,511
As of January 1, 2023 (audited)		11	(34,297)	57,062,829	768,023	6,365,745	(19,382,063)	44,780,248	4,314	44,784,562
Profit for the period		—	—	—	—	—	1,561,358	1,561,358	634	1,561,992
Other comprehensive income for the period		—	—	—	—	1,553,129	—	1,553,129	—	1,553,129
Total comprehensive income for the period		—	—	—	—	1,553,129	1,561,358	3,114,487	634	3,115,121
Exercise of share options and vesting of RSUs ²	15	—	5,276	898,746	—	(904,022)	—	—	—	—
Share-based payment expenses, surplus of tax effects	15	—	—	—	—	790,501	—	790,501	—	790,501
Change of the capital from non-controlling interest shareholders		—	—	—	—	(5,219)	—	(5,219)	9,159	3,940
As of June 30, 2023 (unaudited)		11	(29,021)	57,961,575	768,023	7,800,134	(17,820,705)	48,680,017	14,107	48,694,124

* less than RMB1,000.

- Other reserve consists of share-based payment expenses, surplus of tax effects, which are from the deemed contribution of JD.com, Inc. and share awards under the Company's share award schemes, exchange differences on foreign currency translation recognized in other comprehensive income/(loss), change of the capital from non-controlling interest shareholders and statutory reserve required by relevant laws of the People's Republic of China ("the PRC") applicable to the Company's PRC subsidiaries and consolidated affiliated entities.
- RSUs are defined in Note 8.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	248,640	2,273,464
Income tax paid	(350,379)	(109,928)
Interest received	469,818	92,579
Net cash generated from operating activities	368,079	2,256,115
INVESTING ACTIVITIES		
Placement of restricted cash	(11,624)	(14,227)
Withdrawal of restricted cash	33,002	25,351
Placement of term deposits	(11,796,450)	(3,944,440)
Maturity of term deposits	8,081,090	4,030,920
Purchase of financial assets at fair value through profit or loss	(3,806,101)	(3,600,000)
Maturity of financial assets at fair value through profit or loss	1,000,000	715,062
Payments for financial assets at amortized cost	(699,820)	—
Purchases of property and equipment	(39,492)	(21,376)
Payments for right-of-use assets	(786)	(1,825)
Net cash used in investing activities	(7,240,181)	(2,810,535)
FINANCING ACTIVITIES		
Interest paid	(4,387)	(4,625)
Acquisition of partial interest of a subsidiary	(4,780)	—
Principal portion of lease payments	(9,354)	(19,051)
Repurchases of shares	—	(607,835)
Net cash used in financing activities	(18,521)	(631,511)
Net decrease in cash and cash equivalents	(6,890,623)	(1,185,931)
Cash and cash equivalents at the beginning of the period	18,717,724	17,252,295
Effects of foreign exchange rate changes on cash and cash equivalents	68,665	601,664
Cash and cash equivalents at the end of the period	11,895,766	16,668,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

1.1 General information

The Company was incorporated in the Cayman Islands in November 2018 as an exempted company registered under the laws of the Cayman Islands, and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Company acts as an investment holding company, its subsidiaries and consolidated affiliated entities (collectively the “**Group**”), engage in a comprehensive “Internet + Healthcare” ecosystem, providing pharmaceutical and healthcare products, internet healthcare, health management, intelligent healthcare solutions to the customers, and a variety of marketing services to the business partners. The Group’s principal operations and geographic markets are in the PRC.

JD Jiankang Limited is the immediate parent company of the Company and owned by JD.com, Inc., which is the Company’s ultimate parent company. JD.com, Inc., its subsidiaries and consolidated affiliated entities, excluding the Group, are collectively referred to as the “JD Group”. The addresses of the registered office and principal place of business of the Company are stated in the section “Corporate Information” of this interim report.

1.2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), as set out in the 2022 annual report of the Group released on April 28, 2023 (the “**2022 Annual Report**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of United States dollars (“**USD**”). The management adopted RMB as the presentation currency as the management controls and maintains the performance and financial position of the Group based on RMB.

Notes to the Condensed Consolidated Financial Statements (Continued)

2. Summary of 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/change in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2023 for the preparation of the condensed consolidated financial statements:

New and amendments	Contents
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and amendments to IFRSs in the current interim period has had 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 these condensed consolidated financial statements.

3. Segment information

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer (the "CEO"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment.

Notes to the Condensed Consolidated Financial Statements (Continued)

4. Revenue

(a) Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Type of goods or services:		
Product revenue:		
Sales of pharmaceutical and healthcare products	23,167,780	17,482,012
Service revenue:		
Marketplace, advertising and other services	3,942,556	2,743,200
	27,110,336	20,225,212
Timing of revenue recognition:		
A point in time	26,861,902	19,967,929
Overtime	248,434	257,283
	27,110,336	20,225,212

(b) Contract liabilities

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Contract liabilities	385,169	1,374,953

The Group collected payments in advance from customers primarily for sales of pharmaceutical and healthcare products and marketplace service fees. The Group has recognized the above liabilities related to contracts with customers under "Contract liabilities" line item.

The directors of the Company expect that all of the contract liabilities as of June 30, 2023 will be recognized as revenue within one year (December 31, 2022: within one year). The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts of the Group are within one year or less.

Notes to the Condensed Consolidated Financial Statements (Continued)

5. Finance income

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income ¹	936,455	220,643

1. Primarily consists of the interest income from bank balances, term deposits and wealth management products at amortized cost under other assets.

6. Profit before income tax

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories sold	20,661,015	15,724,029
Expenses of logistics and warehousing services	1,697,436	1,227,050
Employee benefit expenses	1,295,313	1,516,937
Expenses of technology and traffic support services provided by JD Group	1,048,846	751,242
Expenses of promotion and advertising	504,410	379,193
Expenses of payment services	223,208	170,200
Provision for impairment of inventories and advance to suppliers	179,571	18,026
Depreciation of property and equipment, right-of-use assets and amortization of intangible assets	107,930	50,984

7. Income tax expense

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax	313,509	163,314
Deferred tax	(44,275)	(8,926)
	269,234	154,388

Notes to the Condensed Consolidated Financial Statements (Continued)

8. Earnings per share

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Numerator		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share (RMB'000)	1,561,358	223,552
Denominator		
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousand shares)	3,120,282	3,107,630
Add: effect of dilutive potential ordinary share: options and RSUs granted (thousand shares)	42,230	32,117
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousand shares)	3,162,512	3,139,747
Basic earnings per share attributable to owners of the Company (RMB per share)	0.50	0.07
Diluted earnings per share attributable to owners of the Company (RMB per share)	0.49	0.07

For six months ended June 30, 2023 and 2022, the share options and restricted share units ("RSUs") granted by the Company have potential dilutive effect on the earnings per share.

9. Investments in joint ventures

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Cost of investments in unlisted entities	682,745	682,745
Share of post-acquisition loss and other comprehensive loss	(299,428)	(267,450)
	383,317	415,295

Notes to the Condensed Consolidated Financial Statements (Continued)

10. Financial assets at fair value through profit or loss (“FVTPL”)

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Non-current:		
Wealth management products at FVTPL ¹	727,383	687,855
Equity investments in private companies	464,267	416,437
Call option	—	100,398
	1,191,650	1,204,690
Current:		
Wealth management products at FVTPL ¹	3,929,037	1,003,061
Call option	91,817	—
	4,020,854	1,003,061
	5,212,504	2,207,751

1. Wealth management products at FVTPL purchased by the Group are issued by major and reputable commercial banks without guaranteed returns. The expected rates of return for such wealth management products at FVTPL held by the Group as of June 30, 2023 range from 2.90% to 4.98% per annum (December 31, 2022: 3.02% to 3.80% per annum). The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. The major assumptions used in the valuation for wealth management products at FVTPL are set out in Note 20.

The fair value of call option was estimated as of June 30, 2023 and December 31, 2022, using a Black-Scholes model, taking into account the terms and conditions of the options granted.

The following table lists the inputs to the model used:

	As of June 30, 2023 (Unaudited)	As of December 31, 2022 (Audited)
Expected volatility	60.61%	51.00%
Risk-free interest rate	1.86%	2.16%

Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before valuation date and with similar span as time to expiration. The Group estimated the risk-free interest rate based on the yield of government bond with maturity matching the time to expiration as of the valuation date. In addition to the assumptions adopted above, projections of future performance were also factored into the determination of the fair value of the call option on valuation date.

Notes to the Condensed Consolidated Financial Statements (Continued)

11. Prepayments, other receivables and other assets

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Non-current:		
Prepayment for property and equipment	462,883	452,780
Amounts due from employees ²	17,177	19,460
Others	9,425	6,346
	489,485	478,586
Current:		
Advance to suppliers	426,616	702,041
Wealth management products at amortized cost ¹	1,476,337	705,757
Receivables related to employees' exercise of share-based payments	22,031	598,106
Amounts due from related parties	328,629	346,155
Recoverable value-added tax	98,519	68,684
Prepaid expense	21,278	15,792
Amounts due from employees ²	8,672	8,529
Estimated return of products sold	14,604	11,268
Others	70,762	40,389
	2,467,448	2,496,721
	2,956,933	2,975,307

1. Wealth management products at amortized costs purchased by the Group are issued by major and reputable commercial banks. The rates of return for such wealth management products at amortized cost held by the Group as of June 30, 2023 range from 4.46% to 5.95% per annum (December 31, 2022: range from 4.46% to 5.00% per annum).
2. Mainly the first-home interest-free or low-interest loans provided by the Group to its employees.

12. Inventories

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Products	5,603,885	6,256,683
Less: impairment provision	(467,634)	(260,414)
	5,136,251	5,996,269

Notes to the Condensed Consolidated Financial Statements (Continued)

13. Trade and note receivables

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Trade receivables from third parties	526,473	773,575
Trade receivables from a related party	33,801	18,275
Note receivables	18,590	306,031
Less: allowance for expected credit loss ("ECL")	(207,585)	(142,923)
	371,279	954,958

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period of 30 days. Trade receivables are settled in accordance with the terms of the respective contracts. Aging analysis of trade receivables from third parties based on invoice date is as follows:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	232,142	519,165
3 to 6 months	44,712	182,139
6 to 12 months	214,031	55,313
Over 12 months	35,588	16,958
	526,473	773,575
Less: allowance for ECL	(207,585)	(142,923)
	318,888	630,652

The Group holds notes received for settlement of trade receivable. The Group continues to recognize full carrying amounts of note receivables at the end of each reporting period. All notes received by the Group are with a maturity period of less than one year. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements (Continued)

14. Share capital and treasury shares

Authorized

As of June 30, 2023 and December 31, 2022, the Company had an authorized share capital of USD50,000, divided into 100,000,000 thousand authorized ordinary shares, with par value of USD0.0000005 each.

Issued and fully paid

	Number of ordinary shares '000	Share capital RMB'000	Treasury shares RMB'000
As of January 1, 2022 (audited)	3,194,617	11	(50,636)
Repurchase and cancellation of shares	(16,217)	—*	—
Exercise of options and RSUs vesting	—	—	6,928
As of June 30, 2022 (unaudited)	3,178,400	11	(43,708)
As of January 1, 2023 (audited)	3,179,915	11	(34,297)
Exercise of options and RSUs vesting	—	—	5,276
As of June 30, 2023 (unaudited)	3,179,915	11	(29,021)

* less than RMB1,000.

15. Share-based payments

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
RSUs	496,976	524,711
Share options	305,247	455,569
	802,223	980,280

15. Share-based payments (Continued)

15.1 JD Group Share Incentive Plan

JD Group grants its share-based awards to the Group's eligible employees and non-employees, which are treated as deemed contribution from JD Group and recorded in other reserve in the Group's condensed consolidated financial statements. Under the JD Group Share Incentive Plan, the RSUs and share options are generally service-based and scheduled to be vested over two to ten years. One-second, one-third, one-fourth, one-fifth, one-sixth, or one-tenth of the awards, depending on different vesting schedules of JD Group Share Incentive Plan, shall be vested upon the end of the calendar year in which the awards were granted or the first anniversary dates of the grants, and the remaining of the awards shall be vested on straight line basis at the end of the remaining calendar or the anniversary years. Starting from the year ended December 31, 2016, certain awards had multiple tranches with tiered vesting commencement dates from 2016 to 2025, and each of the tranches is subject to a 6-year vesting schedule. Starting from the year ended December 31, 2021, certain granted RSUs are subject to vesting ratably over a 4-year vesting period from the grant dates.

The Group recognizes share-based payment expenses in its condensed consolidated statement of profit or loss based on awards ultimately expected to vest, after considering estimated forfeitures of the Group. The number of RSUs and share options granted expected to vest has been reduced to reflect historical experience of forfeiture of certain percentage of RSUs and share options granted prior to completion of vesting period and accordingly the share-based payment expenses have been adjusted.

Notes to the Condensed Consolidated Financial Statements (Continued)

15. Share-based payments (Continued)

15.1 JD Group Share Incentive Plan (Continued)

Details of the primary share incentive of JD Group Share Incentive Plan are as follows.

RSUs

A summary of activities of the service-based RSUs is presented as follows:

	Number of RSUs	Weighted average grant date fair value USD
Unvested as of January 1, 2022 (audited)	589,310	21.52
Granted	17,354	32.77
Transfer ¹	136,728	27.72
Vested	(164,634)	18.54
Forfeited or cancelled	(119,022)	26.58
Unvested as of June 30, 2022 (unaudited)	459,736	23.55
Unvested as of January 1, 2023 (audited)	500,200	23.36
Granted	30,242	21.95
Transfer ¹	281,708	28.31
Vested	(193,564)	21.17
Forfeited or cancelled	(127,742)	27.49
Unvested as of June 30, 2023 (unaudited)	490,844	25.90

1. The transfer represents the addition or deduction of RSUs that were previously granted to employees who transferred into or out of the business carried out by the Group during the reporting periods.

The estimated compensation cost of RSUs was based on the fair value of JD.com, Inc.'s ordinary shares on the date of the grant. The Group recognizes the compensation cost, net of estimated forfeitures, over the vesting term of the RSUs.

15. Share-based payments (Continued)

15.2 JD Health Share Incentive Plan

The Group grants share-based awards to eligible employees and non-employees pursuant to the JD Health Share Incentive Plan, which governs the terms of the awards. Under the JD Health Share Incentive Plan, the share options and RSUs are generally service-based and scheduled to be vested between one to ten years. All, one-second, one-third, one-fourth, one-fifth, one-sixth, or one-tenth of the awards, shall be vested upon agreed dates and the remaining of the awards shall be vested on straight line basis at the anniversary years. Starting from 2021, certain granted RSUs are subject to vesting ratably over a 4-year vesting period from the grant dates.

The Post-IPO ESOP commenced in November 2020 and is valid and effective for the period of ten years commencing on December 8, 2020. As of June 30, 2023, the total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 312,708,211 shares (December 31, 2022: 312,708,211). As of June 30, 2023, the total number of shares which may be issued upon vest of all RSUs to be granted under the Post-IPO Share Awards Scheme is 255,656,691 shares (December 31, 2022: 256,955,180).

Share options

A summary of activities of the service-based share options is presented as follows:

	Number of share options	Weighted average exercise price USD	Weighted average remaining contractual term Year
Outstanding as of January 1, 2022 (audited)	73,355,847	0.0000005	8.8
Exercised	(3,915,330)	0.0000005	
Forfeited	(878,690)	0.0000005	
Outstanding as of June 30, 2022 (unaudited)	68,561,827	0.0000005	8.3
Outstanding as of January 1, 2023 (audited)	51,836,945	0.0000005	7.8
Exercised	(1,826,892)	0.0000005	
Forfeited	(1,249,619)	0.0000005	
Outstanding as of June 30, 2023 (unaudited)	48,760,434	0.0000005	7.3

The number of exercisable service-based share options as of June 30, 2023 was 798,238 (December 31, 2022: 620,186). The weighted average share price at the dates of exercise was HKD59.61 per share (six months ended at June 30, 2022: HKD51.38 per share).

Notes to the Condensed Consolidated Financial Statements (Continued)

15. Share-based payments (Continued)

15.2 JD Health Share Incentive Plan (Continued)

RSUs

A summary of activities of the service-based RSUs is presented as follows:

	Number of RSUs	Weighted-average grant-date fair value HKD
Unvested as of January 1, 2022 (audited)	52,717,780	112.75
Granted	2,398,595	51.83
Vested	(8,379,679)	114.63
Forfeited	(1,459,789)	96.62
Unvested as of June 30, 2022 (unaudited)	45,276,907	109.70
Unvested as of January 1, 2023 (audited)	46,245,420	107.63
Granted	2,609,676	65.62
Vested	(8,766,833)	110.53
Forfeited	(1,311,187)	79.40
Unvested as of June 30, 2023 (unaudited)	38,777,076	105.10

As of June 30, 2023, no share options and aggregated 87,830,810 RSUs were granted under the Post-IPO ESOP (December 31, 2022: none and 85,221,134).

The fair values of the RSUs granted during the six months ended June 30, 2023 were determined based on the market value of the Company's shares at the respective grant dates.

16. Dividends

No dividend was paid or declared for ordinary shareholders of the Company for the six months ended June 30, 2023. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended June 30, 2022: none).

Notes to the Condensed Consolidated Financial Statements (Continued)

17. Trade payables

Trade payables primarily consist of payables to suppliers.

The credit period of trade payables is mainly ranging from 30 to 90 days. An aging analysis of the trade payables based on the invoice date is as follows:

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	7,950,328	8,817,716
3 to 6 months	285,453	1,589,398
6 to 12 months	105,968	118,915
	8,341,749	10,526,029

18. Financial liabilities at FVTPL

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Put option	154,446	108,927

The fair value of put option was estimated as of June 30, 2023 and December 31, 2022, using a Black-Scholes model, taking into account the terms and conditions upon which the option is granted.

The following table lists the inputs to the model used:

	As of June 30, 2023 (Unaudited)	As of December 31, 2022 (Audited)
Expected volatility	54.24%	45.10%
Risk-free interest rate	1.77%	2.18%

Notes to the Condensed Consolidated Financial Statements (Continued)

18. Financial liabilities at FVTPL (Continued)

Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before valuation date and with similar span as time to expiration. The Group estimated the risk-free interest rate based on the yield of government bond with maturity matching the time to expiration as of the valuation date. In addition to the assumptions adopted above, projections of future performance were also factored into the determination of the fair value of the put option on valuation date.

19. Accrued expenses and other payables

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Deposits received ¹	1,306,453	1,216,407
Amounts due to a related party (Note 21)	978,632	616,566
Advances from customers	357,464	585,473
Salary and welfare payables	183,215	234,173
Other tax payables	113,500	371,559
Payables related to employees' exercise of share-based payments	22,031	598,106
Liabilities for return allowances	14,777	11,531
Others	228,176	261,595
	3,204,248	3,895,410

1. Mainly represents the deposits received from third-party merchants from the online marketplace business.

20. Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and key input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of June 30, 2023 (unaudited)				
Assets:				
Financial assets at FVTPL	—	4,656,420	556,084	5,212,504
Liabilities:				
Financial liabilities at FVTPL	—	—	154,446	154,446
As of December 31, 2022 (audited)				
Assets:				
Financial assets at FVTPL	—	1,690,916	516,835	2,207,751
Liabilities:				
Financial liabilities at FVTPL	—	—	108,927	108,927

Notes to the Condensed Consolidated Financial Statements (Continued)

20. Fair value measurement of financial instruments (Continued)

Determination of fair value and fair value hierarchy (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following table gives information about how the fair values of these financial assets (other than call option and put option, as set out in Note 10 and Note 18, respectively) are determined (in particular, the valuation technique(s) and key input(s) used).

Financial assets	Fair value as of		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2023 RMB'000	December 31, 2022 RMB'000			
Wealth management products at FVTPL	4,656,420	1,690,916	Level 2	Cash flow discounted using the expected return based on observable market inputs	N/A
Equity investments measured as financial assets at FVTPL	464,267	416,437	Level 3	A combination of observable and unobservable inputs	Discount for lack of marketability; market multiples

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the six months ended June 30, 2023, there were no transfers among different levels of fair value measurement (six months ended June 30, 2022: none).

20. Fair value measurement of financial instruments (Continued)

Determination of fair value and fair value hierarchy (Continued)

(b) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000
As of January 1, 2022 (audited)	666,663	98,743
Addition	1,000,000	—
Changes in fair value		
— Fair value changes of equity investments in private companies measured as financial assets at FVTPL	51	—
— Fair value changes of options	(13,629)	(2,771)
— Fair value changes of wealth management products	498	—
As of June 30, 2022 (unaudited)	1,653,583	95,972
As of January 1, 2023 (audited)	516,835	108,927
Addition	50,000	—
Changes in fair value		
— Fair value changes of equity investments in private companies measured as financial assets at FVTPL	(2,170)	—
— Fair value changes of options	(8,581)	45,519
As of June 30, 2023 (unaudited)	556,084	154,446

(c) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amount of the Group's financial assets that are not measured at fair value on a recurring basis, including cash and cash equivalents, restricted cash, term deposits, trade and note receivables, other receivables and wealth management products at amortized cost under other assets, and the Group's financial liabilities that are not measured at fair value on a recurring basis, including trade payables, lease liabilities, accrued expenses and other payables, approximate their fair values.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Related party transactions

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the six months ended June 30, 2023.

Name of related parties	Relationship
JD.com, Inc.	The ultimate parent company of the Company
JD Jiankang Limited	The immediate parent company of the Company
JD Group	Controlled by JD.com, Inc.
Tangshan Hongci Healthcare Management Co., Ltd. and its subsidiary (" Tangshan Hongci ") ¹	A joint venture of the Company
Jingdong Technology Holding Co., Ltd. and its subsidiaries (" JD Technology ")	An associate of JD Group, and controlled by Mr. Richard Qiangdong Liu

1. The English name of Tangshan Hognci is translated from its registered Chinese name (唐山弘慈醫療管理有限公司) for identification only.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Related party transactions (Continued)

(b) Significant transactions with related parties

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies of the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

Details of significant transactions with related parties recorded with above terms and pricing policies during the six months ended June 30, 2023 are separately shown as follows:

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Services and products provided to related parties:			
Marketing services provided to JD Group		807,155	524,351
Other services provided to JD Group		74,565	35,375
Products provided to Tangshan Hongci		46,821	39,886
Services provided to JD Technology		3,861	1,768
Services and products received from related parties:			
Logistics and warehousing services received from JD Group	1	1,664,690	1,174,458
Technology and traffic support services received from JD Group	2	1,048,846	751,242
Marketing services received from JD Group	3	457,495	439,618
Payment services received from JD Group	4	123,148	94,240
Shared services received from JD Group	5	246,167	158,568
Loyalty program services received from JD Group	6	21,100	19,515
Share-based payments received from JD.com, Inc. to pay the Group's employees for the services provided	7	22,299	15,641
Services received from JD Technology	8	76,931	52,430
Others:			
Interest income from Tangshan Hongci		11,436	11,436

21. Related party transactions (Continued)

(b) Significant transactions with related parties (Continued)

Services and products provided to related parties

The Group provides marketing services to JD Group. The Group charges JD Group marketing service fees calculated in accordance with the underlying standard marketing service agreement.

Services and products received from related parties

1. JD Group provides various logistics services to the Group in exchange for service fees, including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services and other value-added logistics services from time to time. The logistics service fees are determined after arm's length negotiations, and are charged based on a variety of factors including storage space taken and the weights and the delivery distances of the packages.
2. JD Group provides to the Group technology and traffic support services through its online platforms (e.g. www.jd.com). The technology and traffic support services primarily include user traffic support, branding activities, operational support and advertisement access for the Group's merchants and suppliers. JD Group charges commissions by applying a fixed rate on the fulfilled order volume of healthcare products and services generated through JD Group's online platforms.
3. JD Group provides marketing services to the Group. JD Group charges the Group marketing service fees calculated in accordance with the underlying standard marketing service agreements.
4. The Group, through JD Group, uses certain payment services through payment channels provided by third-party payment service providers to JD Group on a cost basis, as the related costs are first settled by JD Group and later settled in full (on a cost basis) by the Group. This allows the Group to utilize the payment services to enable efficient, safe and prompt real-time payment for its online transactions.
5. JD Group provides back-office administrative support services to the Group, including but not limited to maintenance and related customer services and other support services. The Group pays JD Group the actual costs incurred during the service process.
6. Given that the Group's businesses are operated on JD Group's platforms, the customers of the Group participate in the customer loyalty programs of JD Group and use such loyalty points across the platforms of both JD Group and the Group for the purchase of products and services. The Group pays JD Group based on the number of loyalty points it granted and unit cost.

21. Related party transactions (Continued)

(b) Significant transactions with related parties (Continued)

Services and products received from related parties (Continued)

7. JD Group grants RSUs and share options to the Group's eligible employees under JD Group Share Incentive Plan.
8. The Group uses certain payment services and other shared services provided by JD Technology in accordance with the underlying standard payment services agreement and shared services agreement.

(c) Balances with the major related parties

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Amounts due to JD Group	978,632	616,566
Amounts due from Tangshan Hongci	325,886	298,924
Amounts due from other major related party	36,544	65,506

The amounts due to JD Group are trade in nature, unsecured and non-interest bearing.

The amounts due from Tangshan Hongci are mainly from a three-year interest-bearing loan, with maturity date within one year from June 30, 2023. Other than that, the amounts due from Tangshan Hongci are trade in nature, unsecured and non-interest bearing.

The amounts due from other major related party(s) included in prepayments, other receivables and other assets are trade in nature, unsecured and non-interest bearing.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. Related party transactions (Continued)

(d) Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries and bonuses	2,011	2,163
Pension costs — defined contribution plans	51	54
Welfare, medical and other benefits	244	208
Share-based payments	220,208	375,291
	222,514	377,716

22. Events after the end of the reporting period

There were no material subsequent events during the period from June 30, 2023 to the approval date of these condensed consolidated financial statements by the board of directors on August 16, 2023.

DEFINITIONS

“2022 Annual Report”	annual report of the Company for the financial year ended December 31, 2022 published on April 28, 2023
“ADSs”	American Depositary Shares (each representing two Class A ordinary shares) of JD.com
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“annual active user accounts”	user accounts that made at least one purchase during the past trailing twelve months ended on the applicable date, including through <i>JD Pharmacy</i> , online marketplace and omnichannel initiative
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor”	Deloitte Touche Tohmatsu, the auditor of the Company
“Award Shares”	the Shares granted under the Post-IPO Share Award Scheme
“Board of Directors” or “Board”	our Board of Directors
“BVI”	the British Virgin Islands
“China”, or “the PRC”	the People’s Republic of China, except where the context requires and only for the purpose of this interim report, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan, and “China” shall be construed accordingly
“Class A ordinary share(s)”	Class A ordinary shares in the share capital of JD.com with par value of US\$0.00002 each, conferring a holder of a Class A ordinary share to one vote per share on any resolution tabled at JD.com’s general meeting
“Class B ordinary share(s)”	Class B ordinary shares in the share capital of JD.com with par value of US\$0.00002 each, conferring weighted voting rights in JD.com such that a holder of a Class B ordinary share is entitled to 20 votes per share on any resolution tabled at JD.com’s general meeting
“CNLP”	China Logistics Property Holdings Co., Ltd. (中國物流資產控股有限公司), an associated corporation of the Company that is also a subsidiary of JD.com (i.e. a fellow subsidiary)

Definitions (Continued)

“Company”, “our Company”, “the Company”, or “JD Health”	JD Health International Inc. (京东健康股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on November 30, 2018
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely the Onshore Holdco and its respective subsidiaries
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between, among others, the Onshore Holdco and its respective subsidiaries
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to JD Jiankang, JD.com, Mr. Richard Qiangdong Liu (劉強東), Max Smart Limited and Fortune Rising Holdings Limited
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Listing Rules, as amended from time to time
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“JD.com”	JD.com, Inc., one of our Controlling Shareholders, a company incorporated in the BVI on November 6, 2006 and subsequently redomiciled to the Cayman Islands on January 16, 2014 as an exempted company registered by way of continuation under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock codes: 9618 (HKD counter) and 89618 (RMB counter)) under Chapter 19C of the Listing Rules and the ADSs of which are listed on Nasdaq under the symbol “JD”

Definitions (Continued)

“JD Group”	JD.com and its subsidiaries and consolidated affiliated entities, excluding our Group
“JD Jiankang”	JD Jiankang Limited, a company incorporated in the BVI on April 24, 2019, wholly-owned by JD.com and one of our Controlling Shareholders
“JD Logistics”	JD Logistics, Inc., JD.com’s logistics business that provides integrated supply chain solutions and logistics services to JD.com and third-party business partners across a wide range of industries, and the shares of which are listed on the Main Board (stock code: 2618)
“JD Share(s)”	Class A ordinary shares and Class B ordinary shares in the share capital of JD.com
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	December 8, 2020, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Onshore Holdco”	Suqian Jingdong Tianning Jiankang Technology Co., Ltd. (宿遷京東天寧健康科技有限公司), a company established in the PRC on June 10, 2019 and our Consolidated Affiliated Entity
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by our Company on November 23, 2020
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on November 23, 2020

Definitions (Continued)

“Pre-IPO ESOP”	the pre-IPO employee share incentive plan adopted by our Company on September 14, 2020
“Prospectus”	the prospectus of the Company dated November 26, 2020
“Reporting Period”	six months ended June 30, 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0000005 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. SEC”	the Securities and Exchange Commission of the United States
“%”	per cent

JDH 京东健康

— 首席健康管家 —

The Go-to Health Management Platform