

JINGDONG INDUSTRIALS, INC.

京东工业股份有限公司

Report and Consolidated Financial Statements
For the three years ended December 31, 2024 and
the six months ended June 30, 2025

JINGDONG INDUSTRIALS, INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024 AND SIX MONTHS ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORTTO THE BOARD OF DIRECTORS OF JINGDONG INDUSTRIALS, INC.

京东工业股份有限公司

(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of JINGDONG INDUSTRIALS, INC. (the "Company"), its subsidiaries and consolidated affiliated entities (collectively referred to as the "Group") set out on pages 4 to 102, which comprise the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income/(expense), the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements of the Group for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 are prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Notes 1.2 and 3.1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to notes 1 and 3 to the consolidated financial statements, which describe the basis of accounting. The consolidated financial statements are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Company dated December 3, 2025 in connection with the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company without our prior written consent. All duties and liabilities (including, without limitation, those arising from negligence or otherwise) to any third party are specifically disclaimed. As explained in our engagement letter governing this engagement, the Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter have any rights under it.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF JINGDONG INDUSTRIALS, INC. - continued

京东工业股份有限公司

(incorporated in Cayman Islands with limited liability)

Other Matter

The comparative financial information for the six months ended June 30, 2024 has not been audited.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements in accordance with the basis of preparation and presentation set out in Notes 1.2 and 3.1 to the consolidated financial statements, this includes determining that the basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF JINGDONG INDUSTRIALS, INC. - continued

京东工业股份有限公司

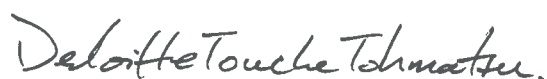
(incorporated in Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
December 3, 2025

JINGDONG INDUSTRIALS, INC.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025**

	Notes	Year ended December 31,			Six months ended June 30,	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Continuing operations						
Revenue	6	14,134,695	17,335,883	20,397,741	8,620,041	10,250,388
Cost of revenue		(11,593,787)	(14,537,219)	(17,084,356)	(7,163,426)	(8,348,798)
Gross profit		2,540,908	2,798,664	3,313,385	1,456,615	1,901,590
Fulfillment expenses		(781,599)	(942,606)	(1,126,706)	(506,080)	(796,213)
Selling and marketing expenses		(564,612)	(702,883)	(844,515)	(366,665)	(485,721)
Research and development expenses		(344,875)	(295,219)	(289,334)	(146,975)	(142,574)
General and administrative expenses		(142,600)	(314,841)	(193,710)	(90,313)	(90,962)
Other income and (losses)/gains, net	7	(36,513)	3,571	(25,227)	(38,100)	93,304
Finance income	8	158,559	287,401	293,277	160,266	129,426
Finance costs	9	(105,560)	(139,268)	(193,182)	(75,016)	(90,305)
Fair value changes of convertible preferred shares	33	(1,915,655)	(530,279)	(47,607)	(9,084)	(4,495)
Impairment losses under expected credit loss ("ECL") model, net of reversal	10	(417)	(4,182)	(3,778)	(6,594)	(1,988)
(Loss)/profit before income tax from continuing operations	13	(1,192,364)	160,358	882,603	378,054	512,062
Income tax expense	11	(191,734)	(155,559)	(120,995)	(86,807)	(60,748)
(Loss)/profit for the year/period from continuing operations		(1,384,098)	4,799	761,608	291,247	451,314
Discontinued operations						
Profit for the year/period from discontinued operations	12	114,966	—	—	—	—
(Loss)/profit for the year/period		(1,269,132)	4,799	761,608	291,247	451,314
(Loss)/profit for the year/period attributable to the owners of the Company:						
From continuing operations		(1,384,098)	4,799	761,608	291,247	451,314
From discontinued operations		49,970	—	—	—	—
		(1,334,128)	4,799	761,608	291,247	451,314
Profit for the year/period attributable to non-controlling interests:						
From discontinued operations		64,996	—	—	—	—
		64,996	—	—	—	—
(Loss)/earnings per share		RMB	RMB	RMB	RMB	RMB
Basic	17	(0.79)	—*	0.37	0.14	0.22
Dilute	17	(0.79)	—*	0.33	0.12	0.18

* Less than RMB0.01

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(EXPENSE)
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss)/profit for the year/period	<u>(1,269,132)</u>	<u>4,799</u>	<u>761,608</u>	<u>291,247</u>	<u>451,314</u>
Other comprehensive income/(expense)					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations	16,531	(1,878)	(9,883)	(2,501)	4,751
<i>Item that may not be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation from functional currency to reporting currency	<u>(201,193)</u>	<u>(75,983)</u>	<u>(41,643)</u>	<u>(19,983)</u>	<u>13,125</u>
Other comprehensive (expense)/income for the year/period	<u>(184,662)</u>	<u>(77,861)</u>	<u>(51,526)</u>	<u>(22,484)</u>	<u>17,876</u>
Total comprehensive (expense)/income for the year/period	<u>(1,453,794)</u>	<u>(73,062)</u>	<u>710,082</u>	<u>268,763</u>	<u>469,190</u>
Total comprehensive (expense)/income for the year/period attributable to:					
Owners of the Company	(1,518,790)	(73,062)	710,082	268,763	469,190
Non-controlling interests	<u>64,996</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(1,453,794)</u>	<u>(73,062)</u>	<u>710,082</u>	<u>268,763</u>	<u>469,190</u>
Total comprehensive (expense)/income for the year/period attributable to the owners of the Company:					
From continuing operations	(1,568,760)	(73,062)	710,082	268,763	469,190
From discontinued operations	<u>49,970</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(1,518,790)</u>	<u>(73,062)</u>	<u>710,082</u>	<u>268,763</u>	<u>469,190</u>

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022, 2023 AND 2024 AND JUNE 30, 2025

	<u>Notes</u>	<u>As of December 31,</u>			<u>As of</u>
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2025</u>
					<u>RMB'000</u>
Assets					
Non-current assets					
Property and equipment	18	7,693	5,691	8,135	11,652
Right-of-use assets	19	11,009	7,586	4,934	10,224
Goodwill	20	417,834	417,834	417,834	417,834
Other intangible assets	21	42,059	34,909	27,680	24,091
Financial assets at fair value through profit or loss ("FVTPL")	22	791,212	712,854	553,554	527,391
Deferred tax assets	11	—	26,735	84,112	97,685
Prepayments, other receivables and other assets	23	1,095	3,401	4,779	12,388
Total non-current assets		<u>1,270,902</u>	<u>1,209,010</u>	<u>1,101,028</u>	<u>1,101,265</u>
Current assets					
Inventories	24	606,993	510,507	896,856	1,249,681
Trade and note receivables	25	45,454	73,025	109,638	117,996
Prepayments, other receivables and other assets	23	6,370,945	1,233,783	2,167,632	1,131,378
Term deposits	26.1	—	3,552,446	2,000,741	6,101,779
Restricted cash	26.2	—	14,270	9,043	11,091
Cash and cash equivalents	26.3	12,344	5,488,742	8,372,098	4,559,678
Total current assets		<u>7,035,736</u>	<u>10,872,773</u>	<u>13,556,008</u>	<u>13,171,603</u>
Total assets		<u><u>8,306,638</u></u>	<u><u>12,081,783</u></u>	<u><u>14,657,036</u></u>	<u><u>14,272,868</u></u>

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - continued
AS AT DECEMBER 31, 2022, 2023 AND 2024 AND JUNE 30, 2025

	<u>Notes</u>	<u>As of December 31,</u>			<u>As of</u>
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2025</u>
					<u>RMB'000</u>
Equity					
Share capital	27	6	7	7	7
Reserves		1,692,373	2,124,865	2,243,678	2,307,034
Accumulated losses		(2,441,767)	(2,467,362)	(1,756,694)	(1,305,380)
Total equity		<u>(749,388)</u>	<u>(342,490)</u>	<u>486,991</u>	<u>1,001,661</u>
Liabilities					
Non-current liabilities					
Lease liabilities	19	6,356	2,609	1,039	5,076
Deferred tax liabilities	11	10,023	8,354	6,685	5,850
Total non-current liabilities		<u>16,379</u>	<u>10,963</u>	<u>7,724</u>	<u>10,926</u>
Current liabilities					
Trade payables	31	2,389,722	3,791,638	5,109,000	4,493,637
Contract liabilities	6	353,842	228,493	238,343	207,448
Accrued expenses and other payables	32	619,213	796,932	1,008,876	857,964
Lease liabilities	19	5,201	5,494	1,119	3,158
Income tax payables		49,855	86,855	141,230	61,617
Convertible preferred shares	33	5,621,814	7,503,898	7,663,753	7,636,457
Total current liabilities		<u>9,039,647</u>	<u>12,413,310</u>	<u>14,162,321</u>	<u>13,260,281</u>
Total liabilities		<u>9,056,026</u>	<u>12,424,273</u>	<u>14,170,045</u>	<u>13,271,207</u>
Total equity and liabilities		<u>8,306,638</u>	<u>12,081,783</u>	<u>14,657,036</u>	<u>14,272,868</u>

The consolidated financial statements on pages 4 to 102 were approved and authorized for issue by the board of directors on December 3, 2025 and are signed on its behalf by:



Mr. Chunzheng Song
Director



Mr. Richard Qiangdong Liu
Director

JINGDONG INDUSTRIALS, INC.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY
AS AT DECEMBER 31, 2022, 2023 AND 2024 AND JUNE 30, 2025

		As of December 31,			As of
	Notes	2022	2023	2024	June 30,
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Assets					
Non-current asset					
Investments in subsidiaries	39	—	151,932	328,318	423,934
Total non-current asset		—	151,932	328,318	423,934
Current assets					
Prepayments, other receivables and other assets	23	4,857,483	2,825,985	2,865,039	2,929,110
Term deposits	26.1	—	3,552,446	—	3,600,406
Cash and cash equivalents	26.3	1,765	391,086	4,165,539	579,991
Total current assets		4,859,248	6,769,517	7,030,578	7,109,507
Total assets		<u>4,859,248</u>	<u>6,921,449</u>	<u>7,358,896</u>	<u>7,533,441</u>
Equity					
Share capital	27	6	7	7	7
Reserves	28	1,700,973	1,989,863	2,106,239	2,210,455
Accumulated losses		(2,465,896)	(2,606,622)	(2,445,199)	(2,344,051)
Total equity		<u>(764,917)</u>	<u>(616,752)</u>	<u>(338,953)</u>	<u>(133,589)</u>
Liabilities					
Current liabilities					
Convertible preferred shares	33	5,621,814	7,503,898	7,663,753	7,636,457
Accrued expenses and other payables		2,351	34,303	34,096	30,573
Total current liabilities		5,624,165	7,538,201	7,697,849	7,667,030
Total liabilities		<u>5,624,165</u>	<u>7,538,201</u>	<u>7,697,849</u>	<u>7,667,030</u>
Total equity and liabilities		<u>4,859,248</u>	<u>6,921,449</u>	<u>7,358,896</u>	<u>7,533,441</u>

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE YEARS ENDED DECEMBER 31, 2024 AND SIX MONTHS ENDED JUNE 30, 2025

	<u>Notes</u>	<u>Attributable to owners of the Company</u>					<u>Non-controlling interests</u> RMB'000	<u>Total</u> RMB'000
		<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Contribution reserve</u> RMB'000	<u>Other reserves**</u> RMB'000	<u>Accumulated losses</u> RMB'000		
As of January 1, 2022		6	255,529	550,828	863,975	(1,084,018)	586,320	896,716
(Loss)/profit for the year		—	—	—	—	(1,334,128)	64,996	(1,269,132)
Other comprehensive expense for the year		—	—	—	(184,662)	—	—	(184,662)
Total comprehensive (expense)/income for the year		—	—	—	(184,662)	(1,334,128)	64,996	(1,453,794)
Share-based payment expenses	29	—	—	—	183,113	—	—	183,113
Capital injection from non-controlling interest		—	—	—	—	—	750	750
Disposal of a subsidiary	36	—	—	—	(31)	—	(376,142)	(376,173)
Appropriations to statutory reserves		—	—	—	23,621	(23,621)	—	—
As of December 31, 2022		6	255,529	550,828	886,016	(2,441,767)	—	(749,388)
Profit for the year		—	—	—	—	4,799	—	4,799
Other comprehensive expense for the year		—	—	—	(77,861)	—	—	(77,861)
Total comprehensive (expense)/income for the year		—	—	—	(77,861)	4,799	—	(73,062)
Issuance of ordinary shares by the Company	27	1	—	—	—	—	—	1
Repurchase and cancellation of ordinary shares by the Company***		—*	(68,771)	—	—	—	—	(68,771)
Share-based payment expenses and surplus of tax effects	29	—	—	—	298,169	—	—	298,169
Exercise of share options and issuance of ordinary shares for vested restricted share unites ("RSUs")		—*	1,001,673	—	(751,112)	—	—	250,561
Appropriations to statutory reserves		—	—	—	30,394	(30,394)	—	—
As of December 31, 2023		7	1,188,431	550,828	385,606	(2,467,362)	—	(342,490)

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - continued
FOR THE THREE YEARS ENDED DECEMBER 31, 2024 AND SIX MONTHS ENDED JUNE 30, 2025

	<u>Note</u>	<u>Attributable to owners of the Company</u>					<u>Non-controlling interests</u> RMB'000	<u>Total</u> RMB'000
		<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Contribution reserve</u> RMB'000	<u>Other reserves**</u> RMB'000	<u>Accumulated losses</u> RMB'000		
As of January 1, 2024		7	1,188,431	550,828	385,606	(2,467,362)	—	(342,490)
Profit for the year		—	—	—	—	761,608	—	761,608
Other comprehensive expense for the year		—	—	—	(51,526)	—	—	(51,526)
Total comprehensive (expense)/income for the year		—	—	—	(51,526)	761,608	—	710,082
Share-based payment expenses and surplus of tax effects	29	—	—	—	127,285	—	—	127,285
Repurchase of exercisable share options		—	—	—	(7,886)	—	—	(7,886)
Appropriations to statutory reserves		—	—	—	50,940	(50,940)	—	—
As of December 31, 2024		7	1,188,431	550,828	504,419	(1,756,694)	—	486,991
Profit for the period		—	—	—	—	451,314	—	451,314
Other comprehensive income for the period		—	—	—	17,876	—	—	17,876
Total comprehensive income for the period		—	—	—	17,876	451,314	—	469,190
Share-based payment expenses and surplus of tax effects	29	—	—	—	51,446	—	—	51,446
Repurchase of exercisable share options		—	—	—	(5,966)	—	—	(5,966)
As of June 30, 2025		7	1,188,431	550,828	567,775	(1,305,380)	—	1,001,661
As of January 1, 2024 (audited)		7	1,188,431	550,828	385,606	(2,467,362)	—	(342,490)
Profit for the period		—	—	—	—	291,247	—	291,247
Other comprehensive expense for the period		—	—	—	(22,484)	—	—	(22,484)
Total comprehensive (expense)/income for the period		—	—	—	(22,484)	291,247	—	268,763
Share-based payment expenses and surplus of tax effects	29	—	—	—	82,024	—	—	82,024
Repurchase of exercisable share options		—	—	—	(4,557)	—	—	(4,557)
As of June 30, 2024 (unaudited)		7	1,188,431	550,828	440,589	(2,176,115)	—	3,740

* Less than RMB1,000.

** Other reserves consist of statutory reserves, share-based payment reserve from the deemed contribution of JD.com, Inc. and granting of share awards under the Company's share award scheme and exchange differences on foreign currency translation recognized in other comprehensive income/(expense).

*** In March 2023, the Company repurchased 5,762,360 ordinary shares held by Suzhou Yan Ji Network Technology Co., Ltd. for an aggregated cash consideration of approximately United States dollars ("USD") 10 million (equivalent to RMB68,771,000). In August 2023, the Company canceled the repurchased ordinary shares and formed authorized but unissued share capital of the Company.

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE YEARS ENDED DECEMBER 31, 2024 AND SIX MONTHS ENDED JUNE 30, 2025

Prior to the completion of the Spin-off, as detailed in Note 1.2, the Listing Business (as defined in Note 1.1) were carried out by the Mainland China Operating Entities (as defined in Note 1.2) and certain subsidiaries and consolidated affiliated entities of JD Group other than the Mainland China Operating Entities. No separate bank accounts were maintained by the Remaining Listing Business (as defined in Note 1.2). The treasury and cash disbursement functions of the Remaining Listing Business were centrally administrated under JD Group. The net cash flows generated by the Remaining Listing Business were kept in the bank accounts of JD Group. After the Closing Date of Series A Preference Shares financing as set out in Note 1.2, the Group was eligible to receive and retain the profits arising from the Remaining Listing Business accumulated in JD Group since June 10, 2020. Accordingly, the profits and funds generated or utilized by the Remaining Listing Business in JD Group on behalf of the Group since June 10, 2020 were recognized as the amounts due from/to related parties before the completion of the Spin-off.

The Group has completed the Spin-off of the Remaining Listing Business in June 2023, after the completion of the Spin-off, as the Listing Business were carried out by the Mainland China Operating Entities, the treasury and cash disbursement functions were administrated under the Group. The profits and funds generated or utilized by the Remaining Listing Business in JD Group on behalf of the Group since June 10, 2020 and prior to the completion of the Spin-off were settled in cash by JD Group to the Group.

For the purpose of presenting a completed set of financial information of the Group, the following comprises the information of cash inflow/outflow of the Group and cash inflow/outflow of the Remaining Listing Business which was received/paid via JD Group prior to completion of the Spin-off.

	<u>Notes</u>	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
					<u>(unaudited)</u>	
Operating activities						
Cash generated from operations	38(a)	2,061,995	1,308,299	1,352,283	60,769	424,584
Income tax paid		(143,668)	(144,617)	(116,828)	(48,068)	(142,096)
Interest paid		(105,190)	(61,058)	(242,791)	(103,040)	(97,619)
Interest received		162,165	276,306	303,740	147,142	107,614
Net cash generated from operating activities		<u>1,975,302</u>	<u>1,378,930</u>	<u>1,296,404</u>	<u>56,803</u>	<u>292,483</u>
Investing activities						
Placement of restricted cash		(9,399)	(14,270)	(12,000)	(12,000)	(2,048)
Withdrawal of restricted cash		—	—	17,312	14,270	—
Purchases of term deposits		—	(3,558,700)	(4,000,000)	(2,000,000)	(6,091,610)
Maturity of term deposits		—	—	5,562,200	1,775,750	2,000,000
Purchases of financial assets at FVTPL		(410,119)	—	—	—	—
Proceeds from disposal of financial assets at FVTPL		367,576	—	—	—	—
Settlement of other payables related to acquisition of subsidiary in prior year		—	(117,461)	—	—	—
Disposal of a subsidiary	36	(70,812)	—	—	—	—
Purchases of property and equipment		(5,106)	(4,858)	(6,361)	(1,876)	(4,712)
Net (advances to)/repayment from JD Group		<u>(4,327,747)</u>	<u>6,342,710</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash (used in)/generated from investing activities		<u>(4,455,607)</u>	<u>2,647,421</u>	<u>1,561,151</u>	<u>(223,856)</u>	<u>(4,098,370)</u>

JINGDONG INDUSTRIALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Financing activities					
Principal portion of lease payments	(6,566)	(4,460)	(8,053)	(3,345)	(1,215)
Interest paid	(974)	(428)	(215)	(154)	(47)
Capital injection from non-controlling interest	750	—	—	—	—
Net proceeds from issuance of ordinary shares	—	1	—	—	—
Net proceeds from issuance of convertible preferred shares	—	1,461,576	—	—	—
Payments for repurchase of convertible preferred shares	—	(207,262)	—	—	—
Payments for repurchase of ordinary shares	—	(68,847)	—	—	—
Payments for deferred issuance costs	—	(1,478)	(1,194)	—	(249)
Proceeds from exercise of share options	—	250,561	—	—	—
Payments for repurchase of exercisable share options	—	—	(6,643)	(2,329)	(3,224)
Net cash (used in)/generated from financing activities	(6,790)	1,429,663	(16,105)	(5,828)	(4,735)
Net (decrease)/increase in cash and cash equivalents	(2,487,095)	5,456,014	2,841,450	(172,881)	(3,810,622)
Cash and cash equivalents at the beginning of the year/period	2,440,609	12,344	5,488,742	5,488,742	8,372,098
Effects of foreign exchange rate changes on cash and cash equivalents	58,830	20,384	41,906	9,545	(1,798)
Cash and cash equivalents at the end of the year/period	12,344	5,488,742	8,372,098	5,325,406	4,559,678

1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 General information

The Company, formerly known as JD Industrial Technology Inc., was incorporated in the Cayman Islands in November 2019 as an exempted company registered under the laws of the Cayman Islands. The Company acts as an investment holding company, and its subsidiaries and consolidated affiliated entities (collectively the "Group") are dedicated to operating an e-commerce platform for industrial products and providing digital procurement services (collectively the "Listing Business"). The Group's principal operations and geographic markets are in the People's Republic of China (the "PRC").

JD Industrial Technology 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 "JD Group".

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements

In November 2019, the Company was incorporated in the Cayman Islands by JD Industrial Technology Limited.

In December 2019, JD Industrial Technology (HK) Limited ("JD Industry HK") was incorporated in Hong Kong and 1 share was allotted to and subscribed by the Company. Since then, JD Industry HK is wholly owned by the Company.

In March 2020, Suqian JINGDONG Baoying Information Technology Co., Ltd. ("Suqian JINGDONG Baoying") was incorporated in the PRC as a wholly foreign-owned subsidiary of JD Industry HK.

In December 2020, Dongguan JINGDONG Industrial Product Trading Limited ("Dongguan JINGDONG Industry") was incorporated in the PRC as a wholly foreign-owned subsidiary of JD Industry HK.

In January 2021, Beijing JINGDONG Digital Intelligence Industrial Technology Co., Ltd. ("Beijing JINGDONG Industrial") was incorporated in the PRC as a wholly foreign-owned subsidiary of JD Industry HK.

Suqian JINGDONG Baoying, Dongguan JINGDONG Industry, Beijing JINGDONG Industrial and their subsidiaries and consolidated affiliated entities are collectively referred to as the "Mainland China Operating Entities".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements - continued

To facilitate the listing of the Listing Business on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), JD Group underwent a spin-off (the "Spin-off") which includes i) transfer of the Remaining Listing Business (the portion of the Listing Business carried out by JD Group is referred to as the "Remaining Listing Business") and ii) a reorganization (the "Reorganization"), which principally involved the following:

In March 2019, Jiangsu Jucheng Space Technology Co., Ltd. ("Jiangsu Jucheng Space") was incorporated in the PRC by three of JD Group's management members ("Nominee Shareholders"). In May 2020, Suqian JINGDONG Baoying, Jiangsu Jucheng Space and its Nominee Shareholders entered into a series of agreements, which enables Suqian JINGDONG Baoying to obtain control over Jiangsu Jucheng Space and its subsidiaries. See the section headed "Contractual Arrangements" below for further details.

In September 2021, all the equity interests of Beijing JINGDONG Electrolysis Intelligence Technology Co., Ltd. (北京京東電解智科技有限公司) ("Beijing JINGDONG Electrolysis") were transferred from Jiangsu JINGDONG Bangneng Investment Management Co., Ltd. to Beijing JINGDONG Industrial. Upon completion of the transfer, Beijing JINGDONG Electrolysis became a subsidiary of Beijing JINGDONG Industrial.

The acquisition of Jiangsu Jucheng Space and Beijing JINGDONG Electrolysis were accounted for as business combinations involving entities under common control using the principle of merger accounting as the acquirees and the Group were under the common control of JD Group.

In April 2020, the Company entered into a subscription agreement for the Series A preference shares (the "Series A Preference Shares") financing with certain third-party investors (the "Series A Share Subscription Agreement"), details are set out in Note 33. Based on the terms stipulated in the Series A Share Subscription Agreement, pricing policies of certain related party transactions between JD Group/related parties of JD Group and the Group were established and became effective since June 10, 2020 (the "Closing Date"), which include logistics and warehousing services, technology and traffic support services, marketing services, loyalty program services, payment services, shared services and others.

In February 2023, the Company issued 246,166,972 ordinary shares to JD Industrial Technology Limited as a result of valuation adjustment agreed with the Series A Preference Shares investors mainly due to adjustments of the Spin-off scope. The adjustments of the Spin-off scope are treated as if it had been completed at January 1, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements - continued

Before the completion of Spin-off, to the extent the assets, liabilities, income and expenses that are specifically identified to the Remaining Listing Business, such items are included in the consolidated financial statements. To the extent the assets, liabilities, income and expenses that are impracticable to be identified specifically, these items are allocated to the Remaining Listing Business on certain basis (such items include fulfillment expenses, selling and marketing expenses, research and development expenses, general and administrative expenses and income tax expense). In particular, the income or expenses related to the Remaining Listing Business that were generated from/charge by JD Group on behalf of the Group were included in the consolidated financial statements in accordance with the term of related party transactions listed out in the Series A Share Subscription Agreement, and relevant trade receivables and payables were recognized as amounts due from/to related parties. The directors of the Company believe that the method of the allocation and the recognition of the above expense items form a reasonable basis of presenting the operating results of the Remaining Listing Business on a stand-alone basis. Items that do not meet the criteria above are not included in the consolidated financial statements.

The Group has completed the Spin-off of the Remaining Listing Business in June 2023, which included the transfer of relevant management and employees, operating assets and liabilities, retained profits, as well as the replacement of the business contracts of counter parties (to the extent possible) to the Group. Upon the completion of the Spin-off, the entire Listing Business became operated and controlled by the Group.

The Spin-off is merely the recapitalization of the Listing Business with no change in management of such business and its ultimate owners. The Group resulting from the Spin-off is regarded as a continuation of the Listing Business under JD Group. Prior to the completion of the Spin-off, the consolidated financial statements have been prepared and presented on the basis as if the Company had always been the holding company of the Listing Business and using the carrying value of the Listing Business for all periods presented as if the Spin-off had been completed since January 1 2022.

The consolidated statements of profit or loss, consolidated statements of comprehensive income/(expense), consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the three years ended December 31, 2024 and six months ended June 30, 2025 include the results, changes in equity and cash flows of the Listing Business as if the current group structure had been in existence prior to January 1, 2022 and the Listing Business had been operated by the Group throughout the three years ended December 31, 2024 and six months ended June 30, 2025, or since their respective dates of incorporation, where there is a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements - continued

The consolidated statements of financial position of the Group as of December 31, 2022 have been prepared to present the assets and liabilities (excluding financial assets and liabilities attributable to JD Group) of the Listing Business at the carrying amounts shown in the financial statements of the relevant entities, as if the current group structure had been in existence and the Listing Business had been operated by the Group at those dates taking into account their respective dates of incorporation.

In March 2023, the Company entered into Series B share subscription agreement for the Series B preference shares (the "Series B Preference Shares") with a group of third-party investors (the "Series B Share Subscription Agreement").

In March 2023, the Company entered into share repurchase agreements with certain ordinary shareholder and Series Pre-A Preference Shares investors, pursuant to which, the Company agreed to repurchase 5,762,360 ordinary shares for an aggregated cash consideration of approximately USD10 million and 17,337,607 Series Pre-A Preference Shares at an aggregate cash consideration of approximately USD30 million. In August 2023, the Company canceled the repurchased ordinary shares.

No statutory financial statements of the Company have been prepared since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

Contractual Arrangements

In May 2020 and March 2023, to comply with the relevant laws and regulations in the PRC which prohibit or restrict foreign ownership of the companies where the PRC operating licenses are required, Suqian JINGDONG Baoying entered into a series of contractual arrangements (collectively, the "Contractual Arrangements") with Jiangsu Jucheng Space and its Nominee Shareholders, including loan agreement, exclusive option agreement, share pledge agreement, shareholders' rights entrustment agreement and powers of attorney, and exclusive business cooperation agreement. These Contractual Arrangements can be extended at Suqian JINGDONG Baoying's options prior to the expiration date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements - continued

Contractual Arrangements - continued

The Contractual Arrangements enable Suqian JINGDONG Baoying to control Jiangsu Jucheng Space by:

- Irrevocably exercising equity holders' voting rights of Jiangsu Jucheng Space;
- Exercising effective financial and operational control over Jiangsu Jucheng Space;
- Receiving substantially all of the economic interest returns generated by Jiangsu Jucheng Space in consideration for the technology consulting and services provided by Suqian JINGDONG Baoying. Suqian JINGDONG Baoying has obligation to grant interest-free loans to the relevant Nominee Shareholders of Jiangsu Jucheng Space with the sole purpose of providing funds necessary for the capital contribution to Jiangsu Jucheng Space;
- Obtaining an irrevocable and exclusive right which Suqian JINGDONG Baoying may exercise at any time to purchase all or part of the equity interests in Jiangsu Jucheng Space from the Nominee Shareholders at a minimum purchase price permitted under the PRC laws and regulations; and
- Obtaining a pledge over the entire equity interests of Jiangsu Jucheng Space from its Nominee Shareholders as collateral security for all of Jiangsu Jucheng Space's payments due to Suqian JINGDONG Baoying and to secure performance of Jiangsu Jucheng Space's obligation under the Contractual Arrangements.

Total assets of the Group's consolidated affiliated entities were RMB720,977,000, RMB505,153,000, RMB314,736,000 and RMB274,357,000 as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, and these balances have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between the consolidated affiliated entities, the subsidiaries of the consolidated affiliated entities and other entities within the Group eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
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1. GENERAL INFORMATION, HISTORY, REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1.2 History, reorganization and basis of preparation and presentation of the consolidated financial statements - continued

***Contractual Arrangements* - continued**

Total revenue of the Group's consolidated affiliated entities was, RMB1,023,085,000, RMB1,014,185,000, RMB1,254,266,000, RMB465,407,000 (unaudited) and RMB824,668,000 for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, and these amounts have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between the consolidated affiliated entities, the subsidiaries of the consolidated affiliated entities and other entities within the Group eliminated.

The consolidated financial statements for the three years ended December 31, 2024 and six months ended June 30, 2025 are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Company dated December 3, 2025 in connection with the initial public offering of the shares of the Company on the Stock Exchange. As a result, the comparative figures for the year ended December 31, 2022 have not been presented.

These consolidated financial statements are the first set of financial statements of the Group applying IFRS Accounting Standards and the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* has had no material impact on the financial position, financial performance and cash flows of the Group.

2. Application of new and amendments to IFRS Accounting Standards

For the purpose of preparing and presenting the consolidated financial statements for the three years ended December 31, 2024 and six months ended June 30, 2025, the Group has consistently applied the accounting policies which conform with the IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the International Accounting Standards Board (the "IASB"), which are effective for the accounting period beginning on January 1, 2025 throughout the three years ended December 31, 2024 and six months ended June 30, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
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2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS
- continued

2.1 New and amendments to IFRS Accounting Standards in issue but not yet effective

New standards and amendments to existing standards that have been issued but not yet effective for the three years ended December 31, 2024 and six months ended June 30, 2025 and not been early adopted by the Group during the three years ended December 31, 2024 and six months ended June 30, 2025 are as follows:

<u>Standards/Amendments</u>	<u>Contents</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards- Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The application of IFRS 18 is not expected to have significant impact on the financial positions or performance of the Group but may affect the presentations and disclosures of the Group's consolidated financial statements. The Group is in the process of making a detailed assessment of the impact of IFRS 18. Except for the IFRS 18, the Group anticipates that the application of new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including affiliated entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Basis of consolidation - continued

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.2 Merger accounting for business combination involving business under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

The consolidated statements of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.3 Business combinations

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.3 Business combinations - continued

***Business combinations* - continued**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash- generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash- generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash- generating unit) disposed of and the portion of the cash-generating unit (or the group of cash- generating units) retained.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.5 Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

The Group engages primarily in the sale of industrial products sourced from manufacturers, resellers and distributors in the PRC, offers an online marketplace that enables third-party merchants to sell their products to customers, and provides technology and other services to its customers. Customers place orders for those products or services online primarily through the Group's platform and JD Group's website. Payment for the purchased products or services is generally made either before delivery or after delivery.

The Group evaluates whether it is appropriate to record the gross amounts of product sales or services provided and related costs, or the net amount earned as commissions. When the Group is a principal, that the Group obtains control of the specified goods or services before they are transferred to the customers, the revenue should be recognized in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. When the Group is an agent and its obligation is to facilitate third parties in fulfilling their performance obligation for specified goods or services, in which case the Group does not control the specified goods or services provided by third parties before those goods or services are transferred to the customer, the revenue should be recognized in the net amount for the amount of commission which the Group earns in exchange for arranging for the specified goods or services to be provided by other parties.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.5 Revenue from contracts with customers - continued

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price ("SSP") basis. The SSP of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If an SSP is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration such as right of return, the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.5 Revenue from contracts with customers - continued

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognizes all of the following:

- (1) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be returned/exchanged);
- (2) a refund liability; and
- (3) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Product Revenue

The Group primarily sells industrial products through its platform. The Group recognizes the product revenue from the online direct sales on a gross basis as the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified goods. Product revenue is recognized when the products are delivered and title is passed to customers, net of discounts and return allowances.

Service Revenue

The service revenue primarily consists of commission fees charged to third-party merchants for participating in the online marketplace mainly through the Group's platform and JD Group's website. The Group generally is acting as an agent and its performance obligation is to arrange for the provision of the specified goods or services by those third-party merchants. Upon successful sales, the Group charges the third-party merchants a fixed rate commission fee based on the sales amount, net of discounts and return allowances. Commission fee revenue is recognized on a net basis at the point of delivery of products by the third-party merchants.

The Group provides online marketing services to advertisers including third-party merchants and suppliers on its platform and JD Group's website and third-party marketing affiliates' websites, including but not limited to advertising placements such as banners, links, logos and buttons, and pay for performance marketing services on which third-party merchants and suppliers are charged based on display per thousand impressions or per effective click on their products or service listings. The Group recognizes revenue from pay for performance marketing services at point of time when each effective click is generated. The Group recognizes revenue from advertising placements ratably over time as the customer simultaneously receives and consumes the benefits throughout the period during which the advertising services are provided or on the number of times that the advertisement has been displayed based on cost per thousand impressions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.5 Revenue from contracts with customers - continued

***Service Revenue* - continued**

The Group provides technology and other services to customers. The Group recognizes revenue overtime during the service period or at the point of service transferred to customers. Revenue from such services is recognized on a gross basis when the Group has the ability to determine the pricing and nature of the services and is responsible for the services provided as the Group is acting as a principal and obtains control of the specified services before they are transferred to the customers. Revenue is recognized on a net basis when the Group charges commissions from such services as the Group is acting as an agent.

The Group also renders platform services through its platform to the platform merchants, such as order management, client management, and other merchants operational and maintenance supports. The platform usage fee collected from platform merchants shall be recognized as revenue over the service period as the platform merchants simultaneously receive the relevant services throughout the period.

3.6 Cost of revenue

Cost of revenue consists primarily of purchase price of products, inbound shipping charges and write-downs of inventories. Shipping charges to receive products from the suppliers are included in inventories and recognized as cost of revenue upon sale of the products to the customers.

The Group periodically receives considerations from certain vendors, representing rebates for products sold and subsidies for the sales of the vendors' products over a period of time. The rebates are not sufficiently separable from the Group's purchase of the vendors' products and they do not represent a reimbursement of costs incurred by the Group to sell vendors' products. The Group accounts for the rebates received from its vendors as a reduction to the prices it pays for the products purchased and therefore the Group records such amounts as a reduction of cost of revenue when recognized in the consolidated statements of profit or loss.

3.7 Fulfillment expenses

Fulfillment expenses consist primarily of (i) expenses incurred in the Group's procurement operations, including personnel cost and miscellaneous expenses, (ii) expenses charged by JD Group for warehousing and logistic services, payment services and customer services, and (iii) lease expenses of warehouses and physical stores.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.8 Selling and marketing expenses

Selling and marketing expenses consist primarily of (i) expenses of promotion and advertising, including online advertising, offline television, movie and outdoor advertising, and incentive programs to attract or retain consumers for the Group's online marketplace, and (ii) expenses of technology and traffic support services provided by JD Group.

3.9 Research and development expenses

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets as of December 31, 2022, 2023 and 2024 and June 30, 2025.

3.10 Foreign currency translation

The Group's presentation currency is RMB, which is different from the Company's functional currency of 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. The functional currency of the Company is USD as its key activities and transactions are denominated in USD. The functional currency of the Group's subsidiaries incorporated in Cayman Islands, British Virgin Islands ("BVI") and Hong Kong is USD. The Group's PRC subsidiaries and consolidated affiliated entities determined their functional currency to be RMB. Exchange differences relating to the retranslation of the Group's net assets in functional currencies to the Group's presentation currency (i.e. RMB) are recognized directly in other comprehensive income and accumulated in other reserves. Such exchange differences accumulated in the other reserves are not reclassified to profit or loss subsequently.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.10 Foreign currency translation - continued

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of other reserve (attributed to non-controlling interests as appropriate).

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.11 Employee benefits - continued

Pension obligations and other social welfare benefits

Full time employees of the Group in the PRC participate in government mandated defined contribution plans, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, including consolidated affiliated entities of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave) after deducting any amount already paid.

3.12 Share-based payments

Share-based awards to the Group's employees and non-employees are granted under a share incentive plan of JD Group (the "JD Group Share Incentive Plan"). The consolidated financial statements include allocation of the expenses recorded at JD Group based on the Group's employees and non-employees participating under JD Group Share Incentive Plan. JD Group grants its service-based RSUs to the Group's eligible employees and non-employees which are treated as deemed contribution from JD Group and recorded in other reserves.

In 2021, the Group launched the share incentive plan (the "JD Industrials Share Incentive Plan"). Under the JD Industrials Share Incentive Plan, the Group receives services from employees and non-employees as consideration for share options and RSUs of the Company. The fair value of the services received in exchange for the grant of share options and RSUs is recognized as expenses in the consolidated statements of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.12 Share-based payments - continued

Equity-settled share-based payments transactions

RSUs/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed using graded vesting method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves. For RSUs/share options that vest immediately at the date of grant, the fair value of the RSUs/share options granted is expensed immediately to profit or loss.

Under JD Industrials Share Incentive Plan, when share options are exercised and the shares are issued, the amount previously recognized in other reserves will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in other reserves will continue to be held in other reserves. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates.

Under JD Industrials Share Incentive Plan, when RSUs granted are vested and the shares are issued, the amount previously recognized in other reserves will be transferred to share capital and share premium.

RSUs/share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the goods or services qualify for recognition as assets).

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.12 Share-based payments - continued

Modifications to equity-settled transactions

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period. The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

3.13 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable (loss)/profit for the year/period. Taxable (loss)/ profit differs from (loss)/profit before income tax because of income or expense that is taxable or deductible in other years/period and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.13 Taxation - continued

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are also recognized directly in equity, respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.13 Taxation - continued

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3.14 Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.15 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade and note receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(a) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(a) Financial assets - continued

Classification and subsequent measurement of financial assets - continued

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in "other gains".

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including term deposits, trade and note receivables, other receivables, restricted cash, cash and cash equivalents), which are subject to impairment under IFRS 9 Financial Instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant assets. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(a) Financial assets - continued

Impairment of financial assets - continued

The Group always recognizes lifetime ECL for trade and note receivables.

For all other assets, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(a) Financial assets - continued

Impairment of financial assets - continued

Significant increase in credit risk - continued

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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3. **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION** - continued

3.15 **Financial instruments** - continued

(a) **Financial assets** - continued

Impairment of financial assets - continued

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (1) significant financial difficulty of the issuer or the borrower;
- (2) a breach of contract, such as a default or past due event;
- (3) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider; or
- (4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and note receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(a) Financial assets - continued

Impairment of financial assets - continued

Measurement and recognition of ECL - continued

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the directors of the Company to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and note receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(a) Financial assets - continued

Derecognition of financial assets - continued

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(b) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including trade payables and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(c) Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

(d) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.15 Financial instruments - continued

(e) Convertible preferred shares

Series Pre-A Preference Shares, Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares issued by the Company are convertible at the option of the holders of Series Pre-A Preference Shares, Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares or automatically converted under certain events. Series Pre-A Preference Shares, Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares are not redeemable, but the Company is required to pay dividends to the holders of Series Pre-A Preference Shares, Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares up to the purchase price of each series of the convertible preferred shares when certain conditions are met. The details of these convertible preferred shares are set out in Note 33.

The convertible preferred shares are initially recognized at fair value. The Group does not account for the embedded derivatives separately from the host contract and designates the entire convertible preferred shares as financial liabilities at FVTPL with fair value change recognized in "fair value changes of convertible preferred shares" in profit or loss. Any directly attributable transaction costs are recognized as finance costs in profit or loss.

3.16 Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and which represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs at the date at which the operation is abandoned.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of affiliated entities

The Group obtained control over a PRC domestic company, Jiangsu Jucheng Space, by entering into the Contractual Arrangements with the PRC domestic company and its respective Nominee Shareholders. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the PRC domestic company and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC domestic company. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Suqian JINGDONG Baoying, Jiangsu Jucheng Space and its respective Nominee Shareholders are in compliance with the relevant PRC Laws and are legally enforceable.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of inventories

Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment.

Rebates and subsidies

Rebates are earned upon reaching minimum purchase thresholds for a specified period. When volume rebates can be reasonably estimated based on the Group's past experiences and current forecasts, a portion of the rebates is recognized as the Group makes progress towards the purchase threshold. Subsidies are calculated based on the volume of products sold through the Group and are recorded as a reduction of cost of revenue when the sales have been completed and the amount is determinable.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation uncertainty - continued

Estimation of the fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about expected volatility, discount for lack of marketability ("DLOM") and risk-free rate associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 37.

Estimation of the fair value of the convertible preferred shares

The convertible preferred shares issued by the Company are not traded in an active market and the respective fair value is determined using valuation techniques. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible preferred shares. The details of key assumptions and key inputs are included in Note 33.

Provision of ECL for trade receivables

Credit-impaired trade receivables are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information including forecast of gross domestic product ratio, forecast of consumer price index and other relevant factors are considered. The provision of ECL is sensitive to changes in estimates.

Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value-in-use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. SEGMENT INFORMATION

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer ("CEO"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As the Group's non-current assets are all located in the PRC and most of the Group's revenue are derived from the PRC, no geographical information is presented. During the three years ended December 31, 2024 and six months ended June 30, 2025, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

6. REVENUE

(a) Disaggregation of revenue from contracts with customers:

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
<i>Types of goods or services:</i>					
Sales of products	12,935,479	16,120,101	19,169,998	8,070,006	9,581,953
Marketplace, advertising and other services	1,199,216	1,215,782	1,227,743	550,035	668,435
Total	<u>14,134,695</u>	<u>17,335,883</u>	<u>20,397,741</u>	<u>8,620,041</u>	<u>10,250,388</u>
<i>Timing of revenue recognition:</i>					
A point in time	13,921,593	17,250,025	20,310,828	8,597,763	10,200,340
Over time	213,102	85,858	86,913	22,278	50,048
Total	<u>14,134,695</u>	<u>17,335,883</u>	<u>20,397,741</u>	<u>8,620,041</u>	<u>10,250,388</u>

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.

(b) Contract liabilities

The Group collected payments in advances from customers primarily for sales of industrial related products and marketplace service fees. The Group has recognized the following liabilities related to contracts with customers under "contract liabilities":

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Contract liabilities	<u>353,842</u>	<u>228,493</u>	<u>238,343</u>	<u>207,448</u>

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6. REVENUE - continued

(b) Contract liabilities - continued

As of January 1, 2022, contract liabilities amounted to RMB384 million.

The directors of the Company expect that majority of the contract liabilities as of June 30, 2025 will be recognized as revenue within one year.

(c) Revenue recognized in relation to contract liabilities

The following table shows the amount of the revenue recognized during the three years ended December 31, 2024 and six months ended June 30, 2025 relates to carried-forward contract liabilities:

	As of December 31,			As of June 30,
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	383,698	353,842	183,086	200,753

7. OTHER INCOME AND (LOSSES)/ GAINS, NET

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants	3,156	39,678	84,799	84,655	90,948
Gain on repurchase of convertible preferred shares (Note 33)	—	77,715	—	—	—
Loss on redesignation of convertible preferred shares (Note 33)	—	(45,251)	—	—	—
Fair value changes of equity investments in unlisted entities measured as financial assets at FVTPL (Note 37.4)	(46,126)	(78,358)	(159,300)	(134,799)	(26,163)
Others	6,457	9,787	49,274	12,044	28,519
Total	(36,513)	3,571	(25,227)	(38,100)	93,304

The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives, to reward the Group's support and contribution for the development of local economies. There were no unfulfilled conditions or contingencies relating to these government grants at the end of each reporting period during the three years ended December 31, 2024 and six months ended June 30, 2025.

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8. FINANCE INCOME

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest income from JD Group (Note 34)	152,521	111,622	—	—	—
Interest income from term deposits and bank balances	6,038	175,779	293,277	160,266	129,426
Total	158,559	287,401	293,277	160,266	129,426

9. FINANCE COSTS

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Factoring expense to Jingdong Technology Holding Co., Ltd. and its subsidiaries ("JD Technology") (Note 34)	105,189	138,840	192,967	74,862	90,258
Interest expense on lease liabilities	371	428	215	154	47
Total	105,560	139,268	193,182	75,016	90,305

10. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Impairment losses recognized, net of reversal, on:					
—trade receivables	474	4,182	3,778	6,594	493
—other receivables	(57)	—	—	—	1,495
Total	417	4,182	3,778	6,594	1,988

Details of impairment assessment are set out in Note 37.2.

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11. INCOME TAX EXPENSE

Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

BVI

Under the current laws of the BVI, entities incorporated in the BVI are not subject to tax on their income or capital gains.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars ("HKD")2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions. Under the EIT Law effective on January 1, 2008, the "high and new technology enterprise" (the "HNTE") status is valid for three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the HNTE status. Suzhou Gongpinhui Software Technology Co., Ltd. ("Gongpinhui Software") was qualified as a HNTE on December 2, 2020, which was entitled to a preferential tax rate of 15% from 2020 to 2023, Gongpinhui Software has re-applied its HNTE status in 2023 and was entitled to a preferential tax rate of 15% from 2023 to 2026. Beijing JINGDONG Electrolysis was qualified as a HNTE in 2021, which was entitled to a preferential tax rate of 15% from 2021 to 2024 and renewed in December 2024 with a valid period of three years. Hence, JINGDONG Electrolysis is eligible for the preferential tax rate of 15% from 2024 to 2027. During the subsequent years, the tax authority will make reassessment on the Group's HNTE status.

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11. INCOME TAX EXPENSE - continued

Income tax - continued

Mainland China - continued

Certain enterprises will benefit from a preferential tax rate of 15% under the EIT Law if they are located in applicable PRC regions as specified in the Catalog of Encouraged Industries in Western Regions (initially effective through the end of 2010 and further extended to 2030), or the Western Regions Catalog, subject to certain general restrictions described in the EIT Law and the related regulations. Beihai JINGDONG Industrial Technology Co., Ltd. ("Beihai JINGDONG Industrial") and Guangxi JINGDONG Yangqi E-commerce Co., Ltd. ("Guangxi Yangqi") are qualified as the enterprise within the Catalog of Encouraged Industries in Western Regions and enjoyed 15% preferential income tax rate.

The State Taxation Administration of the PRC ("STA") announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was announced in March 2021 to be further extended to December 31, 2023. Based on the announcements made by STA in September 2022 and March 2023, such enterprises would be entitled to claim 200% of their research and development expenses incurred since October 1, 2022.

Withholding tax on undistributed dividends

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise ("FIE") to its immediate holding company outside of Mainland China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within Mainland China or if the received dividends have no connection with the establishment or place of such immediate holding company within Mainland China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in Mainland China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The Company has not declared or paid, or planned to declare, any dividend to its shareholders from the profits generated during the three years ended December 31, 2024 and six months ended June 30, 2025. Therefore, the Company has not recorded any withholding tax on any profits generated by subsidiaries located in Mainland China.

Global Anti-base Erosion Rules ("GloBE Rules" or "Pillar Two Rules")

For the year ended December 31, 2024 and the six months ended June 30, 2025, the Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group could take advantage of the Transitional Country-by-Country Reporting Safe Harbor, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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11. INCOME TAX EXPENSE - continued

Income tax - continued

Global Anti-base Erosion Rules ("GloBE Rules" or "Pillar Two Rules") - continued

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

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Current income tax:					
PRC EIT	195,475	183,108	177,997	99,349	74,301
Deferred income tax	(3,741)	(27,549)	(57,002)	(12,542)	(13,553)
Total	<u>191,734</u>	<u>155,559</u>	<u>120,995</u>	<u>86,807</u>	<u>60,748</u>

The income tax expense for the years/periods can be reconciled to the (loss)/profit before income tax per the consolidated statements of profit or loss as follows:

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
(Loss)/profit before income tax	(1,192,364)	160,358	882,603	378,054	512,062
Tax calculated at PRC statutory income tax rate of 25%	(298,091)	40,090	220,651	94,514	128,016
Tax effects of:					
—Expenses that are not deductible in determining taxable profit	495	5,742	2,117	1,849	789
—Super Deduction for research and development expenses and others	(36,251)	(26,185)	(17,050)	(12,993)	(8,868)
—Utilization of tax losses/deductible temporary differences previously not recognized	(41,109)	(22,341)	(15,685)	(13,374)	(21,256)
—Different tax rates available to different jurisdictions	(902)	26	335	(16)	1,107
—Tax effect of tax-exempt entities	486,583	108,670	(41,490)	(25,996)	(11,563)
—Preferential income tax rates applicable to subsidiaries and consolidated affiliated entities	(13,084)	(24,199)	(39,793)	(28,578)	(42,493)
—Tax losses/deductible temporary differences not recognized, net of recognition of deferred income tax assets previously unrecognized	94,093	73,756	11,910	71,401	15,016
Total income tax expense	<u>191,734</u>	<u>155,559</u>	<u>120,995</u>	<u>86,807</u>	<u>60,748</u>

Deferred tax

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Deferred tax assets	—	26,735	84,112	97,685
Deferred tax liabilities	(10,023)	(8,354)	(6,685)	(5,850)
	<u>(10,023)</u>	<u>18,381</u>	<u>77,427</u>	<u>91,835</u>

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11. INCOME TAX EXPENSE - continued

Deferred tax - continued

The following is the deferred tax assets and liabilities recognized and movements thereon during the three years ended December 31, 2024 and six months ended June 30, 2025:

	Other intangible assets acquired in business combinations RMB'000	Share-based payments RMB'000	Tax losses RMB'000	Total RMB'000
As of January 1, 2022	(21,182)	—	—	(21,182)
Credited to profit or loss	3,741	—	—	3,741
Disposal of a subsidiary	7,418	—	—	7,418
As of December 31, 2022	(10,023)	—	—	(10,023)
Credited to profit or loss	1,669	25,880	—	27,549
Credit to other reserves	—	855	—	855
As of December 31, 2023	(8,354)	26,735	—	18,381
Credited to profit or loss	1,669	32,489	22,844	57,002
Credit to other reserves	—	2,044	—	2,044
As of December 31, 2024	(6,685)	61,268	22,844	77,427
Credited/(charged) to profit or loss	835	13,861	(1,143)	13,553
Credit to other reserves	—	855	—	855
As of June 30, 2025	(5,850)	75,984	21,701	91,835

Deferred tax assets have not been recognized in respect of the following items:

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Tax losses	767,539	625,605	308,094	194,924
Deductible temporary differences	152,574	488,092	681,948	644,858
	<u>920,113</u>	<u>1,113,697</u>	<u>990,042</u>	<u>839,782</u>

Due to the unpredictability of future profit streams, no deferred tax assets had been recognized for these unused tax losses and deductible temporary differences.

As of June 30, 2025, these unrecognized tax losses primarily arising from the Company's subsidiaries and consolidated affiliated entities established in the PRC, which can be carried forward to offset future taxable income and will expire during the year from 2026 to 2030 (December 31, 2024: the period from 2025 to 2029; December 31, 2023: the period from 2024 to 2028; December 31, 2022: the period from 2023 to 2027), except for those arose from HNTE, which will expire during the year from 2026 to 2035 (December 31, 2024: the period from 2025 to 2034; December 31, 2023: the period from 2024 to 2033; December 31, 2022: the period from 2023 to 2032).

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12. DISCONTINUED OPERATIONS

On September 30, 2022, the Group terminated the deed of voting proxy and power of attorney and lost control of ICMALL Ltd. ("ICMALL"), which engaged primarily in sales of electronic components. The Group deconsolidated ICMALL since September 30, 2022 (Note 36). On the same time, the Company resumed its preferential right of the preference shares held by the Company.

Results of discontinued operations were accounted for as a separate line item as "Profit for the year from discontinued operations" in the consolidated statements of profit or loss and comprehensive income/(expense). Assets and liabilities of continuing and discontinued operations are presented in the consolidated statements of financial position on a consolidated basis. Cash flow of continuing and discontinued operations are presented in the consolidated statements of cash flows on a consolidated basis.

The profit for the period from discontinued operations is set out below.

	From January 1, 2022 to September 30, <u>2022</u> RMB'000
Profit of ICMALL for the period	164,775
Gain on disposal of discontinued operations (Note 36)	204,469
Impairment loss recognized in goodwill	<u>(254,278)</u>
Total	<u><u>114,966</u></u>

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12. DISCONTINUED OPERATIONS - continued

The results of the discontinued operations up to September 30, 2022, which have been included in the consolidated statements of profit or loss, were as follows:

	From January 1, 2022 to September 30, 2022 RMB'000
Revenue	2,461,335
Cost of revenue	(2,341,272)
Fulfillment expenses	(63,356)
Selling and marketing expenses	(10,158)
Research and development expenses	(12,171)
General and administrative expenses	(11,334)
Other loss, net	(7,617)
Finance income	3,605
Finance costs	(603)
Fair value changes of convertible preferred shares*	158,867
Impairment losses under ECL model, net of reversal	(12,249)
Profit before income tax	165,047
Income tax expense	(272)
Profit for the period from discontinued operations	164,775

* ICMALL recognized net fair value gains of RMB159 million on its convertible preferred shares for the period ended September 30, 2022. As of September 30, 2022, the fair value of its convertible preferred shares issued by ICMALL was RMB445.6 million. The Company applied the discount cash flow method to determine the underlying equity value of ICMALL and adopted option-pricing method and equity allocation model to determine the fair value of convertible preferred shares as September 30, 2022. As of September 30, 2022, the discount rate, risk free rate and volatility set as the key assumptions which were 15%, 2% and 47%, respectively.

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12. DISCONTINUED OPERATIONS - continued

(Loss)/profit for the period from discontinued operations has been arrived at after charging the following items:

	From January 1, 2022 to September 30, 2022 RMB'000
Cost of inventories sold	(2,341,272)
Employee benefit expenses	(67,814)
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	(19,511)
Cash flows from discontinued operations	
Net cash inflows from operating activities	86,866
Net cash outflows from investing activities	(53,001)
Net cash outflows from financing activities	(4,266)

The carrying amounts of the assets and liabilities of ICMALL at the date of disposal are disclosed in Note 36.

13. (LOSS)/PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Cost of inventories sold	11,508,520	14,500,399	17,012,040	7,145,160	8,305,067
Expenses of logistics and warehousing services*	279,994	365,053	526,223	213,113	418,150
Expenses of technology and traffic Support services allocated/charged by JD Group*	385,726	445,070	485,614	216,960	239,115
Expenses related to other support services*	9,812	5,425	3,157	1,476	1,002
Expenses of payment services*	102,584	123,983	74,744	47,113	28,228
Promotion and advertising expenses	106,133	105,201	110,238	44,684	57,279
Employee benefit expenses (Note 14)	807,319	959,634	1,010,127	480,935	630,827
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	16,320	16,814	16,298	7,814	8,819
Auditor's remuneration	1,870	853	349	156	196
Listing expenses	—	43,662	7,167	—	2,901

* Primarily consisted of the service costs allocated/charged by JD Group.

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14. EMPLOYEE BENEFIT EXPENSES

Continuing operations

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Salaries and bonuses	496,915	523,649	706,599	321,845	467,748
Share-based payment expenses (Note 29)	183,113	297,314	125,241	80,723	50,591
Welfare, medical and other benefits	127,291	138,671	178,287	78,367	112,488
Total	807,319	959,634	1,010,127	480,935	630,827

The employee benefit expenses include the remuneration of directors and the CEO during the three years ended December 31, 2024 and six months ended June 30, 2025.

15. DIRECTORS' AND THE CEO'S EMOLUMENTS

Directors' and the CEO's remuneration for the three years ended December 31, 2024 and six months ended June 30, 2025, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

(a) The remuneration of directors and the CEO is set out below:

For the year ended December 31, 2022						
<u>Names</u>	<u>Salaries and other emoluments</u> RMB'000	<u>Bonuses</u> RMB'000	<u>Share-based compensation expenses</u> RMB'000	<u>Pension costs-defined contribution plans</u> RMB'000	<u>Welfare, medical and other benefits</u> RMB'000	<u>Total</u> RMB'000
<i>Executive director and CEO:</i>						
Chunzheng Song ¹	1,729	466	13,341	58	118	15,712
<i>Non-executive directors:</i>						
Bingdong Xu ²	—	—	—	—	—	—
Lei Xu ³	—	—	795	—	—	795
Richard Qiangdong Liu ⁴	—	—	—	—	—	—
Sandy Ran Xu ⁵	—	—	—	—	—	—
	1,729	466	14,136	58	118	16,507
For the year ended December 31, 2023						
<u>Names</u>	<u>Salaries and other emoluments</u> RMB'000	<u>Bonuses</u> RMB'000	<u>Share-based compensation expenses</u> RMB'000	<u>Pension costs-defined contribution plans</u> RMB'000	<u>Welfare, medical and other benefits</u> RMB'000	<u>Total</u> RMB'000
<i>Executive director and CEO:</i>						
Chunzheng Song ¹	1,444	440	25,585	63	183	27,715
<i>Non-executive directors:</i>						
Bingdong Xu ²	—	—	—	—	—	—
Lei Xu ³	—	—	495	—	—	495
Richard Qiangdong Liu ⁴	—	—	—	—	—	—
Sandy Ran Xu ⁵	—	—	—	—	—	—
NingFeng Hu ⁶	—	—	—	—	—	—
	1,444	440	26,080	63	183	28,210

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15. DIRECTORS' AND THE CEO'S EMOLUMENTS - continued

(a) The remuneration of directors and the CEO is set out below: - continued

For the year ended December 31, 2024						
<u>Names</u>	<u>Salaries and other emoluments</u> RMB'000	<u>Bonuses</u> RMB'000	<u>Share-based compensation expenses</u> RMB'000	<u>Pension costs-defined contribution plans</u> RMB'000	<u>Welfare, medical and other benefits</u> RMB'000	<u>Total</u> RMB'000
<i>Executive director and CEO:</i>						
Chunzheng Song ¹	1,586	656	10,031	83	186	12,542
<i>Non-executive directors:</i>						
Bingdong Xu ²	—	—	—	—	—	—
Richard Qiangdong Liu ⁴	—	—	—	—	—	—
	<u>1,586</u>	<u>656</u>	<u>10,031</u>	<u>83</u>	<u>186</u>	<u>12,542</u>
For the six months ended June 30, 2025						
<u>Names</u>	<u>Salaries and other emoluments</u> RMB'000	<u>Bonuses</u> RMB'000	<u>Share-based compensation expenses</u> RMB'000	<u>Pension costs-defined contribution plans</u> RMB'000	<u>Welfare, medical and other benefits</u> RMB'000	<u>Total</u> RMB'000
<i>Executive director and CEO:</i>						
Chunzheng Song ¹	816	330	2,721	42	102	4,011
<i>Non-executive directors:</i>						
Bingdong Xu ²	—	—	—	—	—	—
Richard Qiangdong Liu ⁴	—	—	—	—	—	—
	<u>816</u>	<u>330</u>	<u>2,721</u>	<u>42</u>	<u>102</u>	<u>4,011</u>
For the six months ended June 30, 2024 (unaudited)						
<u>Names</u>	<u>Salaries and other emoluments</u> RMB'000	<u>Bonuses</u> RMB'000	<u>Share-based compensation expenses</u> RMB'000	<u>Pension costs-defined plans</u> RMB'000	<u>Welfare, medical and other benefits</u> RMB'000	<u>Total</u> RMB'000
<i>Executive director and CEO:</i>						
Chunzheng Song ¹	784	263	5,836	41	92	7,016
<i>Non-executive directors:</i>						
Bingdong Xu ²	—	—	—	—	—	—
Richard Qiangdong Liu ⁴	—	—	—	—	—	—
	<u>784</u>	<u>263</u>	<u>5,836</u>	<u>41</u>	<u>92</u>	<u>7,016</u>

Notes:

1. Appointed as chief management and executive responsibilities since July 2017, and appointed as executive director since June 2020 and CEO in July 2021.
2. Appointed as non-executive director since June 2020.
3. Appointed as non-executive director since June 2020 and resigned in March 2023.
4. Appointed as non-executive director since October 2021.
5. Appointed as non-executive director since October 2021 and resigned in March 2023.
6. Appointed as non-executive director since March 2023 and resigned in March 2023.

The emolument of the executive director and CEO disclosed above was mainly for his management service rendered to the Company and the Group. The non-executive directors' remunerations disclosed above were mainly for their services as directors of the Company.

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15. DIRECTORS' AND THE CEO'S EMOLUMENTS - continued

(b) Benefits and interests of directors

Except for the amounts disclosed above, there is no other benefit offered to the directors and the CEO.

(c) Directors' termination benefits

No director's termination benefit subsisted at the end of the period or at any time during the three years ended December 31, 2024 and six months ended June 30, 2025.

(d) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of the period or at any time during the three years ended December 31, 2024 and six months ended June 30, 2025.

(e) Information about loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate and connected entities

Saved as disclosed in the Contractual Arrangement, there are no loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate and connected entities subsisted at the end of the period or at any time during the three years ended December 31, 2024 and six months ended June 30, 2025.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the three years ended December 31, 2024 and six months ended June 30, 2025 save as disclosed in Notes 1.2 and 34.

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16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees include one director for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, whose remuneration is set out in Note 15 during the three years ended December 31, 2024 and six months ended June 30, 2025. The emoluments payable to the remaining four individuals for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, who are neither a director nor the CEO of the Company, during the three years ended December 31, 2024 and six months ended June 30, 2025, were as follows:

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Salaries and other emoluments	5,041	5,412	4,085	2,109	3,194
Bonuses	1,373	1,545	1,891	659	1,146
Share-based payment expenses	13,077	43,537	13,924	6,669	11,224
Pension costs-defined contribution plans	221	257	194	103	126
Welfare, medical and other benefits	304	472	656	181	244
Total	<u>20,016</u>	<u>51,223</u>	<u>20,750</u>	<u>9,721</u>	<u>15,934</u>

The number of the highest paid employees whose emoluments fell within the following bands:

	Number of individuals			Six months ended June 30,	
	<u>2022</u> No. of employees	<u>2023</u> No. of employees	<u>2024</u> No. of employees	<u>2024</u> No. of employees (unaudited)	<u>2025</u> No. of employees
Emolument bands (in HKD)					
HKD2,000,001 to HKD2,500,000	—	—	—	2	—
HKD2,500,001 to HKD3,000,000	—	—	—	1	—
HKD3,000,001 to HKD3,500,000	—	—	—	1	—
HKD3,500,001 to HKD4,000,000	—	—	—	—	1
HKD4,000,001 to HKD4,500,000	—	—	—	—	2
HKD4,500,001 to HKD5,000,000	2	—	2	—	—
HKD5,000,001 to HKD5,500,000	—	—	—	—	1
HKD5,500,001 to HKD6,000,000	—	—	1	—	—
HKD6,500,001 to HKD7,000,000	1	—	—	—	—
HKD7,000,001 to HKD7,500,000	1	—	—	—	—
HKD7,500,001 to HKD8,000,000	—	—	1	—	—
HKD8,500,001 to HKD9,000,000	—	2	—	—	—
HKD9,000,001 to HKD9,500,000	—	1	—	—	—
HKD30,500,001 to HKD31,000,000	—	1	—	—	—
Total	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the three years ended December 31, 2024 and six months ended June 30, 2025, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office. None of the five highest paid employees waived or agreed to waive any emoluments during the three years ended December 31, 2024 and six months ended June 30, 2025.

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17. (LOSS)/EARNINGS PER SHARE

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

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
<i>Numerator:</i>					
(Loss)/profit for the year/period attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	(1,334,128)	4,799	761,608	291,247	451,314
Add: effect of fair value changes of convertible preferred shares	—	—	47,607	9,084	4,495
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	(1,334,128)	4,799	809,215	300,331	455,809
	Year ended December 31,			Six months ended June 30,	
	2022 No. of shares	2023 No. of shares	2024 No. of shares	2024 No. of shares (unaudited)	2025 No. of shares (unaudited)
<i>Denominator:</i>					
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,685,627,712	1,967,532,966	2,036,693,980	2,036,693,980	2,036,693,980
Add: effect of dilutive potential ordinary share:					
options granted	—	9,760,474	22,319,420	19,445,116	28,705,562
convertible preferred shares	—	—	429,247,881	429,247,881	429,247,881
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	1,685,627,712	1,977,293,440	2,488,261,281	2,485,386,977	2,494,647,423
Basic (loss)/earnings per share attributable to owners of the Company (RMB per share)	(0.79)	—*	0.37	0.14	0.22
Diluted (loss)/earnings per share attributable to owners of the Company (RMB per share)	(0.79)	—*	0.33	0.12	0.18

* Less than RMB0.01

As the Group incurred losses for the year ended December 31, 2022, the potential ordinary shares were excluded in the calculation of the diluted loss per share as their effect would result in a decrease in loss per share, which is anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2022 was the same as basic loss per share of the year. For the year ended December 31, 2023, the share options granted by the Company have potential dilutive effect on the earnings per share, for the year ended December 31, 2024 and the six months ended June 30, 2024 and 2025, the share options granted by the Company and convertible preferred shares have potential dilutive effect on the earnings per share.

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18. PROPERTY AND EQUIPMENT

	<u>Note</u>	<u>Electronic equipment</u> RMB'000	<u>Leasehold improvement</u> RMB'000	<u>Others</u> RMB'000	<u>Product line</u> RMB'000	<u>Total</u> RMB'000
Cost						
As of January 1, 2022		13,084	7,939	2,118	14,757	37,898
Additions		4,242	648	538	235	5,663
Disposal of subsidiary	36	(2,267)	(4,196)	(1,516)	(14,992)	(22,971)
Disposals		(2,837)	—	(4)	—	(2,841)
As of December 31, 2022		12,222	4,391	1,136	—	17,749
Additions		3,597	249	351	—	4,197
Disposals		(2,660)	—	(179)	—	(2,839)
As of December 31, 2023		13,159	4,640	1,308	—	19,107
Additions		5,426	1,279	121	—	6,826
Disposals		(3,094)	(291)	—	—	(3,385)
As of December 31, 2024		15,491	5,628	1,429	—	22,548
Additions		5,156	1,677	587	—	7,420
Disposals		(2,815)	—	—	—	(2,815)
As of June 30, 2025		17,832	7,305	2,016	—	27,153
Depreciation						
As of January 1, 2022		6,017	1,437	620	1,070	9,144
Provided for the year		2,979	1,641	801	693	6,114
Disposal of subsidiary	36	(1,014)	(1,318)	(355)	(1,763)	(4,450)
Disposals		(751)	—	(1)	—	(752)
As of December 31, 2022		7,231	1,760	1,065	—	10,056
Provided for the year		3,479	1,359	100	—	4,938
Disposals		(1,562)	—	(16)	—	(1,578)
As of December 31, 2023		9,148	3,119	1,149	—	13,416
Provided for the year		2,365	1,520	77	—	3,962
Disposals		(2,674)	(291)	—	—	(2,965)
As of December 31, 2024		8,839	4,348	1,226	—	14,413
Provided for the period		2,093	803	33	—	2,929
Disposals		(1,841)	—	—	—	(1,841)
As of June 30, 2025		9,091	5,151	1,259	—	15,501
Carrying values						
As of December 31, 2022		4,991	2,631	71	—	7,693
As of December 31, 2023		4,011	1,521	159	—	5,691
As of December 31, 2024		6,652	1,280	203	—	8,135
As of June 30, 2025		8,741	2,154	757	—	11,652

The above items of property and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Electronic equipment	20% to 33.33%
Leasehold improvement	Over the shorter of the expected life of leasehold improvements or the lease term
Product line	10%
Others	20%

19. LEASES

The Group leases certain of its offices and warehouses under operating lease arrangements, which are negotiated for terms ranging from 1 to 5 years.

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19. LEASES - continued

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the three years ended December 31, 2024 and six months ended June 30, 2025 are as follows:

Note	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount at the beginning of the year/period	26,926	11,009	7,586	4,934
Additions	4,337	1,005	2,455	7,591
Depreciation charge	(8,606)	(4,428)	(5,107)	(2,301)
Disposal of a subsidiary	(11,648)	—	—	—
Carrying amount at the end of the year/period	11,009	7,586	4,934	10,224

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the three years ended December 31, 2024 and six months ended June 30, 2025 are as follows:

Note	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount at the beginning of the year/period	25,462	11,557	8,103	2,158
New leases	4,337	1,005	2,108	7,291
Accretion of interest recognized	974	428	215	47
Payments	(7,540)	(4,887)	(8,268)	(1,262)
Disposal of a subsidiary	(11,676)	—	—	—
Carrying amount at the end of the year/period	11,557	8,103	2,158	8,234
Analyzed as:				
Non-current	6,356	2,609	1,039	5,076
Current	5,201	5,494	1,119	3,158
	11,557	8,103	2,158	8,234
Present value of lease liabilities				
—within one year	5,201	5,494	1,119	3,158
—between 1 and 2 years	4,517	1,551	610	2,919
—between 2 and 5 years	1,839	1,058	429	2,157
	11,557	8,103	2,158	8,234

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The weighted average discount rates applied by the Group were 4.41%, 4.32%, 2.72% and 2.66% per annum as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

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20. GOODWILL

		Acquisition of Suzhou JINGDONG Gongpinhui Information Technology Co., Ltd. ("Suzhou Gongpinhui") RMB'000	Acquisition of ICMALL RMB'000	Other acquisition RMB'000	Total RMB'000
	Note				
Cost					
As of January 1, 2022		396,174	738,888	21,660	1,156,722
Impairment loss recognized in the year		—	(254,278)	—	(254,278)
Disposal of a subsidiary	36	—	(484,610)	—	(484,610)
As of December 31, 2022, 2023 and 2024 and June 30, 2025		396,174	—	21,660	417,834
Carrying value					
As of December 31, 2022, 2023 and 2024 and June 30, 2025		396,174	—	21,660	417,834

For the purpose of impairment tests of goodwill, goodwill is allocated to an individual cash-generating unit (or group of cash-generating units). Such cash-generating units represent the lowest level within the Group for which the goodwill is monitored for internal management purpose.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2022, 2023 and 2024 according to IAS 36. For the purposes of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations by using the discounted cash flow method. The management leveraged their extensive experience in the industry and provided forecast based on past performance and expectation of market developments. As at June 30, 2025, no impairment indicators were identified by the management, hence, no impairment testing has been performed for goodwill as of June 30, 2025.

Impairment test of goodwill from Suzhou Gongpinhui and other acquisition

In April 2020, the Group completed the acquisition of Suzhou Gongpinhui and recognized goodwill amounting to RMB396,174,000. In 2021, the other acquisition represents acquisition of a subsidiary engaged in technology service. For the purpose of impairment tests of goodwill, goodwill from acquisition of Suzhou Gongpinhui and the other acquisition have been allocated to the whole Group which was identified as an individual cash generating unit.

As of December 31, 2022, 2023 and 2024, the recoverable amount of the cash-generating unit containing goodwill is determined based on value-in-use calculations by using the discounted cash flow method, based on 5-year period financial projections, plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of 3.0%, 2.5% and 2.5% for the three years ended December 31, 2022, 2023 and 2024, respectively, considered China's GDP growth rate and inflation rate base in the prior years. Pre-tax discount rate of 21%, 20% and 19%, for the three years ended December 31, 2022, 2023 and 2024, respectively, were used to reflect market assessment of time value and the specific risks relating to the group of cash-generating units. The management leveraged their extensive experience in the industry and provided forecast based on past performance and expectation of market developments.

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20. **GOODWILL** - continued

Impairment test of goodwill from Suzhou Gongpinhui and other acquisition - continued

The key assumptions used in the value-in-use calculation for the cash-generating unit are as follows:

	Year ended December 31,		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Compound annual growth rate of revenue for the 5-year period	27%	22%	18%
Terminal growth rate	3.0%	2.5%	2.5%
Pre-tax discount rate	21%	20%	19%

Based on the goodwill impairment test, the headroom for the cash-generating unit amounted to RMB27,731 million, RMB38,007 million and RMB38,330 million, which are significantly above its carrying amount as at December 31, 2022, 2023 and 2024, respectively. Therefore, no impairment has been recognized for the goodwill related to Suzhou Gongpinhui and other acquisition for the years ended December 31, 2022, 2023 and 2024, as the recoverable amount was above the carrying amount. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Sensitivity analysis has been performed based on the assumptions that revenue for the five-year period or terminal value or the pre-tax discount rate has been changed. Had the estimated key assumptions during the years ended December 31, 2022, 2023 and 2024 been changed as below, the headroom would be decreased by as below:

	Year ended December 31,		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	RMB'000	RMB'000	RMB'000
Revenue for the five-year period decreases by 5%	1,823,379	1,906,174	1,898,964
Terminal value decrease by 5%	862,836	901,976	932,493
Pre-tax discount rate increases by 5%	1,817,119	1,829,781	1,816,276

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20. GOODWILL - continued

Impairment test of ICMALL

In March 2021, the Group obtained control of ICMALL which primarily engaged in the sales of electronic components and recognized goodwill amounting to RMB738,888,000. Goodwill is allocated to the cash-generating unit of ICMALL which represents the lowest level for internal management purposes.

As of December 31, 2022, the recoverable amount of the group of cash-generating units containing goodwill is determined based on value-in-use calculations by using the discounted cash flow method, based on 5-year period financial projections, plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate of 2.5%. Pre-tax discount rate of 18.25% was used to reflect market assessment of time value and the specific risks relating to the group of cash-generating units. The management leveraged their extensive experience in the industry and provided forecast based on past performance and expectation of market developments.

Based on the goodwill impairment test, the recoverable amount is above its carrying amount. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

In September 2022, to optimize the Company's service offerings, the Company terminated the irrevocable deed of voting proxy and power of attorney and accordingly deconsolidated ICMALL. The directors of the Company determined impairment of goodwill directly related to ICMALL amounting to RMB254,278,000 for the nine months ended September 30, 2022. As a result of the disposal, the results of operations of ICMALL are presented as discontinued operations for the year ended December 31, 2021 and nine months ended September 30, 2022. Please refer to Notes 12 and 36.

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21. OTHER INTANGIBLE ASSETS

	<u>Note</u>	<u>Trademarks</u> RMB'000	<u>Software</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Cost					
As of January 1, 2022		99,617	1,308	39,800	140,725
Disposal of a subsidiary	36	(40,900)	—	(37,700)	(78,600)
Disposal		—	(92)	—	(92)
As of December 31, 2022		58,717	1,216	2,100	62,033
Additions		—	298	—	298
As of December 31, 2023 and 2024 and June 30, 2025		58,717	1,514	2,100	62,331
Amortization					
As of January 1, 2022		16,049	1,161	10,893	28,103
Charge for the year		11,140	126	9,845	21,111
Disposal of a subsidiary	36	(9,251)	—	(19,897)	(29,148)
Disposal		—	(92)	—	(92)
As of December 31, 2022		17,938	1,195	841	19,974
Charge for the year		6,759	269	420	7,448
As of December 31, 2023		24,697	1,464	1,261	27,422
Charge for the year		6,759	50	420	7,229
As of December 31, 2024		31,456	1,514	1,681	34,651
Charge for the period		3,379	—	210	3,589
As of June 30, 2025		34,835	1,514	1,891	38,240
Carrying values					
As of December 31, 2022		40,779	21	1,259	42,059
As of December 31, 2023		34,020	50	839	34,909
As of December 31, 2024		27,261	—	419	27,680
As of June 30, 2025		23,882	—	209	24,091

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

<u>Categories</u>	<u>Estimated useful life (years)</u>
Trademarks	5~10
Software	3~5
Others	3~5

JINGDONG INDUSTRIALS, INC.

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22. FINANCIAL ASSETS AT FVTPL

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Preferred shares investments in unlisted entities	791,212	712,854	553,554	527,391
	<u>791,212</u>	<u>712,854</u>	<u>553,554</u>	<u>527,391</u>

Preferred shares investments in unlisted entities

These investments are convertible redeemable preferred shares or ordinary shares with preferential rights. The Group has the right to require and demand the investees to redeem all of the shares held by the Group at predetermined fixed amount upon redemption events which are out of control of issuers. Hence, these investments are accounted for as debt instruments and are measured at financial assets at FVTPL. The major assumptions used in the valuation for investment in these unlisted entities are set out in Note 37.4.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Current:				
Amounts due from related parties (Note 34)	6,315,497	1,154,659	2,104,239	841,270
Advance to suppliers	25,206	24,556	4,894	14,500
Recoverable value-added tax	5,907	11,703	4,804	170,784
Prepaid expense	245	143	539	2,773
Estimated return of products sold	20,418	30,116	36,445	28,858
Deferred share issuance cost	—	4,691	5,917	6,755
Others	3,672	7,915	10,794	67,933
	<u>6,370,945</u>	<u>1,233,783</u>	<u>2,167,632</u>	<u>1,132,873</u>
Less: allowance for credit losses	—	—	—	(1,495)
	<u>6,370,945</u>	<u>1,233,783</u>	<u>2,167,632</u>	<u>1,131,378</u>
Non-current:				
Refundable deposits	1,095	3,401	4,779	12,388
	<u>1,095</u>	<u>3,401</u>	<u>4,779</u>	<u>12,388</u>

The Company

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Current:				
Amounts due from related parties	4,857,483	2,825,985	2,865,039	2,929,110
	<u>4,857,483</u>	<u>2,825,985</u>	<u>2,865,039</u>	<u>2,929,110</u>

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24. INVENTORIES

	As of December 31,			As of
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
	RMB'000	RMB'000	RMB'000	<u>2025</u>
				RMB'000
Products	591,378	456,329	832,629	1,188,308
Others	17,209	57,772	72,415	70,792
Less: impairment provision	(1,594)	(3,594)	(8,188)	(9,419)
	<u>606,993</u>	<u>510,507</u>	<u>896,856</u>	<u>1,249,681</u>

25. TRADE AND NOTE RECEIVABLES

	As of December 31,			As of
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
	RMB'000	RMB'000	RMB'000	<u>2025</u>
				RMB'000
Trade receivables from third parties	33,800	25,644	42,726	78,400
Trade receivables from related parties (Note 34)	4,181	—	—	—
Less: allowance for ECL	(5,555)	(4,889)	(8,667)	(5,784)
	<u>32,426</u>	<u>20,755</u>	<u>34,059</u>	<u>72,616</u>
Note receivables	13,028	52,270	75,579	45,380
	<u>45,454</u>	<u>73,025</u>	<u>109,638</u>	<u>117,996</u>

The movements in the allowance for ECL are as follows:

	Year ended December 31,			Six months
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>ended</u>
	RMB'000	RMB'000	RMB'000	<u>June 30,</u>
				<u>2025</u>
				RMB'000
At the beginning of the year/period	(13,830)	(5,555)	(4,889)	(8,667)
Provision for doubtful receivables	(12,723)	(4,182)	(3,778)	(493)
Disposal of a subsidiary	20,359	—	—	—
Receivables written off				
during the year/period as uncollectable	639	4,848	—	3,376
At the end of the year/period	<u>(5,555)</u>	<u>(4,889)</u>	<u>(8,667)</u>	<u>(5,784)</u>

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25. TRADE AND NOTE RECEIVABLES - continued

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period of 30-180 days. Trade receivables are settled in accordance with the terms of the respective contracts. Aging analysis of trade receivables from third parties and related parties based on invoice date is as follows:

	As of December 31,			As of
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 3 months	23,246	15,318	32,622	60,125
3 to 6 months	9,386	5,779	996	8,765
6 to 12 months	548	2,037	4,063	6,415
Over 12 months	4,801	2,510	5,045	3,095
	37,981	25,644	42,726	78,400
Less: allowance for ECL	(5,555)	(4,889)	(8,667)	(5,784)
	<u>32,426</u>	<u>20,755</u>	<u>34,059</u>	<u>72,616</u>

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

As of December 31, 2022, 2023 and 2024 and June 30, 2025, included in the Group's trade receivables balance were debtors with aggregate carrying amount of RMB1 million, RMB8 million, RMB5 million and RMB15 million, respectively, which were past due but not credit-impaired as of each reporting date, as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group did not hold any collateral over these balances.

26. CASH AND BANK BALANCES

26.1 Term deposits

Term deposits denominated in various currencies are as follows:

	As of December 31,			As of
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
USD	—	3,552,446	—	3,600,406
RMB	—	—	2,000,741	2,501,373
Total	<u>—</u>	<u>3,552,446</u>	<u>2,000,741</u>	<u>6,101,779</u>

Term deposits are bank deposits redeemable on maturity, with maturities between three months and one year. The weight-average interest rates of the term deposits were 5.64%, 1.49% and 4.00% per annum as of December 31, 2023 and 2024 and June 30, 2025, respectively.

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26. CASH AND BANK BALANCES - continued

26.2 Restricted cash

Restricted cash represents deposits held in designated bank accounts. The Group held restricted cash of nil, RMB14 million, RMB9 million and RMB11 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

26.3 Cash and cash equivalents

The Group

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Cash and bank balances	12,344	5,488,742	8,372,098	4,559,678

Cash and cash equivalents denominated in various currencies are as follows:

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
RMB	10,532	5,097,621	4,163,822	3,910,434
USD	1,812	391,116	4,170,455	619,917
HKD	—	5	454	464
Others	—	—	37,367	28,863
Total	12,344	5,488,742	8,372,098	4,559,678

The Company

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
Cash and bank balances	1,765	391,086	4,165,539	579,991

Cash and bank balances denominated in:

	As of December 31,			As of June 30,
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000
USD	1,765	391,082	4,165,535	579,987
HKD	—	4	4	4
Total	1,765	391,086	4,165,539	579,991

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27. SHARE CAPITAL

Authorized

	Number of ordinary <u>shares</u>	Nominal value of ordinary <u>shares</u> USD	Number of preference <u>shares</u>	Nominal value of preference <u>shares</u> USD
As of January 1, 2022, December 31, 2022	99,634,567,660	49,817	365,432,340	183
Reclassification and re-designation upon issuance of the Series B Preference Shares	(81,153,148)	(41)	81,153,148	41
Reclassification and re-designation of the Series B Preference Shares but not issued	(19,322,177)	(10)	19,322,177	10
As of December 31, 2023 and 2024 and June 30, 2025	<u>99,534,092,335</u>	<u>49,766</u>	<u>465,907,665</u>	<u>234</u>

Issued

	Number of ordinary <u>shares</u>	Nominal value of ordinary <u>shares</u> USD	Nominal value of ordinary <u>shares</u> RMB'000
As of January 1, 2022 and December 31, 2022	1,685,627,712	843	6
Issuance of ordinary shares (Note 1.2)	246,166,972	123	1
Issued ordinary shares to ESOP grantee**	110,661,656	55	—*
Repurchase and cancelation of ordinary shares	(5,762,360)	(3)	—*
As of December 31, 2023 and 2024 and June 30, 2025	<u>2,036,693,980</u>	<u>1,018</u>	<u>7</u>

* Less than RMB1,000

** In March 2023, the Company issued 90,629,636 ordinary shares with par value of USD0.0000005 each to Max I&P Limited, a holding vehicle controlled by Mr. Richard Qiangdong Liu pursuant to the share awards vested to Mr. Richard Qiangdong Liu under the JD Industrials Share Incentive Plan. In August 2023, the Company issued 20,032,020 ordinary shares with par value USD0.0000005 each to Magical Brush Limited, a business company incorporated under the laws of the BVI, under the JD Industrials Share Incentive Plan.

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28. RESERVES*The Company*

	<u>Reserves</u> RMB'000
As of January 1, 2022	1,660,501
Share-based payments expenses	183,113
Currency translation differences	(142,641)
As of December 31, 2022	<u>1,700,973</u>
Repurchase and cancelation of shares	(68,771)
Share-based payments expenses	178,012
Exercise of share options and vesting of RSUs	250,561
Currency translation differences	(70,912)
As of December 31, 2023	<u>1,989,863</u>
Share-based payments expenses	166,532
Repurchase of share options	(7,886)
Currency translation differences	(42,270)
As of December 31, 2024	<u>2,106,239</u>
Share-based payments expenses	98,337
Repurchase of share options	(5,966)
Currency translation differences	11,845
As of June 30, 2025	<u><u>2,210,455</u></u>

29. SHARE-BASED PAYMENTS

During the three years ended December 31, 2024 and six months ended June 30, 2025, the employees of the Group are eligible for the JD Group Share Incentive Plan, which includes share options and RSUs. In addition, share options and RSUs were granted to eligible employees and non-employees pursuant to the JD Industrials Share Incentive Plan.

Share-based payments of RMB183 million, RMB297 million, RMB125 million, RMB81 million and RMB51 million in aggregate has been recognized during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, with expenses for share options of RMB7 million, RMB175 million, RMB165 million, RMB81 million and RMB98 million, respectively, and the remaining for RSUs.

29.1 JD Group Share Incentive Plan

JD Group grants its service-based share options and RSUs to the Group's eligible employees and non-employees, which are treated as deemed contribution from JD Group and recorded in "other reserves".

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29. SHARE-BASED PAYMENTS - continued

29.1 JD Group Share Incentive Plan - continued

Under the JD Group Share Incentive Plan, the RSUs are mainly service-based and scheduled to be vested over four or six years. One-fourth or one-sixth 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.

The Group recognizes share-based payment expenses in its consolidated statements of profit or loss, net of estimated forfeitures, over a vesting term for service-based share incentives. Forfeitures are estimated based on historical experiences at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

RSUs

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

	<u>Number of RSUs</u>	<u>Weighted- average grant- date fair value USD</u>
Unvested as of January 1, 2022	2,491,382	29.74
Granted	845,918	30.12
Vested	(675,766)	24.32
Transferred*	472,316	17.78
Forfeited or canceled	(533,566)	30.48
Unvested as of December 31, 2022	2,600,284	28.62
Granted	137,624	25.10
Vested	(423,944)	25.65
Transferred*	397,130	33.94
Forfeited or canceled	(2,012,322)	30.97
Unvested as of December 31, 2023	698,772	25.94
Granted	138,136	14.02
Vested	(247,110)	24.83
Transferred*	11,242	22.25
Forfeited or canceled	(257,656)	28.89
Unvested as of December 31, 2024	343,384	23.31
Granted	35,640	18.46
Vested	(129,584)	23.76
Transferred*	246,910	19.98
Forfeited or canceled	(136,298)	18.62
Unvested as of June 30, 2025	360,052	22.09

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29. SHARE-BASED PAYMENTS - continued

29.1 JD Group Share Incentive Plan - continued

RSUs - continued

- * The transfer represents the net of addition or deduction of RSUs that were previously granted to employees who transferred into or out of the Listing Business during the three years ended December 31, 2024 and six months ended June 30, 2025.

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.

29.2 JD Industrials Share Incentive Plan

The Group grants share-based awards to eligible employees and non-employees pursuant to JD Industrials Share Incentive Plan, which governs the terms of the awards. The Company adopted the JD Industrials Share Incentive Plan in 2021, to attract and retain the best available personnel, provide additional incentives to employees and non-employees and promote the success of the Group. Under the JD Industrials Share Incentive Plan, the share options are generally service-based and are vested in tranches over prescribed vesting periods, typically spanning four years from the vesting commencement date.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had reserved 121,391,215, 75,880,619, 64,151,302 and 59,098,166 ordinary shares, respectively, available to be granted as share-based awards under the JD Industrials Share Incentive Plan.

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29. SHARE-BASED PAYMENTS - continued

29.2 JD Industrials Share Incentive Plan - continued

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	—	—	—
Granted	2,660,000	0.0000005	
Outstanding as of December 31, 2022	2,660,000	0.0000005	9.28
Granted	47,915,455	0.73	
Exercised	(20,032,020)	1.74	
Forfeited or canceled	(2,404,859)	0.0000005	
Outstanding as of December 31, 2023	28,138,576	0.0000005	9.25
Granted	20,209,266	0.0000005	
Repurchased	(900,703)	0.0000005	
Forfeited or canceled	(7,579,246)	0.0000005	
Outstanding as of December 31, 2024	39,867,893	0.0000005	8.72
Granted	9,866,172	0.0000005	
Repurchased	(651,918)	0.0000005	
Forfeited or canceled	(4,161,118)	0.0000005	
Outstanding as of June 30, 2025	44,921,029	0.0000005	8.49

The number of exercisable share options as of December 31, 2022, 2023 and 2024 and June 30, 2025 was nil, 4,645,028, 10,519,522 and 14,624,411, respectively.

Valuation techniques are certified by independent and recognized international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. The estimated fair value of each option grant is estimated on the date of grant using the binominal option-pricing model with the following assumptions:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Expected volatility	46.8% to 50.0%	49.0% to 50.0%	38.4% to 43.5%	47.2% to 49.0%
Risk-free interest rate (per annum)	2.3% to 3.0%	4.3% to 4.7%	3.7% to 4.5%	4.9% to 5.1%
Expected dividend yield	—	—	—	—
Expected term (in years)	10	10	10	10
Fair value of the underlying shares on the date of option grants (USD)	1.37 to 1.57	2.10 to 2.22	2.24 to 2.28	2.32 to 2.34

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30. DIVIDENDS

No dividends had been paid or declared by the Company or its subsidiaries or its consolidated affiliated entities for the three years ended December 31, 2024 and six months ended June 30, 2025.

31. 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 December 31,			As of June 30,
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	2,010,377	3,652,829	4,873,192	4,058,646
3 to 6 months	330,664	90,018	183,537	356,808
6 to 12 months	48,681	36,648	36,437	65,644
Over 12 months	—	12,143	15,834	12,539
Total	<u>2,389,722</u>	<u>3,791,638</u>	<u>5,109,000</u>	<u>4,493,637</u>

32. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consist of the following:

The Group

	As of December 31,			As of June 30,
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits received*	257,855	439,807	518,744	524,837
Salary and welfare payables	158,095	165,156	228,105	182,693
Other tax payables	107,128	29,258	112,133	18,968
Advances from customers	61,701	50,733	55,743	53,477
Liabilities for return allowances	21,828	31,272	38,264	30,873
Listing expenses and issuance costs payables	—	38,579	33,679	33,581
Others	<u>12,606</u>	<u>42,127</u>	<u>22,208</u>	<u>13,535</u>
Total	<u>619,213</u>	<u>796,932</u>	<u>1,008,876</u>	<u>857,964</u>

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

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33. CONVERTIBLE PREFERRED SHARES

Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares

In April 2020, the Company entered into Series A Share Subscription Agreement with a group of third-party investors. The Company issued 230,000,000 Series A Preference Shares at USD1.00 per share for a total cash proceeds of USD230 million, representing 10.71% of the ownership of the Company on a fully diluted basis. The Series A Preference Shares are convertible at the option of the holders of Series A Preference Shares or automatically converted under certain events.

In December 2020, the Company entered into definitive agreements for the Series A-1 Preference Shares (the "Series A-1 Preference Shares") with a group of third-party investors. The Company issued 99,434,534 Series A-1 Preference Shares at USD1.06 per share for a total cash proceeds of approximately USD105 million, representing 4.43% of the ownership of the Company on a fully diluted basis. The Series A-1 Preference Shares are convertible at the option of the holders of Series A-1 Preference Shares or automatically converted under certain events.

In March 2023, the Company entered into Series B Share Subscription Agreement with a group of third-party investors. The Company issued 81,153,148 Series B Preference Shares at USD2.59 per share for a total cash proceed of approximately USD210 million, representing 3.13% of the ownership of the Company on a fully diluted basis. The Series B Preference Shares are convertible at the option of the holders of Series B Preference Shares or automatically converted under certain events. On the same day, 34,779,921 Series A-1 Preference Shares held by A-1 Preference Shares holders were redesignated as Series B Preference Shares and sold to Series B Preference Shares holders.

The rights, preferences and privileges of Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares are as follows:

Dividend Rights

For each of the first five twelve-month periods after the applicable issuance date of a Series A Preference Share, Series A-1 Preference Share and Series B Preference Share, the Company shall reserve and accrue dividends for such Series A Preference Share, Series A-1 Preference Share and Series B Preference Share at an annual simple rate of the Series A purchase price, the Series A-1 purchase price and the Series B purchase price, respectively. Dividends shall only be payable to the Series A Preference Shares investors, Series A-1 Preference Shares investors and Series B Preference Shares investors in cash on a pro rata basis for each of convertible preferred shares held by them if a qualified IPO has not occurred by the fifth anniversary of the closing date of Series B Preference Share until the date of the earlier of (i) the qualified IPO and (ii) all the dividends that have been accrued for such share have reached the Series A purchase price, the Series A-1 purchase price and the Series B purchase price. However, if the qualified IPO occurs by the end of the fiscal year during which the seventh anniversary of the closing date occurs, each Series A Preference Shares investors, Series A-1 Preference Shares investors and Series B Preference Shares investors shall duly, unconditionally and fully pay the Company an amount in cash equal to the total amount of all the dividends that the Company has paid to such preference shares investors before the consummation of the qualified IPO and any and all dividends that have been accrued or declared but have not been paid prior to the qualified IPO shall be automatically and immediately canceled and terminated, and the Company will have no obligation to pay any of such dividends.

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33. CONVERTIBLE PREFERRED SHARES - continued

Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares
- continued

Voting Rights

Each of convertible preferred shares shall carry such number of votes as is equal to the number of votes of ordinary shares then issuable upon the conversion of such convertible preferred shares. The holders of the Series A Preference Shares, Series A-1 Preference Shares, Series B Preference Shares and the holders of ordinary shares shall vote together and not as a separate class.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, all assets and funds of the Company legally available for distribution to the holders (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the holders of the Company as follows:

The Series A Preference Shares investors, Series A-1 Preference Shares investors and Series B Preference Shares investors shall be entitled to receive the amount equal to one hundred percent of the applicable purchase price of such convertible preferred shares minus all declared and paid dividends on such convertible preferred shares.

Conversion Rights

Each of the convertible preferred shares shall be convertible, at the option of the holders of the convertible preferred shares, at any time after the date of issuance of such convertible preferred shares, into such number of fully paid and non-assessable ordinary shares as is determined by dividing the convertible preferred shares purchase price by the conversion price then applicable to such convertible preferred shares ("Conversion Price"). The Conversion Price of each of convertible preferred shares is the same as its original issuance price if no adjustments to Conversion Price have occurred. The Conversion Price is subject to adjustments when any equity securities of the Company are issued at a price per share lower than the purchase price of convertible preferred shares. Each of the convertible preferred shares shall automatically be converted into ordinary shares at the Conversion Price then applicable to such convertible preferred shares, respectively, (i) upon the consummation of an IPO; or (ii) with respect to the Series A Preference Shares, in the event that Series A Preference Shares investors holding at least 75% of the Series A Preference Shares in issue elect to convert the Series A Preference Shares, or (iii) with respect to the Series A-1 Preference Shares, in the event that Series A-1 Preference Shares investors holding at least 50% of the Series A-1 Preference Shares in issue elect to convert the Series A-1 Preference Shares, or (iv) with respect to Series B Preference Shares, in the event that Series B Preference Shares holders holding at least 50% of the Series B Preference Shares in issue elect to convert the Series B Preference Shares.

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33. CONVERTIBLE PREFERRED SHARES - continued

Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares
- continued

Conversion Adjustment Mechanism

In the event that the offering price per share of the Qualified IPO is less than the Series B Conversion Price then in effect, the Series B Conversion Price immediately prior to the Qualified IPO shall be reduced to such offering price with respect to the qualified Series B Shares as described in the Shareholders Agreement, unless as otherwise agreed by holders of at least 50% of the qualified Series B Preference Shares.

Since the date of incorporation, the Company has completed several rounds of financing by issuing convertible preferred shares. The movements in the convertible preferred shares issued by the Company are set out as below:

	RMB'000
As of January 1, 2022	3,329,044
Change in fair value of convertible preferred shares	1,915,655
Currency translation differences	377,115
As of December 31, 2022	5,621,814
Issuance of Series B Preference Shares	1,461,576
Redesignation of Series B Preference Shares from Series A-1 Preference Shares*	45,251
Repurchase of Series Pre-A Preference Shares**	(284,977)
Change in fair value of convertible preferred shares	530,279
Currency translation differences	129,955
As of December 31, 2023	7,503,898
Change in fair value of convertible preferred shares	47,607
Currency translation differences	112,248
As of December 31, 2024	7,663,753
Change in fair value of convertible preferred shares	4,495
Currency translation differences	(31,791)
As of June 30, 2025	<u>7,636,457</u>

* At the date of redesignation, the fair value of Series A-1 Preference Shares is lower than Series B Preference Shares. The redesignation resulted in a loss of RMB45,251,000.

** In March 2023, the Company agreed to repurchase 17,337,607 Series Pre-A Preference Shares at an aggregate cash consideration of approximately USD30 million. The fair value of the repurchased Series Pre-A Preference Shares amounted to RMB284,977,000 at the time of repurchase, which resulting in a repurchase gain of RMB77,715,000. In August 2023, the Company canceled 14,269,660 repurchased Series Pre-A Preference Shares.

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33. CONVERTIBLE PREFERRED SHARES - continued

Series A Preference Shares, Series A-1 Preference Shares and Series B Preference Shares
- continued

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of convertible preferred shares at the end of each reporting period. Key assumptions are set as below:

	<u>As of December 31,</u>			<u>As of</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
				<u>2025</u>
Discount rate	17%	16%	16%	15%
Risk-free interest rate	4.82%	4.77%	5.07%	4.39%
DLOM	18%	12%	9%	7%
Volatility	48%	48%	40%	40%

Discount rate was estimated by weighted average cost of capital as of each valuation date. 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 plus country risk spread. The DLOM was estimated based on the option-pricing method. Under the option pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before respective valuation date and with similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of convertible preferred shares on each valuation date.

34. RELATED PARTY TRANSACTIONS

The following significant transactions are carried out between the Group and its related parties during the three years ended December 31, 2024 and six months ended June 30, 2025. 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.

(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 three years ended December 31, 2024 and six months ended June 30, 2025.

<u>Name of related parties</u>	<u>Relationships</u>
JD Group	Controlled by JD.com, Inc.
JD Technology	An associate of JD Group, and controlled by Mr. Richard Qiangdong Liu

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34. RELATED PARTY TRANSACTIONS - continued

(b) *Services and products received from related parties*

After the Closing Date of the Series A Preference Share financing, based on the terms stipulated in the Series A Share Subscription Agreements, terms and pricing policies of these transactions entered into by JD Group for the Group or between JD Group and the Group were established. Details of these transactions recorded with such terms and pricing policies since that date during the three years ended December 31, 2024 and six months ended June 30, 2025 are separately shown as follows:

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Services and products provided to related parties:						
Marketing services provided to JD Group		350,659	472,218	585,956	262,318	335,460
Technology services provided to JD Group		13,003	6,705	6,263	1,943	1,663
Services provided to JD Technology		4,842	7,530	2,564	188	369
Products provided to JD Group		—	1,544	30,706	6,744	41,519
Services and products received from related parties:						
Logistics and warehousing services received from JD Group	(i)	279,994	365,053	522,929	213,113	418,150
Technology and traffic support services received from JD Group	(ii)	385,726	445,070	485,614	216,960	239,115
Marketing services received from JD Group	(iii)	25,329	26,350	32,977	13,231	15,087
Payment services received from JD Group	(iv)	101,923	123,885	73,989	46,748	27,964
Other services and share-based payments received from JD Group	(v)	523,882	201,657	88,683	60,754	24,893
Loyalty program services received from JD Group	(vi)	24,548	26,143	10,448	7,334	2,780
Other services received from JD Technology	(vii)	28,321	30,035	36,181	17,499	14,240
Factoring services received from JD Technology	(viii)	105,189	138,840	192,967	74,862	90,258
Products received from JD Group	(ix)	—	—	642	—	2,272
Receiving of interest:						
Interest income from JD Group	(x)	152,521	111,622	—	—	—

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 arrangement of continuing connected transactions. The Group also supply industrial products to JD Group for its own use.

34. RELATED PARTY TRANSACTIONS - continued

(b) *Services and products received from related parties* - continued

Services and products received from related parties

- (i) 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.
- (ii) 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 industrial related products and services generated through JD Group's online platforms.
- (iii) The Group obtains advertising resources and/or platform from JD Group on behalf of advertisers, and JD Group charges the Group marketing service fees calculated in accordance with the underlying standard marketing service agreements.
- (iv) 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.
- (v) JD Group provides back-office administrative support services to the Group, including but not limited to cloud service, provision of servers, and maintenance and related customer services. The Group pays JD Group the actual costs incurred during the service process. JD Group grants RSUs and share options to the Group's eligible employees under JD Group Share Incentive Plan.
- (vi) 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.
- (vii) 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.
- (viii) JD Technology provides factoring services by purchasing trade receivables from the Group to enable it to receive early payments and deploy the capital elsewhere. JD Technology charges a service fee for the purchase of the trade receivables of the Group. The service fee is determined with reference to the amount of receivables and the creditworthiness of the relevant customer.
- (ix) The Group procures certain non-industrial products from JD Group on normal commercial terms and then sell such non-industrial products to the Group's customers.

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34. RELATED PARTY TRANSACTIONS - continued

(b) Services and products received from related parties - continued

Receiving of interest

- (i) To better utilize the excessive cash for higher returns, the Group participates in the treasury management scheme administrated by JD Group, through transferring excessive cash to JD Group and charges interest accordingly, while JD Group charges the Group with interest expenses on amount due to JD Group. The Group is entitled to receive interest income and obligated to make payments of interest expenses with JD Group based on the terms stipulated in the Series A Share Subscription Agreement. Since the completion of the Spin-off, the Company has terminated treasury management scheme with JD Group.

(c) The Group had the following balances with the major related parties:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Amounts due from JD Group*	6,317,177	1,147,897	2,097,782	835,571
Amounts due from JD Technology	2,501	6,762	6,457	5,699
Amounts due to JD Technology	16,435	84,723	35,734	36,114

* Including unsettled acquisition consideration for Suzhou Gongpinhui which is paid by JD Group on behalf of the Group as of December 31, 2022.

Significant balances with related parties as of December 31, 2022:

As of December 31, 2022, amounts due from related parties of RMB6,315,497,000 with interest rate agreed with JD Group which were in non-trade nature and RMB4,181,000 were trade in nature.

As of December 31, 2022, amounts due to JD Technology of RMB16,435,000 were incurred in ordinary course of business, which were unsecured and interest free.

Significant balances with related parties as of December 31, 2023:

As of December 31, 2023, amounts due from related parties of RMB1,154,659,000 which were trade in nature and aging of these balances are within three months.

As of December 31, 2023, amounts due to JD Technology of RMB84,723,000 were incurred in ordinary course of business, which were unsecured and interest free.

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34. RELATED PARTY TRANSACTIONS - continued

(c) *The Group had the following balances with the major related parties:* - continued

Significant balances with related parties as of December 31, 2024:

As of December 31, 2024, amounts due from related parties of RMB2,104,239,000 which were trade in nature and aging of these balances are within three months.

As of December 31, 2024, amounts due to JD Technology of RMB35,734,000 were incurred in ordinary course of business, which were unsecured and interest free.

Significant balances with related parties as of June 30, 2025:

As of June 30, 2025, amounts due from related parties of RMB841,270,000 which were trade in nature and aging of these balances are within three months.

As of June 30, 2025, amounts due to JD Technology of RMB36,114,000 were incurred in ordinary course of business, which were unsecured and interest free.

The above amounts due from/due to related parties were unsecured, non-interest bearing and repayable on demand.

(d) *Key management personnel compensation*

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

	Year ended December 31,			Six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and bonuses	2,328	3,858	4,557	2,097	2,294
Share-based payments	14,850	51,494	17,901	9,648	5,167
Pension costs - defined contribution plans	61	126	149	73	76
Welfare, medical and other benefits	125	294	334	166	183
	<u>17,364</u>	<u>55,772</u>	<u>22,941</u>	<u>11,984</u>	<u>7,720</u>

35. COMMITMENTS

The Group had no material capital commitment as of December 31, 2022, 2023 and 2024 and June 30, 2025.

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36. DISPOSAL OF A SUBSIDIARY

As referred to in Note 12, on September 30, 2022, the Group discontinued its electronic component operations at the time of disposal of its subsidiary, ICMALL. The net assets of ICMALL at the date of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	18,521
Right-of-use assets	11,648
Goodwill	484,610
Other intangible assets	49,452
Inventories	102,688
Trade receivables	431,342
Prepayments, other receivables and other assets	180,308
Financial assets at FVTPL	177,207
Restricted cash	12,530
Cash and cash equivalents	70,812
Lease liabilities	(11,676)
Convertible preferred shares	(445,578)
Deferred Tax liabilities	(7,418)
Trade payables	(415,834)
Contract liabilities	(86,265)
Accrued expenses and other payables	(26,264)
Income tax payables	(3,535)
Net assets disposed of	<u>542,548</u>

	RMB'000
Gain on disposal of a subsidiary:	
Financial assets at FVTPL*	370,875
Net assets disposed of	(542,548)
Non-controlling interests	<u>376,142</u>
Gain on disposal	<u>204,469</u>

	RMB'000
Net cash outflow arising on disposal:	
Cash consideration	—
Less: bank balances and cash disposed of	<u>(70,812)</u>
	<u>(70,812)</u>

* Financial assets at FVTPL represents the fair value of the Series C-2 Preference Shares in ICMALL which included in preferred shares investments in unlisted entities at the date of disposal.

The impact of ICMALL on the Group's results and cash flows in 2022 is disclosed in Note 12.

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37. FINANCIAL INSTRUMENTS

37.1 Financial instruments by categories

The Group

	<u>Notes</u>	<u>As of December 31,</u>			<u>As of</u>
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2025</u>
					<u>RMB'000</u>
<i>Financial assets</i>					
Financial assets at fair value:					
Financial assets at FVTPL	22	791,212	712,854	553,554	527,391
Financial assets at amortized cost		<u>6,374,390</u>	<u>10,286,543</u>	<u>12,600,538</u>	<u>11,704,202</u>
<i>Financial liabilities</i>					
Financial liabilities at fair value:					
Convertible preferred shares	33	5,621,814	7,503,898	7,663,753	7,636,457
Financial liabilities at amortized cost		<u>2,733,441</u>	<u>4,370,987</u>	<u>5,741,532</u>	<u>5,127,301</u>

The Company

	<u>Note</u>	<u>As of December 31,</u>			<u>As of</u>
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>June 30,</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2025</u>
					<u>RMB'000</u>
<i>Financial assets</i>					
Financial assets at amortized cost		<u>4,859,248</u>	<u>6,769,517</u>	<u>7,030,578</u>	<u>7,109,507</u>
<i>Financial liabilities</i>					
Financial liabilities at fair value:					
Convertible preferred shares	33	5,621,814	7,503,898	7,663,753	7,636,457
Financial liabilities at amortized cost		<u>2,351</u>	<u>34,303</u>	<u>34,096</u>	<u>30,573</u>

37.2 Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors of the Company.

The Group's major financial instruments include financial assets at FVTPL, trade and note receivables, other receivables, restricted cash, cash and cash equivalents, term deposits, convertible preferred shares, trade payables and other payables. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(a) *Market risk*

Foreign exchange risk

The functional currency of the Group's entities incorporated in Cayman Islands, BVI and Hong Kong is USD. The Group's 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 the Group's entities. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

During the three years ended December 31, 2024 and six months ended June 30, 2025 exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant. The directors of the Company consider that any reasonable changes in foreign exchange rates of other currencies against the two major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currency are considered to be not significant. Accordingly, no sensitivity analysis is presented for foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group is exposed to cash flow interest rate risk in relation to cash and cash equivalents, restricted cash, and interest bearing amounts due from JD Group. The Group is also exposed to fair value interest risk in relation to term deposits and lease liabilities.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each reporting period during the three years ended December 31, 2024 and six months ended June 30, 2025. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period during the three years ended December 31, 2024 and six months ended June 30, 2025 were outstanding for the whole year.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(a) Market risk - continued

Interest rate risk - continued

If the interest rate had been 50 basis points higher/lower and all other variable were held constant, the Group's post-tax loss for the year ended December 31, 2022 would have been approximately RMB23 million lower/higher, the Group's post-tax profit for the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 would have been RMB17 million, RMB36 million and RMB39 million higher/lower, mainly as a result of higher/lower interest income on floating-rate cash and cash equivalents, restricted cash or interest bearing balances with JD Group.

Price risk

The Group is exposed to price risk in respect of its equity investments in a private company measured as financial assets at FVTPL, convertible preferred shares measured as financial liability at FVTPL. The above financial instruments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market. The sensitivity analysis has been disclosed in Note 37.4.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is mainly associated with cash and cash equivalents, restricted cash, trade and note receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's cash and cash equivalents and restricted cash are mainly deposited in state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. The Group considers the instruments have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the three years ended December 31, 2024 and six months ended June 30, 2025. The Group considers that there is no significant credit risk and does not generate any material losses due to the default of the other parties.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(b) Credit risk - continued

In order to minimize credit risk, the Group has tasked its credit management team to develop and maintain the credit risk grading for the Group's trade and note receivables and other receivables to categorize exposures according to their degree of risk of default. The credit management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The table below sets forth how the Group defines the credit risk grading of its counterparties and its accounting policies for recognition of ECL:

<u>Categories</u>	<u>Group definition of categories</u>	<u>Basis for recognition of ECL</u>	
Performing	Trade receivables and other receivables. The counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Trade receivables Lifetime ECL-not credit-impaired	Other receivables 12m ECL- Where the expected lifetime of an asset is less than 12 months, ECL is measured at its expected lifetime
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL—not credit-impaired	
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL—credit impaired	
Write-off	There is evidence indicating that debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Asset is written off	

The directors of the Company estimate the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering aging, internal credit ratings of trade debtors, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. In addition, trade receivables that are credit-impaired are assessed for ECL individually.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(b) Credit risk - continued

On that basis, the loss allowance as of December 31, 2022, 2023 and 2024 and June 30, 2025 was determined as follows for trade receivables:

	As of December 31, 2022			
	Within 3 months	3 to 6 months	6 to 12 months	Total
<u>Provision on collective basis</u>				
Lifetime ECL rate (not credit-impaired)	0.7%	2.6%	64.4%	
Gross carrying amount (RMB'000)	23,246	9,386	548	33,180
Loss allowance (RMB'000)	(160)	(241)	(353)	(754)

	As of December 31, 2023			
	Within 3 months	3 to 6 months	6 to 12 months	Total
<u>Provision on collective basis</u>				
Lifetime ECL rate (not credit-impaired)	2.0%	16.4%	55.3%	
Gross carrying amount (RMB'000)	15,318	5,779	2,037	23,134
Loss allowance (RMB'000)	(305)	(947)	(1,127)	(2,379)

	As of December 31, 2024			
	Within 3 months	3 to 6 months	6 to 12 months	Total
<u>Provision on collective basis</u>				
Lifetime ECL rate (not credit-impaired)	3.1%	5.7%	62.7%	
Gross carrying amount (RMB'000)	32,622	996	4,063	37,681
Loss allowance (RMB'000)	(1,018)	(57)	(2,547)	(3,622)

	As of June 30, 2025			
	Within 3 months	3 to 6 months	6 to 12 months	Total
<u>Provision on collective basis</u>				
Lifetime ECL rate (not credit-impaired)	0.1%	4.1%	35.7%	
Gross carrying amount (RMB'000)	60,125	8,765	6,415	75,305
Loss allowance (RMB'000)	(40)	(357)	(2,292)	(2,689)

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(b) Credit risk - continued

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As of January 1, 2022	6,126	7,704	13,830
Disposal of a subsidiary	(8,560)	(11,799)	(20,359)
Impairment losses recognized, net of reversal	3,188	9,535	12,723
Written off	—	(639)	(639)
As of December 31, 2022	754	4,801	5,555
Impairment losses recognized, net of reversal	1,625	2,557	4,182
Written off	—	(4,848)	(4,848)
As of December 31, 2023	2,379	2,510	4,889
Impairment losses recognized, net of reversal	1,243	2,535	3,778
As of December 31, 2024	3,622	5,045	8,667
Impairment losses recognized, net of reversal	(933)	1,426	493
Written off	—	(3,376)	(3,376)
As of June 30, 2025	2,689	3,095	5,784

No allowance has been provided for note receivables since the balances are all with the banks which have low credit risks during the three years ended December 31, 2024 and six months ended June 30, 2025.

No concentration of credit risk noted on the trade and note receivables of the Group for the three years ended December 31, 2024 and six months ended June 30, 2025.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(b) Credit risk - continued

For other receivables, the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, qualitative information that is reasonable, including but not limited to credit background of the debtors, and forward-looking information. The Group believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the three years ended December 31, 2024 and six months ended June 30, 2025, the Group assessed the ECL for other receivables were insignificant and thus no loss allowance was recognized.

In addition, the management is of the opinion that there has no default occurred for trade receivables past due 90 days or more other than those identified as credit impaired and the balances are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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37. FINANCIAL INSTRUMENTS - continued

37.2 Financial risk management - continued

(c) Liquidity risk - continued

The following table details remaining contractual maturity of the Group's financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities on the earliest date which the Group can be required to pay. The maturity dates are based on the agreed repayment dates.

	The Group						
	Weighted average interest rate %	Carrying amount RMB'000	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of December 31, 2022							
Trade payables		2,389,722	2,389,722	—	—	—	2,389,722
Lease liabilities	4.41	11,557	5,324	4,842	2,073	—	12,239
Financial liabilities included in accrued expenses and other payables		332,162	332,162	—	—	—	332,162
Convertible preferred shares		5,621,814	—	—	—	2,551,288	2,551,288
		8,355,255	2,727,208	4,842	2,073	2,551,288	5,285,411
As of December 31, 2023							
Trade payables		3,791,638	3,791,638	—	—	—	3,791,638
Lease liabilities	4.32	8,103	5,624	1,651	1,170	—	8,445
Financial liabilities included in accrued expenses and other payables		571,246	571,246	—	—	—	571,246
Convertible preferred shares		7,503,898	—	—	—	4,012,864	4,012,864
		11,874,885	4,368,508	1,651	1,170	4,012,864	8,384,193
As of December 31, 2024							
Trade payables		5,109,000	5,109,000	—	—	—	5,109,000
Lease liabilities	2.72	2,158	1,136	698	468	—	2,302
Financial liabilities included in accrued expenses and other payables		630,374	630,374	—	—	—	630,374
Convertible preferred shares		7,663,753	—	—	2,152,379	1,956,318	4,108,697
		13,405,285	5,740,510	698	2,152,847	1,956,318	9,850,373
As of June 30, 2025							
Trade payables		4,493,637	4,493,637	—	—	—	4,493,637
Lease liabilities	2.66	8,234	3,194	3,030	2,285	—	8,509
Financial liabilities included in accrued expenses and other payables		625,430	625,430	—	—	—	625,430
Convertible preferred shares		7,636,457	—	—	2,461,298	1,630,366	4,091,664
		12,763,758	5,122,261	3,030	2,463,583	1,630,366	9,219,240

Details of the description of convertible preferred shares are presented in Note 33.

37. FINANCIAL INSTRUMENTS - continued

37.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends to pay to shareholders, capital to return to shareholders, new shares to issue, shares of the Company to repurchase and debts to raise/repay. In the opinion of the directors of the Company, the Group's capital risk is low.

37.4 Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value.

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

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37. FINANCIAL INSTRUMENTS - continued

37.4 Fair value measurement of financial instruments - continued

Determination of fair value and fair value hierarchy - continued

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
As of December 31, 2022				
Asset:				
Financial assets at FVTPL:				
Investments in unlisted entities	—	—	791,212	791,212
Liability:				
Convertible preferred shares	—	—	5,621,814	5,621,814
As of December 31, 2023				
Asset:				
Financial assets at FVTPL:				
Investments in unlisted entities	—	—	712,854	712,854
Liability:				
Convertible preferred shares	—	—	7,503,898	7,503,898
As of December 31, 2024				
Asset:				
Financial assets at FVTPL:				
Investments in unlisted entities	—	—	553,554	553,554
Liability:				
Convertible preferred shares	—	—	7,663,753	7,663,753
As of June 30, 2025				
Asset:				
Financial assets at FVTPL:				
Investments in unlisted entities	—	—	527,391	527,391
Liability:				
Convertible preferred shares	—	—	7,636,457	7,636,457

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37. FINANCIAL INSTRUMENTS - continued

37.4 Fair value measurement of financial instruments - continued

Determination of fair value and fair value hierarchy - continued

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used). The determination of the fair value for convertible preferred shares is set out in Note 33.

Financial asset	Fair value as of December 31,			Fair value as of June 30,	Fair value Hierarchy report	Valuation technique(s) and key input(s)	Significant unobservable inputs
	2022	2023	2024	2025			
	RMB'000	RMB'000	RMB'000	RMB'000			
Investments in unlisted entities	791,212	712,854	553,554	527,391	Level 3	Market approach or Income approach	DL0M; market multiples; weighted average cost of capital ("WACC")

The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. The Group performed sensitivity analysis based on the assumptions that DL0M, market multiples and the WACC has been changed.

An increase in DL0M used in isolation would result in a decrease in the fair value of equity investments, and vice versa. A 5% increase/decrease in DL0M holding all other variables constant would decrease/increase the carrying amount of the equity investments by RMB4,291,000, RMB3,617,000, RMB2,742,000, RMB2,975,000 (unaudited) and RMB2,602,000 for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

An increase in WACC used in isolation would result in a decrease in the fair value of equity investments, and vice versa. A 3% increase/decrease in WACC holding all other variables constant would decrease/increase the carrying amount of the equity investments under income approach by RMB9,605,000, RMB7,139,000, RMB4,953,000, RMB5,759,000 (unaudited) and RMB5,353,000 for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

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37. FINANCIAL INSTRUMENTS - continued

37.4 Fair value measurement of financial instruments - continued

Determination of fair value and fair value hierarchy - continued

An increase in market multiples used in isolation would result in an increase in the fair value of equity investments, and vice versa. A 3% increase/decrease in market multiples holding all other variables constant would increase/decrease the carrying amount of the equity investments under market approach by RMB6,866,000, RMB6,341,000, RMB2,707,000, RMB3,933,000 (unaudited) and RMB2,773,000 for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

As the convertible preferred shares are not traded in an active market, the Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible preferred shares. Major assumptions used in the valuation for the convertible preferred shares are presented in Note 33.

Fair value of convertible preferred shares is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the post-tax loss for the year ended December 31, 2022 would have been approximately RMB522,807,000 higher/lower, respectively, and the post-tax profit for the years ended December 31, 2023 and 2024 and six months ended June 30, 2024 and 2025 would have been approximately RMB707,489,000, RMB727,282,000, RMB717,650,000 (unaudited) and RMB728,547,000 lower/higher.

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 three years ended December 31, 2024 and six months ended June 30, 2025, there were no transfers among different levels of fair value measurement.

The carrying amount of the Group's financial assets, including cash and cash equivalents, restricted cash, trade and note receivables and other receivables and the Group's financial liabilities, including trade payables and accrued expenses and other payables, approximate their fair values.

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37. FINANCIAL INSTRUMENTS - continued

37.4 Fair value measurement of financial instruments - continued

Determination of fair value and fair value hierarchy - continued

Reconciliation of Level 3 fair value measurements:

	Financial assets at FVTPL RMB'000	Convertible preferred shares RMB'000
As of January 1, 2022	466,463	3,933,489
Addition	370,875	—
Disposal of a subsidiary	—	(445,578)
Changes in fair value		
- Fair value changes of equity investments in unlisted entities measured as financial assets at FVTPL	(46,126)	—
- Fair value changes of convertible preferred shares	—	1,756,788
Currency translation differences	—	377,115
As of December 31, 2022	<u>791,212</u>	<u>5,621,814</u>
Issuance	—	1,461,576
Repurchase	—	(284,977)
Redesignation	—	45,251
Changes in fair value		
- Fair value changes of equity investments in unlisted entities measured as financial assets at FVTPL	(78,358)	—
- Fair value changes of convertible preferred shares	—	530,279
Currency translation differences	—	129,955
As of December 31, 2023	<u>712,854</u>	<u>7,503,898</u>
Changes in fair value		
- Fair value changes of equity investments in unlisted entities measured as financial assets at FVTPL	(159,300)	—
- Fair value changes of convertible preferred shares	—	47,607
Currency translation differences	—	112,248
As of December 31, 2024	<u>553,554</u>	<u>7,663,753</u>
Changes in fair value		
- Fair value changes of equity investments in unlisted entities measured as financial assets at FVTPL	(26,163)	—
- Fair value changes of convertible preferred shares	—	4,495
Currency translation differences	—	(31,791)
As of June 30, 2025	<u>527,391</u>	<u>7,636,457</u>

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38. NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) *Reconciliation of (loss)/profit for the years/periods to cash generated from operations:*

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
(Loss)/profit for the year/period	(1,269,132)	4,799	761,608	291,247	451,314
- (Loss)/profit for the year/period from continuing operations	(1,384,098)	4,799	761,608	291,247	451,314
- Profit for the year/period from discontinued operations	114,966	—	—	—	—
Adjustments for:					
Income tax expense	192,006	155,559	120,995	86,807	60,748
Depreciation and amortization	35,831	16,814	16,298	7,814	8,819
Share-based payment expenses	183,113	297,314	125,241	80,723	50,591
Fair value changes of convertible preferred shares	1,756,788	530,279	47,607	9,084	4,495
Loss on redesignation of convertible preferred shares	—	45,251	—	—	—
Gain on repurchase of convertible preferred shares	—	(77,715)	—	—	—
Fair value changes of financial assets as FVTPL	57,248	78,358	159,300	134,799	26,163
Gain from disposal of subsidiaries	(204,469)	—	—	—	—
Finance income	(162,164)	(287,401)	(293,277)	(160,266)	(129,426)
Finance costs	106,163	139,268	193,182	75,016	90,305
Impairment losses under ECL model, net of reversal	12,666	4,182	3,778	6,594	1,988
Impairment provision for inventories, net of reversal	3,790	2,000	4,594	3,248	1,231
Impairment of goodwill	254,278	—	—	—	—
Disposal loss/(gain) of non-current assets	2,089	1,261	420	(14)	—
Foreign exchange losses/(gains), net	5,070	11	(539)	(56)	267
Changes in working capital:					
(Increase)/decrease in inventories	(41,184)	94,486	(390,943)	(153,378)	(354,056)
Decrease/(increase) in trade and note receivables	22,057	(31,752)	(40,391)	(26,617)	(8,851)
(Increase)/decrease in prepayments, other receivables and other assets	(57,199)	(1,081,305)	(941,508)	149,609	1,015,318
Increase/(decrease) in trade payables	778,896	1,360,147	1,365,963	(444,879)	(609,679)
Increase/(decrease) in contract liabilities	56,408	(125,349)	9,850	(12,966)	(30,895)
Increase/(decrease) in accrued expenses and other payables	329,740	182,092	210,105	14,004	(153,748)
Cash generated from operations	2,061,995	1,308,299	1,352,283	60,769	424,584

There were no material non-cash investing and financing activities for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025.

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38. NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS - continued

(b) *Reconciliation of liabilities arising from financing activities*

	Convertible preferred shares RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2022	3,933,489	25,462	3,958,951
Financing cash flows	—	(7,540)	(7,540)
Deconsolidation and disposal of subsidiaries	(445,578)	(11,676)	(457,254)
New leases entered	—	4,337	4,337
Finance costs	—	974	974
Fair value changes of convertible preferred shares	1,756,788	—	1,756,788
Currency translation differences	377,115	—	377,115
At December 31, 2022	5,621,814	11,557	5,633,371
Financing cash flows	1,254,314	(4,887)	1,249,427
New leases entered	—	1,005	1,005
Financial costs	—	428	428
Fair value changes of convertible preferred shares	530,279	—	530,279
Loss on redesignation of convertible preferred shares	45,251	—	45,251
Gain on repurchase of convertible preferred shares	(77,715)	—	(77,715)
Currency translation differences	129,955	—	129,955
At December 31, 2023	7,503,898	8,103	7,512,001
Financing cash flows	—	(8,268)	(8,268)
New leases entered	—	2,108	2,108
Financial costs	—	215	215
Fair value changes of convertible preferred shares	47,607	—	47,607
Currency translation differences	112,248	—	112,248
At December 31, 2024	7,663,753	2,158	7,665,911
Financing cash flows	—	(1,262)	(1,262)
New leases entered	—	7,291	7,291
Financial costs	—	47	47
Fair value changes of convertible preferred shares	4,495	—	4,495
Currency translation differences	(31,791)	—	(31,791)
At June 30, 2025	7,636,457	8,234	7,644,691

JINGDONG INDUSTRIALS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE YEARS ENDED DECEMBER 31, 2024 AND SIX MONTHS ENDED JUNE 30, 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

Details of the principal subsidiaries directly and indirectly held by the Company as of each reporting period end during the three years ended December 31, 2024 and six months ended June 30, 2025 are set out below:

Name of subsidiaries***	Place of incorporation registration / operations	Registered capital	Proportion ownership interest attributable to the Company				Principal activities
			December 31,			June 30,	
			2022	2023	2024	2025	
Beijing JINGDONG Electrolysis	Mainland China	RMB 100,000,000	100%	100%	100%	100%	Technical and information services
Suqian JINGDONG Baoying	Mainland China	RMB 100,000	100%	100%	100%	100%	Online retail of industrial products
Beijing JINGDONG Industrial Products Trading Co., Ltd.	Mainland China	RMB 100,000,000	100%	100%	100%	100%	Online retail of industrial products
Beihai JINGDONG Industrial	Mainland China	RMB 100,000	100%	100%	100%	100%	Technical and advertising services
Beijing JINGDONG Industrial	Mainland China	RMB 50,000,000	100%	100%	100%	100%	Procurement of industrial products
Shanghai JINGDONG Shangpin Trading Co., Ltd.	Mainland China	RMB 1,000,000	100%	100%	100%	100%	Online retail of industrial products
Guangxi Yangqi	Mainland China	RMB 100,000	100%	100%	100%	100%	Technical and advertising services
Shenzhen JINGDONG Industrial Digital Intelligence Supply Chain Co., Ltd.	Mainland China	RMB 10,000,000	—	—	100%	100%	Cross-border industrial supply chain technology and services

Details of the principal consolidated affiliated entities of the Company as of each reporting period end during the three years ended December 31, 2024 and six months ended June 30, 2025 are set out below:

Name of subsidiaries and affiliated entities***	Place of Incorporation Registration / operations	Registered capital	Proportion ownership interest attributable to the Company				Principal activities
			December 31,			June 30,	
			2022	2023	2024	2025	
Jiangsu Jucheng Space	Mainland China	RMB 10,000,000	100%	100%	100%	100%	Technical and advertising services
Beijing JINGDONG Boyan Information Technology Co., Ltd.	Mainland China	RMB 2,000,000	100%	100%	100%	100%	Technical and information services
Suzhou Gongpinhui	Mainland China	RMB 19,075,445	100%	100%	100%	100%	Industrial products e-commerce marketplace

* As describe in Note 1, the Company does not have directly or indirectly legal ownership in equity of these affiliated entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with the equity holders of these affiliated entities, the Company and its legal owned subsidiaries have power over these affiliated entities, have rights to variable returns from its involvement with these affiliated entities and have the ability to affect those returns through their power over these affiliated entities and are considered to have control over these affiliated entities. Consequently, the Company regards these affiliated entities as its indirect subsidiaries.

** The English names of the subsidiaries and consolidated affiliated entities established in the PRC are translated from their registered Chinese names for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2024
AND SIX MONTHS ENDED JUNE 30, 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES - continued

The above table lists the subsidiaries and consolidated affiliated entities of the Company that the directors of the Company believe to principally affect the results or assets of the Group. In the opinion of the directors of the Company, to give details of other subsidiaries would, result in particulars of excessive length.

The voting power of the subsidiaries and consolidated affiliated entities held by the Company are same with the ownership interest held by the Company.

No audited statutory financial statements for the period from date of incorporation or acquisition to June 30, 2025 have been prepared for the subsidiaries and consolidated affiliated entities incorporated in the PRC listed above, since there is no statutory audit requirement.

None of the subsidiaries and consolidated affiliated entities had issued any debt securities during the three years ended December 31, 2024 and six months ended June 30, 2025.

The Company

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company recorded investments in subsidiaries of nil, RMB151,932,000, RMB328,318,000 and RMB423,934,000, respectively. Investments in subsidiaries represent capital injection to the subsidiaries of the Company for the purpose of permanent investment and the deemed investments to subsidiaries in relation to the share-based awards under JD Industrials Share Incentive Plan granted to employees of the Company's subsidiaries.

40. PENSION COST

Full time employees of the Group in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

41. CONTINGENCIES

The Group did not have any material contingent liabilities as of December 31, 2022, 2023 and 2024 and June 30, 2025.

42. SUBSEQUENT EVENTS

On December 1, 2025, the Company and the relevant holders of Series B Preference Shares have conditionally agreed that the Series B Preference Shares will be converted into ordinary shares at adjusted conversion ratio with certain cash payment to be made to the holders of Series B Preference Shares pursuant to the Conversion Adjustment Mechanism as set out in section headed "History, Reorganization and Corporate Structure". The final adjusted conversion ratio and cash payment is subject to the final offer price of the Global Offering as defined in the Prospectus.