



DINGDANG HEALTH TECHNOLOGY GROUP LTD.

叮噹健康科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 09886

2024

INTERIM REPORT



CONTENTS

Corporate Information	2
Definitions	4
Management Discussion and Analysis	11
Corporate Governance and Other Information	24
Report on Review of Condensed Consolidated Financial Statements	45
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	46
Condensed Consolidated Statement of Financial Position	48
Condensed Consolidated Statement of Changes in Equity	50
Condensed Consolidated Statement of Cash Flows	51
Notes to the Condensed Consolidated Financial Statements	52



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Wenlong (楊文龍) (*Chairman & President*)

Mr. Xu Ning (徐寧)

Mr. Yu Lei (俞雷)

Mr. Yu Qinglong (于慶龍)

Mr. Yang Yibin (楊益斌)

Non-executive Director

Ms. Cai Li (蔡俐)

Independent Non-executive Directors

Mr. Zhang Shouchuan (張守川)

Dr. Fan Zhenhong (樊臻宏)

Mr. Jiang Shan (姜山)

AUDIT COMMITTEE

Mr. Jiang Shan (*Chairman*)

Mr. Zhang Shouchuan

Dr. Fan Zhenhong

NOMINATION COMMITTEE

Mr. Yang Wenlong (*Chairman*)

Dr. Fan Zhenhong

Mr. Zhang Shouchuan

REMUNERATION COMMITTEE

Dr. Fan Zhenhong (*Chairman*)

Mr. Zhang Shouchuan

Ms. Cai Li

AUTHORIZED REPRESENTATIVES

Mr. Xu Ning

Mr. Lam Yiu Por

JOINT COMPANY SECRETARIES

Mr. Lam Yiu Por

Mr. Liu Zhenxuan

REGISTERED OFFICE

Maples Corporate Services Limited

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building 1, Yard 50

Dengshikou Street

Dongcheng District

Beijing

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3512, 35/F

The Center, 99 Queen's Road Central

Central

Hong Kong

COMPANY WEBSITE

www.ddjkt.com

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong laws:

Clifford Chance

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants and Registered Public

Interest Entity Auditor

HONG KONG SHARE REGISTRAR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

PRINCIPAL BANKER(S)

Agricultural Bank of China, Beijing Branch
China Merchants Bank, Beijing Branch
Bank of Beijing, Dengshikou Sub-branch
Pingan Bank, Beijing Branch
CMB Wing Lung Bank
China Merchants Bank, Hong Kong Branch

STOCK CODE

09886



Definitions

In this interim report, the following expressions have the meanings set out below unless the context otherwise requires:

“2020 RSU Scheme”	the restricted share unit scheme adopted by the Company on May 1, 2020
“2023 RSU Scheme”	the restricted share unit scheme adopted by the Company on June 27, 2023
“affiliate”	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of the Company, as amended, supplemented and restated from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	Deloitte Touche Tohmatsu, the auditor of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Dingdang Health Technology Group Ltd., an exempted company incorporated in the Cayman Islands with limited liability on August 20, 2014
“Consolidated Affiliated Entity(ies)”	entities whose financial results have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements, including Dingdang Medicine Express Technology, Jiangxi Dingdang Health Pharmacy Chain Co., Ltd. (江西叮嚀健康藥房連鎖有限公司), Hainan Dingdang Kuaiyi, Hainan Internet Hospital and Hainan Telemedicine Center
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Dingdang Medicine Express Technology and the Registered Shareholders
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and refers to each of Mr. Yang Wenlong, Mr. Yang Yibin, Mr. Yang Xiao, Excel Returns Group Limited, Go Prosper Enterprises Corporation, Much Premium Investment Limited, Delight Health Limited, Future Health Limited, Delight Faith Limited and Go Far Limited

“Controlling Shareholders Group”	Mr. Yang Wenlong, Mr. Yang Yibin, Mr. Yang Xiao, Excel Returns Group Limited, Go Prosper Enterprises Corporation, Much Premium Investment Limited, Delight Health Limited, Future Health Limited, Delight Faith Limited, and Go Far Limited are deemed to be a group of Controlling Shareholders
“Designated Person”	an employee of the Company designated by the 2023 RSU Scheme Administrator, who shall not be one of the Controlling Shareholders, or any person who act accustomed to instructions from the Controlling Shareholders
“Dingdang Medicine Express Technology”	Dingdang Medicine Express Technology Group Ltd. (叮嚀快藥科技集團有限公司), a company incorporated under the laws of the PRC on September 2, 2014 with limited liability and a Consolidated Affiliated Entity, which is a holding company of all the other Consolidated Affiliated Entities of our Group
“Dingdang No. 1”	Zhuhai Dingdang No. 1 Enterprise Management Consulting Center (Limited Partnership) (珠海叮嚀一號企業管理諮詢中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 26, 2016 and one of the Registered Shareholders
“Dingdang No. 2”	Zhuhai Dingdang No. 2 Enterprise Management Consulting Center (Limited Partnership) (珠海叮嚀二號企業管理諮詢中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 26, 2016 and one of the Registered Shareholders
“Dingdang No. 3”	Zhuhai Dingdang No. 3 Enterprise Management Consulting Center (Limited Partnership) (珠海叮嚀三號企業管理諮詢中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 26, 2016 and one of the Registered Shareholders
“Dingdang No. 4”	Zhuhai Dingdang No. 4 Investment Center (Limited Partnership) (珠海叮嚀四號投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 26, 2016 and one of the Registered Shareholders
“Director(s)”	the director(s) of the Company
“ESOP Plans”	Pre-IPO Share Option Scheme, Restricted Share Scheme and 2020 RSU Scheme adopted on May 1, 2020, the Restricted Share Agreement dated May 31, 2021 and 2023 RSU Scheme adopted on June 27, 2023

Definitions

“Excluded Participant”	any 2023 RSU Scheme Participant who is resident in a place where the award and/or the vesting and transfer of the RSU Shares or cash amount which is equivalent to the market value of the RSU Shares pursuant to the rules of the 2023 RSU Scheme is not permitted under the applicable laws or where in the view of the 2023 RSU Scheme Administrator or the Trustee (as the case may be), compliance with the applicable laws makes it necessary or expedient to exclude such 2023 RSU Scheme Participant
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group” or “our Group” or “we” or “us” or “Dingdang Health”	our Company, its subsidiaries and the Consolidated Affiliated Entities (or our Company and any one or more of its subsidiaries or the Consolidated Affiliated Entities, as the context may require)
“Hainan Dingdang Kuaiyi”	Dingdang Kuaiyi (Hainan) Medical Technology Co., Ltd. (叮嚕快醫(海南)醫療科技有限公司), a company incorporated under the laws of the PRC on April 18, 2019 with limited liability and our Consolidated Affiliated Entity
“Hainan Internet Hospital”	Dingdang Kuaiyi (Hainan) Internet Hospital Co., Ltd. (叮嚕快醫(海南)互聯網醫院有限公司), a company incorporated under the laws of the PRC on September 4, 2019 with limited liability and our Consolidated Affiliated Entity
“Hainan Telemedicine Center”	Dingdang Kuaiyi (Hainan) Telemedicine Center Co., Ltd. (叮嚕快醫(海南)遠程醫療中心有限公司), a company incorporated under the laws of the PRC on August 26, 2019 with limited liability and our Consolidated Affiliated Entity
“HK\$” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Offer Shares”	the 3,354,000 Offer Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the 3,354,000 Offer Shares initially offered by our Company for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fees)

“IFRS(s)”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“International Offer Shares”	the 30,183,000 Shares initially offered by our Company for subscription pursuant to the International Offering together with up to an aggregate of 5,030,500 Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“International Offering”	the offer of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act and in the United States to QIBs (a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act) only in reliance on Rule 144A under the U.S. Securities Act or any other available exemption from registration under the U.S. Securities Act
“International Underwriters”	the group of international underwriters, led by the Joint Global Coordinators, that is expected to enter into the international underwriting agreement to underwrite the International Offering
“Joint Global Coordinators”	China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited (in no particular order)
“Listing”	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	September 14, 2022, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company, as amended, supplemented and restated from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Nanjing Zhaoyin Gongying”	Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership) (南京市招銀共贏股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 10, 2019

Definitions

“Offer Price”	HK\$12.00 per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%)
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with up to an aggregate of 5,030,500 Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option that has been granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators pursuant to the international underwriting agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 5,030,500 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering
“Pre-IPO Share Option Scheme”	the Pre-IPO share option scheme adopted by the Company on May 1, 2020
“Prospectus”	the prospectus of the Company dated September 1, 2022
“Registered Shareholders”	the registered shareholders of Dingdang Medicine Express Technology, namely Mr. Yang Wenlong, Dingdang No. 1, Dingdang No. 2, Dingdang No. 3, and Dingdang No. 4
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended June 30, 2024
“Restricted Share Agreement”	the restricted share agreement entered into by the Company, Mr. Yang Wenlong and Future Health Limited, a company held as to 60% of its equity interests by Mr. Yang Wenlong on May 31, 2021 which has been approved by the Shareholders of the Company on May 25, 2021
“Restricted Share Scheme”	the restricted share scheme adopted by the Company on May 1, 2020
“Returned Shares”	such RSU Shares or related income which are not vested and/or are forfeited in accordance with the rules of the 2023 RSU Scheme, or such Shares being deemed to be returned shares in accordance with the rules of the 2023 RSU Scheme and the Trust Deed
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

“RSU(s)”	a restricted share unit conferring the grantee a conditional right upon vesting of the restricted share unit to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the vesting date, as determined by the RSU scheme administrator in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable
“RSU Shares”	such number of Shares that are conferred on the grantee pursuant to the award
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Incentive Schemes”	Pre-IPO Share Option Scheme, Restricted Share Scheme and 2020 RSU Scheme adopted on May 1, 2020
“Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of our Shares
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“treasury shares”	has the meaning ascribed to it in the Listing Rules
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the 2023 RSU Scheme
“Trust Holdco”	Dingdang HT RSU Holding Limited, a company incorporated in the British Virgin Islands for purpose of holding the Trust, and is wholly owned by the Trustee

Definitions

“Trustee”	CMB Wing Lung (Trustee) Limited, the trustee corporation to be appointed by the Company for the administration of the 2023 RSU Scheme
“Vesting Date”	in respect of a grantee, the date on which his entitlement to the relevant award is vested in such grantee in accordance with the 2023 RSU Scheme
“WFOE”	Dingdang Kuaiyao (Beijing) Technology Development Co., Ltd. (叮噹快藥(北京)技術開發有限公司), a company incorporated under the laws of the PRC on September 30, 2016 with limited liability and our indirect wholly-owned subsidiary
“%”	per cent

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2024, the State had accelerated the implementation of pilot online payment for national healthcare security in multiple cities. The China National Healthcare Security Administration had also launched a special initiative of “going online shops, checking drug prices, comparing data, and emphasising governance”. The policy conducted supervision in areas such as payment scope, prices, and medical prescription circulation, and promoted the healthy development of the industry. Meanwhile, the government continuously improves and refines measures to ensure transparency, fairness, and operability of the policies. These measures will promote the industry’s sound and solid development, particularly benefiting the on-demand healthcare delivery business, and will be a milestone in the development of the digital healthcare industry. For a long time, we have been promoting the digital management and online payment of national healthcare security as a key project in our development plan and strategy formulation. So far this year, in a number of smart pharmacies in Beijing, Shanghai, Shenzhen, Foshan and other places, online drug purchasing with national healthcare security had been launched, and the number of smart pharmacies that meet the national healthcare security qualification had increased significantly. We will continue to rely on the strengths of our own business model, improve our competitiveness in areas such as online digitalization and offline integrated operations, and properly address the new challenges and seize the new opportunities brought about by changes in the industry. We will leverage the advantages of online and offline integrated technology and layout, practice the corporate value and philosophy of “Serving the Public Health and Bringing the Ultimate To-Home Health Service (服務百姓健康,引領極致健康到家服務)”, fully utilize the experience in digital pharmaceuticals and medical services, better implement the new national industry policies, so that national healthcare security participants cannot only benefit from their national healthcare security rights, but also enjoy the convenience of on-demand healthcare delivery model, better meeting the health and medical service needs of residents.

During the Reporting Period, our total revenue was RMB2,267.9 million (for the six months ended June 30, 2023: RMB2,247.3 million), representing a period-on-period increase of 0.9%. Among them, the revenue of drug express business reached RMB2,210.1 million (for the six months ended June 30, 2023: RMB2,184.6 million), representing a period-on-period increase of 1.2%. During the Reporting Period, cumulative registered users of our platforms reached approximately 43.6 million, and we recorded 3.5 million health and medical consultations in the online medical consultations business. For the six months ended June 30, 2024, the net loss of the Company was narrowed down by approximately 23.5%, representing a period-on-period decrease of RMB27.6 million, recording a loss of RMB89.8 million.



Management Discussion and Analysis

We will consistently adhere to the user-centric model and build a comprehensive ecosystem of “Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance” through in-depth cooperation and empowerment of the industry chain, and the Company, centering around residents’ health needs while closely following the national policy guidance and focusing on forward-looking innovation. We commit to deploy innovation in the on-going layout planning of business segments including online national healthcare security payment, professional pharmaceutical cold-chain on-demand delivery services, AI smart medical services and other business segments to provide residents with professional, safe, immediate and efficient pharmaceutical and healthcare services. At the same time, we will further consolidate and develop the on-demand health service in megacities, focusing on the planning of expansion of core cities and accelerating the opening of more smart pharmacies for online national healthcare security payment in a bid to support the medium-to-long-term growth of the Company.

- **Drug Express Business**

We remain committed to providing an instant, professional, omni-channel and data-driven drug purchase service portfolio to our users. For the six months ended June 30, 2024, our drug express business has maintained steady growth. The breakdown of revenue by channel includes: revenue recorded from online direct sales of RMB1,612.7 million (for the six months ended June 30, 2023: RMB1,606.0 million), representing a period-on-period increase of 0.4%; revenue recorded from business distribution of RMB274.3 million (for the six months ended June 30, 2023: RMB246.0 million), representing a period-on-period increase of 11.5%; revenue recorded from offline retail of RMB323.1 million (for the six months ended June 30, 2023: RMB332.6 million), representing a period-on-period decrease of 2.9% and revenue recorded from other business of RMB57.8 million (for the six months ended June 30, 2023: RMB62.7 million), representing a period-on-period decrease of 7.8%.

During the Reporting Period, we continued to promote the opening up of online payment for national healthcare security and strengthen our supply chain management. In terms of online national healthcare security services, we entered the first pilot or first platform partner suppliers in Beijing, Shanghai, Shenzhen, and Foshan, respectively. In terms of warehousing logistics and cold-chain logistics services, we further enhanced user service capabilities through digitalization and professional logistics to ensure the safe use of drugs for users. Through our partnerships with more than 6,000 pharmaceutical manufacturers and distribution companies, we strove to enhance and expand the diversity of our product portfolio and provide our users with more affordable, high-quality services and products by connecting them with drug manufacturers through an F2C ecosystem.

➤ *Online Direct Sales*

In terms of the online direct sales channel, the Company reached out to its users through its online platforms for service and product sales. During the Reporting Period, the Company recorded a revenue of RMB1,612.7 million (for the six months ended June 30, 2023: RMB1,606.0 million) from online direct sales channel, which was similar to the same period last year. Through our online-to-offline order fulfillment service model and direct-sales e-commerce service model, we have accumulated 43.6 million registered users on our own platforms alone and maintained contact with them through omni-platform channels. The Company focuses on providing express medicine, medical and healthcare services which are empowered by our smart pharmacy and E-zoning technology as well as experienced riders who can deliver efficiently and safely through an intelligent scheduling system. In the direct-sales e-commerce model, we can make both regular and scheduled deliveries with the help of third-party carriers, covering major regions and populations across the country.

➤ *Business Distribution*

The Company will further reinforce its industrial advantages in the supply chain by actively forging its commodity and innovation power, integrate OEM customization and product innovation through supply chain resources, and strengthen collaboration with small enterprises and distributors to achieve supply chain empowerment and product sales through a multi-channel e-commerce platform. During the Reporting Period, the business distribution recorded a revenue of RMB274.3 million (for the six months ended June 30, 2023: RMB246.0 million), and the business distribution increased by 11.5% due to the expansion of new channels.

➤ *Offline Retail*

In addition to online direct sales and business distribution, users could also purchase our products and services directly from our extensive network of pharmacies in major cities across China. During the Reporting Period, our offline retail recorded a revenue of RMB323.1 million (for the six months ended June 30, 2023: RMB332.6 million), representing a period-on-period decrease of 2.9%.



Management Discussion and Analysis

➤ *Other Business*

The Company has cooperated with over 6,000 pharmaceutical manufacturers and pharmaceutical distribution companies in aggregate. While establishing alliance and continuously deepening cooperation with pharmaceutical manufacturers and enterprises, the Company also realized in-depth cooperation in terms of advertisement, promotion, marketing service, and research and development for pharmaceutical products. During the Reporting Period, the other business recorded a revenue of RMB57.8 million (for the six months ended June 30, 2023: RMB62.7 million), representing a period-on-period decrease of 7.8%.

- **Online Medical Consultation**

Based on our Hainan Internet Hospital and our cooperation with third-party medical institutions, we provided online consultation services for users' needs with the aid of the Dingdang HealthGPT. Our medical team included more than 800 internal and external doctors and more than 400 medical professional pharmacists covering our network of smart pharmacies, enabling us to provide safe and secure health services to our users in accordance with national regulatory requirements. During the Reporting Period, we provided over 3.5 million times of online consultation services.

- **Chronic Disease and Health Management**

Through our self-developed AI system, health mapping, medical dictionary wisdom and other technologies, we helped users with health portfolio management and DOT medication adherence services. As our services continue to grow, we are proactively exploring the establishment of patient services and medical services with various medical institutions and leading hospitals to provide patient course management, remote consultation and health management for different users. We have further developed the management of sub-specialties, including respiratory medicine, dermatology, gastroenterology, gynecology, cardiovascular and oncology, etc., and built partnerships with domestically renowned hospitals and specialists, providing users with online medical consultation through online and supplementary services.

Public Welfare and Social Responsibility

We have been adhering to our corporate value and concept of “serving the public health” and always insisted on putting the health of users above the core value of corporate development, proactively performing our corporate social responsibility. We have linked public health to our development, continuously serving the public and the society.

During the Spring Festival period, we have launched the “non-stop service during the Spring Festival” for eight consecutive years to ensure that residents’ needs for medical consultation, drug purchasing, and other healthcare services are met during the Spring Festival period.

In June 2024, we cooperated with Taiji Group to launch a public benefit activity for summer heat prevention, providing various heat-proof and cooling materials such as Ageratum-liquid and Ageratum-flavored cola to outdoor workers such as takeaway deliveryman, sanitation workers, bus and taxi drivers and urban management officers, aiming to provide them with health protection and sincere care.

During the “2024 Summer Camping with Pets – Searching for the God of Olympus” themed event organized in the summer of 2024, we prepared heat-proof and cooling products such as honeysuckle flower distillate drink, Ageratum-liquid, as well as first aid products for outdoor activities, which were available for free distribution to the participating citizens, in order to support them in staying cool and hydrated during outdoor activities.

Future Prospects

We are of the view that, with the continuous emergence of new technologies and new policies, digital healthcare as well as the accessibility of online drug purchasing under national healthcare security opened up a new dimension to the development of the industry through the integration of online and offline methods, allowing users to become accustomed to popularization and convenient access. Under the guidance of policy reform and technological innovation, we will maintain the competitive advantages of the integrated online and offline service operation model while at the same time enhancing its own technical service level, consistently striving to create a service ecosystem of “Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance”. We will continue to consolidate its service advantages in major cities such as Beijing, Shanghai and Shenzhen and continue to expand its scale and enhance its service density. At the same time, the Group will also boost its merchandise power and sales power, further improve the warehousing and distribution system and the front-end service sales system, so as to drive and expand more cities to pursue superiority and strength, and provide users with a more professional, more convenient and more diversified ultimate service experience.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue increased by 0.9% from RMB2,247.3 million for the six months ended June 30, 2023 to RMB2,267.9 million for the six months ended June 30, 2024. The increase in our total revenue was primarily due to the increase in the revenue from our pharmaceutical and healthcare business by 1.2% from RMB2,184.6 million for the six months ended June 30, 2023 to RMB2,210.1 million for the six months ended June 30, 2024. The increase in revenue from the pharmaceutical and healthcare business was primarily attributable to the growing user base and the enrichment of product categories.

Cost of Revenue

Cost of revenue decreased by 3.1% from RMB1,564.4 million for the six months ended June 30, 2023 to RMB1,516.2 million for the six months ended June 30, 2024. The decrease in cost of revenue was primarily due to the increase in efficiency of procurement system and the change in product sales portfolio.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB751.7 million for the six months ended June 30, 2024, representing a gross profit margin of 33.1%; and a gross profit of RMB682.9 million for the six months ended June 30, 2023, representing a gross profit margin of 30.4%. The increase in the gross profit margin was mainly due to the improvement in control measures of the procurement process and the change in product sales portfolio.

Fulfillment Expenses

The fulfillment expenses increased by 5.1% from RMB212.4 million for the six months ended June 30, 2023 to RMB223.3 million for the six months ended June 30, 2024. The increase was primarily due to increased demands from our users for our product and service offerings. The fulfillment expenses as a percentage of revenue increased from 9.5% for the six months ended June 30, 2023 to 9.8% for the six months ended June 30, 2024.

Selling and Marketing Expenses

The selling and marketing expenses increased by 4.4% from RMB465.2 million for the six months ended June 30, 2023 to RMB485.9 million for the six months ended June 30, 2024. The increase was primarily attributable to the expansion of the network of our smart pharmacies and the increase in selling and marketing activities. The selling and marketing expenses as a percentage of revenue increased from 20.7% for the six months ended June 30, 2023 to 21.4% for the six months ended June 30, 2024.

Research and Development Expenses

The research and development expenses decreased by 20.5% from RMB30.7 million for the six months ended June 30, 2023 to RMB24.4 million for the six months ended June 30, 2024. Research and development expenses as a percentage of revenue decreased from 1.4% for the six months ended June 30, 2023 to 1.1% for the six months ended June 30, 2024.

General and Administrative Expenses

General and administrative expenses decreased by 1.3% from RMB127.8 million for the six months ended June 30, 2023 to RMB126.1 million for the six months ended June 30, 2024.

General and administrative expenses as a percentage of revenue decreased from 5.7% for the six months ended June 30, 2023 to 5.6% for the six months ended June 30, 2024.

Other Gains and Losses, Net

Other net gains and losses decreased by 64.7% from RMB19.0 million for the six months ended June 30, 2023 to RMB6.7 million for the six months ended June 30, 2024. The decrease was primarily attributable to the decrease in net foreign exchange gains and the decrease in gain on fair value changes of financial assets at FVTPL.

Other Income

Other income increased by 6.8% from RMB23.7 million for the six months ended June 30, 2023 to RMB25.3 million for the six months ended June 30, 2024. Such increase was primarily attributable to the increase in dividends from equity instruments at FVTOCI.

Finance Costs

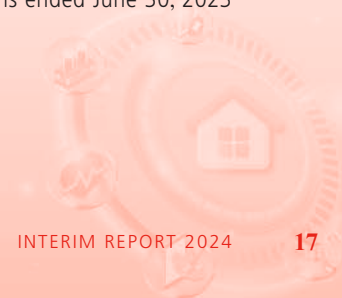
Finance costs increased by 12.8% from RMB3.9 million for the six months ended June 30, 2023 to RMB4.4 million for the six months ended June 30, 2024.

Income Tax Expenses

Income tax expenses increased by 64.9% from RMB3.7 million for the six months ended June 30, 2023 to RMB6.1 million for the six months ended June 30, 2024, which was primarily due to the increase in our taxable income.

Loss for the Period

As a result of the above, our net loss decreased by 23.5% from RMB117.4 million for the six months ended June 30, 2023 to RMB89.8 million for the six months ended June 30, 2024.



Management Discussion and Analysis

Non-IFRS Measures: Adjusted Net Loss and Adjusted Net Loss Margin

To supplement the condensed consolidated financial statements which are presented in accordance with IFRS, the Company also use adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional financial indicators, which are not required by, or presented in accordance with IFRS. The Company believes that the adjusted net loss (non-IFRS measure) and the adjusted net loss margin (non-IFRS measure) facilitate comparisons of operating performance from period to period and company to company.

The Company believes that the adjusted net loss (non-IFRS measure) and the adjusted net loss margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as it helped the management of the Company. However, the presentation of the adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) may not be comparable to similarly titled indicators presented by other companies. The use of the adjusted net loss (non-IFRS measure) and the adjusted net loss margin (non-IFRS measure) has limitations as analytical tools, and the Shareholders and potential investors should not consider them in isolation from, or as substitutes for analysis of, the results of operations or financial conditions of the Company as reported under IFRS.

The Company defines adjusted net loss (non-IFRS measure) as net loss for the periods adjusted by adding back share-based payments. The Company defines adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue for the period and multiplied by 100%.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods indicated:

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Reconciliation of net loss to adjusted net loss:	<i>(RMB'000, except for percentages)</i>	
Net loss for the period	(89,801)	(117,351)
Add		
Share-based payments	51,283	73,223
Adjusted net loss for the period (non-IFRS measure)	(38,518)	(44,128)
Adjusted net loss margin (non-IFRS measure)	(1.7%)	(2.0%)

LIQUIDITY AND CAPITAL RESOURCES

The Group financed its operations through internally generated cash flows and proceeds from the Global Offering and issuance of shares with preferred rights. As at June 30, 2024, we had cash and cash equivalents of RMB1,233.6 million (December 31, 2023: RMB1,185.9 million). The following table sets forth our cash flows for the periods indicated:

	For the six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Operating cash flows before movements in working capital	21,214	9,827
Changes in working capital	62,709	209,866
Income taxes paid	(8,914)	(9,591)
Net cash from operating activities	75,009	210,102
Net cash from investing activities	32,245	95,755
Net cash used in financing activities	(62,620)	(48,243)
Net increase in cash and cash equivalents	44,634	257,614
Cash and cash equivalents at the beginning of the period	1,185,898	1,210,949
Effect of foreign exchange rate changes on cash and cash equivalents	3,048	9,450
Cash and cash equivalents at the end of the period	1,233,580	1,478,013

Net Cash From Operating Activities

For the six months ended June 30, 2024, net cash from operating activities was RMB75.0 million compared to net cash generated from operating activities of RMB210.1 million in the same period last year, which was primarily attributable to the loss before income tax of RMB83.7 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payments expenses of RMB51.3 million and depreciation of right-of-use assets of RMB43.5 million and amortisation of other intangible assets of RMB18.5 million; and (ii) changes in working capital, which primarily resulted from a decrease in restricted bank deposits of RMB60.6 million and an increase in amounts due to related parties of RMB4.6 million, partially offset by an increase in inventories of RMB12.8 million.

Net Cash From Investing Activities

For the six months ended June 30, 2024, net cash from investing activities was RMB32.2 million, which was primarily attributable to redemption of financial assets at FVTPL of RMB673.8 million and partially offset by purchase of financial assets at FVTPL of RMB636.7 million.

Management Discussion and Analysis

Net Cash Used in Financing Activities

For the six months ended June 30, 2024, net cash used in financing activities was RMB62.6 million, which was primarily attributable to repayments of lease liabilities of RMB39.4 million, payments to the trustee for share purchase of RMB10.6 million and dividends paid to non-controlling shareholders of RMB8.9 million.

Borrowings and Gearing

As of June 30, 2024, we did not have any bank borrowings and therefore we did not present gearing ratio.

Capital Expenditures

Our capital expenditures primarily consisted of purchases of property and equipment, payments for right-of-use assets and purchases of other intangible assets. Our capital expenditures were RMB13.8 million for the six months ended June 30, 2024 and RMB7.8 million for the six months ended June 30, 2023.

We plan to fund our future capital expenditures by our internal resources including our cash and cash equivalents and the net proceeds received from the Global Offering.

Capital Commitments

As of June 30, 2024, we had no material capital commitment.

Pledges of Assets

As of June 30, 2024, we did not have any material pledge of asset.

Significant Investments Held

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at June 30, 2024) during the six months ended June 30, 2024.

Future Plans for Material Investments and Capital Assets

As of June 30, 2024, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the six months ended June 30, 2024.

Foreign Exchange Risk

The functional currency of the Group's entities is RMB. Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in currencies that are not the respective functional currency of the Group's entities. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

CONTINGENT LIABILITIES

As of June 30, 2024, we did not have any material contingent liabilities.

EMPLOYEES

As of June 30, 2024, we had 2,509 full-time employees, most of whom were based in China, mostly in Beijing, with the rest based in major cities across China such as Shenzhen, Zhangshu, Shanghai and Guangzhou.

The following table sets forth the number of our employees by function as of June 30, 2024:

Employee function	Number of employees
Sales, Marketing and Business Development	1,749
Technology, Research and Development	231
Management	329
Administration	200
Total	2,509

We believe that we maintain a good working relationship with our employees and we have not experienced any significant labour disputes or any difficulty in recruiting staff for our operations.

We entered into employment contracts and agreements regarding confidentiality, intellectual property rights and non-competition with our senior management, managers and core employees. The remuneration package for our employees generally includes salary and bonuses. We determine employees' remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for pension, medical, work-related injury, maternity and unemployment benefits.

We endeavour to hire the best talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal promotion path. We also conduct introductory training for new staff and have periodic training for our full-time employees.



Management Discussion and Analysis

In order to provide incentives and rewards to members of the Board, employees and consultants of the Group, the Company adopted the Share Incentive Schemes on May 1, 2020, which shall continue in effect for a term of ten (10) years since the adoption. The total number of shares subject to the Share Incentive Schemes shall not be more than 87,993,330 ordinary shares of the Company, representing approximately 6.56% of the total issued share capital of the Company as of June 30, 2024. For details, please refer to “Statutory and General Information – D. ESOP Plans – Share Incentive Schemes” in Appendix IV to the Prospectus. On June 27, 2023, the Company has adopted the 2023 RSU Scheme which shall continue in effect for a term of ten (10) years since the adoption. The total number of shares subject to the 2023 RSU Scheme shall not be more than 26,829,457 ordinary shares of the Company, representing approximately 2.0% of the total issued share capital of the Company as of June 30, 2024. For details, please refer to the announcement of the Company dated June 27, 2023.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On September 14, 2022, the Shares were successfully listed on the Main Board of the Stock Exchange. The Company issued a total of 33,537,000 ordinary Shares with a nominal value of US\$0.0001 in the Global Offering at the Offer Price of HK\$12.00. The net proceeds raised from the Company’s Global Offering after deduction of the underwriting commissions and other estimated expenses paid and payable by the Company in connection with the Global Offering were approximately HK\$341.6 million.

Management Discussion and Analysis

As of the date of this interim report, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2024:

Purpose	Percentage of total net proceeds	Net proceeds incurred from the Global Offering <i>HK\$ million</i>	Amount Unutilized amount as of January 1, 2024 <i>HK\$ million</i>	Amount utilized during the six months ended June 30, 2024 <i>HK\$ million</i>	Unutilized amount as of June 30, 2024 <i>HK\$ million</i>	Expected timeline for full utilization of the remaining net proceeds
Business expansion, such as the further development of smart pharmacy network, and enhancement of user growth and engagement	45.0%	153.7	20.1	20.1	–	N/A
Optimizing of our technology systems and operating platforms	15.0%	51.2	17.2	17.2	–	N/A
Upgrading our services and business, such as building professional structure of full-time doctors and pharmacists	10.0%	34.2	–	–	–	N/A
Potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate	20.0%	68.3	47.4	23.6	23.8	December 31, 2024
Working capital and other general corporate purpose	10.0%	34.2	–	–	–	N/A
Total	100.0%	341.6	84.7	60.9	23.8	

Corporate Governance and Other Information

COMPLIANCE WITH THE CG CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions (the “Code Provisions”) of the CG Code. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all Shareholders. During the Reporting Period, the Company has complied with the Code Provisions as set out in the CG Code except for the following deviation.

Pursuant to Code Provisions C.2.1 which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and president, and the responsibilities of both chairman and president vest in Mr. Yang Wenlong. The Board believes that vesting the responsibilities of both chairman and president in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning. Besides, with three independent non-executive Directors out of a total of nine Directors in the Board, there will be sufficient independent opinions within the Board to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and president at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry to all Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2024, so far as the Directors were aware, the following persons (other than Directors and chief executive of the Company) who had interests and/or short position in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO (save as otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Prospectus):

		Total number of Shares held in the Company	Approximate percentage of relevant Shares in the issued share capital of the Company (%)
Delight Health Limited ⁽¹⁾⁽⁸⁾	Beneficial owner, interest held jointly with other persons	660,205,360 (L)	49.21%
Delight Faith Limited ⁽¹⁾⁽²⁾⁽⁸⁾	Interest in controlled corporation, interest held jointly with other persons	660,205,360 (L)	49.21%
Future Health Limited ⁽³⁾⁽⁸⁾	Beneficial owner, interest held jointly with other persons	660,205,360 (L)	49.21%
Go Far Limited ⁽³⁾⁽⁴⁾⁽⁸⁾	Interest in controlled corporation, interest held jointly with other persons	660,205,360 (L)	49.21%
Excel Returns Group Limited ⁽⁵⁾⁽⁸⁾	Beneficial owner, interest held jointly with other persons	660,205,360 (L)	49.21%
Go Prosper Enterprises Corporation ⁽⁶⁾⁽⁸⁾	Beneficial owner, interest held jointly with other persons	660,205,360 (L)	49.21%
Much Premium Investment Limited ⁽⁶⁾⁽⁸⁾	Beneficial owner, interest held jointly with other persons	660,205,360 (L)	49.21%
Mr. Yang Wenlong ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	Beneficial owner, interest in controlled corporation, interest through voting rights entrustment arrangements, interest held jointly with other persons	660,205,360 (L)	49.21%
Mr. Yang Yibin ⁽¹⁾⁽²⁾⁽⁸⁾	Interest held jointly with other persons	660,205,360 (L)	49.21%
Mr. Yang Xiao ⁽³⁾⁽⁴⁾⁽⁸⁾	Interest held jointly with other persons	660,205,360 (L)	49.21%
Tianjin Shanhaiyihao Business Management Consulting Partnership (Limited Partnership) ("Shanhaiyihao") ⁽⁹⁾	Beneficial owner	92,567,623 (L)	6.90%
CMB Financial Holdings (Shenzhen) Co., Ltd. ⁽⁹⁾	Interest in controlled corporation	95,267,130 (L)	7.10%
CMB International Capital Corporation Limited ⁽⁹⁾⁽¹⁰⁾	Interest in controlled corporation	95,267,130 (L)	7.10%
CMB International Capital Holdings Corporation Limited ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	Interest in controlled corporation	95,267,130 (L)	7.10%
China Merchants Bank Co., Ltd. ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	Interest in controlled corporation	95,267,130 (L)	7.10%
TPG Asia VII SF Pte. Ltd. ⁽¹³⁾	Beneficial owner	82,897,346 (L)	6.18%
TPG Capital ⁽¹³⁾	Interest in controlled corporation	82,897,346 (L)	6.18%

Corporate Governance and Other Information

Notes:

- (1) Delight Health Limited directly holds 276,712,555 Shares in the Company and is wholly owned by Delight Faith Limited.
- (2) Delight Faith Limited is owned by Mr. Yang Wenlong as to 60% of its equity interests and Mr. Yang Yibin as to 40% of its equity interests.
- (3) Future Health Limited directly holds 295,499,475 Shares in the Company and is wholly owned by Go Far Limited.
- (4) Go Far Limited is owned by Mr. Yang Wenlong as to 60% of its equity interests and Mr. Yang Xiao as to 40% of its equity interests.
- (5) Excel Returns Group Limited directly holds 11,760,000 Shares in the Company and is wholly-owned by Delight Faith Limited. Excel Returns Group Limited functions as the platform to hold Shares subject to the Pre-IPO Share Option Scheme and the 2020 RSU Scheme. It will transfer the Shares to the relevant grantees upon exercise of the options under the Pre-IPO Share Option Scheme and/or the vesting of RSUs under the 2020 RSU Scheme, and the grantee will in turn irrevocably delegate the voting rights attached to such Shares owned by him/her upon vesting to Mr. Yang Wenlong or such other person as designated by Mr. Yang Wenlong. Each of Mr. Yang Wenlong and Excel Returns Group Limited undertakes that, upon the Listing, he/it will not exercise voting rights attached to any Shares held by Excel Returns Group Limited in relation to options or RSUs which have not been exercised or vested.
- (6) Go Prosper Enterprises Corporation and Much Premium Investment Limited directly hold 54,400,000 and 21,833,330 Shares in the Company, respectively, and function as the platforms of the 2020 RSU Scheme. Go Prosper Enterprises Corporation and Much Premium Investment Limited are wholly-owned by Restricted Share Scheme participants.
- (7) Mr. Yang Wenlong is indirectly interested in a total of 660,205,360 Shares in the Company, representing approximately 49.21% of the Company's total issued Shares, including (i) 288,472,555 Shares being held through Delight Faith Limited and its subsidiaries, (ii) 295,499,475 Shares being held through Go Far Limited and its subsidiaries, and (iii) 76,233,330 Shares being held or controlled through voting right entrustment arrangements with Go Prosper Enterprises Corporation and Much Premium Investment Limited.
- (8) Mr. Yang Wenlong, Mr. Yang Yibin and Mr. Yang Xiao, Excel Returns Group Limited, Go Prosper Enterprises Corporation and Much Premium Investment Limited, Delight Health Limited, Future Health Limited, Delight Faith Limited, and Go Far Limited formed the Controlling Shareholders Group of the Company. As such, each of Mr. Yang Wenlong, Mr. Yang Yibin, Mr. Yang Xiao, Excel Returns Group Limited, Go Prosper Enterprises Corporation, Much Premium Investment Limited, Delight Health Limited, Future Health Limited, and Delight Faith Limited are deemed to be interested in the Shares held by other members of the Controlling Shareholders Group for purpose of Part XV of the SFO.

Corporate Governance and Other Information

- (9) CMB Financial Holdings (Shenzhen) Co., Ltd. indirectly controls 95,267,130 Shares of the Company, representing 7.1% of the Company's voting rights, including 92,567,623 Shares through Shanhaiyihao and 2,699,507 Shares through Nanjing Zhaoyin Gongying. The general partner of Shanhaiyihao is CMB International Financial Holdings (Shenzhen) Co., Ltd., a wholly-owned subsidiary of CMB Financial Holdings (Shenzhen) Co., Ltd. The general partner of Nanjing Zhaoyin Gongying is Jiangsu Zhaoyin Industrial Fund Management Co., Ltd., a wholly-owned subsidiary of CMB International Capital Management (Shenzhen) Ltd., which in turn is a wholly-owned subsidiary of CMB Financial Holdings (Shenzhen) Co., Ltd. As such, CMB Financial Holdings (Shenzhen) Co., Ltd. is deemed to be interested in the Shares held by Shanhaiyihao and Nanjing Zhaoyin Gongying for purpose of Part XV of the SFO.
- (10) CMB Financial Holdings (Shenzhen) Co., Ltd. is wholly-owned by CMB International Capital Corporation Limited. As such, CMB International Capital Corporation Limited is deemed to be interested in the Shares controlled by CMB Financial Holdings (Shenzhen) Co., Ltd. for purpose of Part XV of the SFO.
- (11) CMB International Capital Corporation Limited is held as to 83.2% by CMB International Capital Holdings Corporation Limited. As such, CMB International Capital Holdings Corporation Limited is deemed to be interested in the Shares controlled by CMB International Capital Corporation Limited for purpose of Part XV of the SFO.
- (12) CMB International Capital Holdings Corporation Limited is wholly-owned by China Merchants Bank Co., Ltd. As such, China Merchants Bank Co., Ltd is deemed to be interested in the Shares controlled by CMB International Capital Holdings Corporation Limited for purpose of Part XV of the SFO.
- (13) TPG Asia VII SF Pte. Ltd. is an affiliate of TPG Capital. TPG Asia VII SF Pte. Ltd. is controlled by TPG Asia VII Finance, Limited Partnership and a series of intermediate holding entities, namely TPG Asia GenPar VII, L.P., TPG Asia GenPar VII Advisors, Inc., TPG Operating Group III, L.P., TPG Holdings III-A, L.P., TPG Holdings III-A, LLC, TPG GPCo, LLC, TPG Inc., TPG Group Holdings (SBS), L.P., TPG Group Holdings (SBS) Advisors, LLC and TPG GP A, LLC. TPG GP A, LLC is controlled as to 40% by each of DB CC, LLC and JC GP, LLC, which in turn is ultimately controlled by Mr. David Bonderman and Mr. James George Coulter, respectively. By virtue of the SFO, each of the abovementioned entities, Mr. David Bonderman and Mr. James George Coulter are all deemed to be interested in the 82,897,346 Shares held by TPG Asia VII SF Pte. Ltd.
- (14) "L" stands for long position.
- (15) In the above table, the information on the companies in which the interests are held, the capacity/nature of such interests and the number of Shares or underlying Shares is based on information available on the website of the Stock Exchange (<http://www.hkexnews.hk/>). The percentage of such Shares or underlying Shares in the issued Shares is calculated with reference to the number of issued Shares of the Company as at June 30, 2024 and is for reference only.

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any other person (other than Directors and chief executive of the Company) who had any interest and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



Corporate Governance and Other Information

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2024, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Shares and underlying Shares of the Company

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares held in the Company	Approximate percentage of the issued share capital of the Company (%)
Yang Wenlong ⁽¹⁾	Beneficial owner, interest in controlled corporation, interest through voting rights entrustment arrangements, interest held jointly with other persons	660,205,360 (L)	49.21%
Yang Yibin ⁽²⁾	Interest held jointly with other persons	660,205,360 (L)	49.21%
Xu Ning ⁽³⁾	Beneficial owner	5,560,000 (L)	0.41%
Yu Lei ⁽⁴⁾	Beneficial owner	10,900,000 (L)	0.81%
Yu Qinglong ⁽⁵⁾	Beneficial owner	8,640,000 (L)	0.64%

Notes:

- (1) Mr. Yang Wenlong is indirectly interested in a total of 660,205,360 Shares of the Company, representing approximately 49.21% of the Company's total issued Shares, including (i) 288,472,555 Shares being held through Delight Faith Limited and its subsidiaries, (ii) 295,499,475 Shares being held through Go Far Limited and its subsidiaries, and (iii) 76,233,330 Shares being held or controlled through voting rights entrustment arrangements with Go Prosper Enterprises Corporation and Much Premium Investment Limited.
- (2) Mr. Yang Yibin was a member of the Controlling Shareholders Group and was deemed to be interested in the Shares held by other members of the Controlling Shareholders Group for purpose of Part XV of the SFO. Therefore, Mr. Yang Yibin was deemed to be interested in an aggregate of 660,205,360 Shares of the Company, representing approximately 49.21% of the Company's total issued Shares within the meaning of Part XV of the SFO.
- (3) Mr. Xu Ning is interested in the 5,000,000 restricted Shares granted to him under the Restricted Share Scheme and 560,000 restricted Shares granted to him under the 2023 RSU Scheme.
- (4) Mr. Yu Lei is interested in the 10,000,000 restricted Shares granted to him under the Restricted Share Scheme and 900,000 restricted Shares granted to him under the 2023 RSU Scheme.
- (5) Mr. Yu Qinglong is interested in the 8,000,000 restricted Shares granted to him under the Restricted Share Scheme and 640,000 restricted Shares granted to him under the 2023 RSU Scheme.
- (6) "L" stands for long position.

Corporate Governance and Other Information

(ii) Interests in the Shares and underlying Shares of the associated corporations of the Company

Name	Name of associated corporation	Capacity/Nature of interest ⁽²⁾⁽³⁾	Amount of registered capital (RMB)	Percentage Shareholding in the associated corporation ⁽⁴⁾
Yang Wenlong ⁽²⁾	Dingdang Medicine Express Technology ⁽¹⁾	Beneficial owner	52,941,177	24.44%
		Interest in controlled entities		37.78%
		Interest through voting rights entrustment arrangements		37.78%

Notes:

- (1) Dingdang Medicine Express Technology is a Consolidated Affiliated Entity.
- (2) As at June 30, 2024, Mr. Yang Wenlong controls 100% of the equity interest in Dingdang Medicine Express Technology, including (i) directly holds 24.44% of the equity interest, (ii) indirectly controls 37.78% of the equity interest through Dingdang No. 4, and (iii) indirectly controls 37.78% of the equity interests through Dingdang No. 1, Dingdang No. 2 and Dingdang No. 3, as all the limited partners of Dingdang No. 1, Dingdang No. 2 and Dingdang No. 3 have authorized Mr. Yang Wenlong to exercise the voting rights directly held by them in Dingdang Medicine Express Technology.
- (3) All interests stated are long positions.
- (4) The calculation is based on the registered capital of Dingdang Medicine Express Technology.

Save as disclosed above, as at June 30, 2024, none of the Directors or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the ESOP Plans.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Corporate Governance and Other Information

ESOP PLANS

In order to provide incentives and rewards to members of the Board, employees and consultants of the Group, the Company adopted a series of employee incentive schemes, including Pre-IPO Share Option Scheme, Restricted Share Scheme and 2020 RSU Scheme on May 1, 2020, the Restricted Share Agreement on May 31, 2021 and 2023 RSU Scheme on June 27, 2023. Save as otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Prospectus and announcement dated June 27, 2023. For further details, please refer to Note 19 to the condensed consolidated financial statements.

SHARE INCENTIVE SCHEMES

In order to provide incentives and rewards to members of the Board, employees and consultants of the Group, the Company adopted the Share Incentive Schemes on May 1, 2020, which shall continue in effect for a term of ten (10) years since the adoption. The total number of Shares issued or issuable pursuant to the Share Incentive Schemes shall not be more than 87,993,330 Shares, representing approximately 6.56% of the total issued share capital of the Company as at the date of this report.

Up to the Listing Date, the total 87,993,330 Shares under the Share Incentive Schemes have been issued in full, consisting of:

- (i) 11,760,000 Shares issued to Excel Returns Group Limited subject to the Pre-IPO Share Option Scheme and the 2020 RSU Scheme, representing approximately 0.88% of the total issued share capital of the Company as at the date of this interim report, among which the corresponding options (the “**Option(s)**”) to subscribe for 10,474,000 Shares have been granted to 87 grantees (the “**Grantee(s)**”) under the Pre-IPO Share Option Scheme and 810,000 Shares in the form of RSUs have been granted to an employee on September 30, 2022. No further Option will be granted by the Company under the Pre-IPO Share Option Scheme after the Listing. In the event where any Option was subsequently terminated or forfeited, the underlying Shares of which will be available for future grant in the form of RSUs in accordance with the terms of the 2020 RSU Scheme, subject to the then applicable Listing Rules in effect (including Chapter 14A and Chapter 17 of the Listing Rules) from time to time; and
- (ii) 76,233,330 Shares (the “**Restricted Shares**”), representing approximately 5.68% of the total issued share capital of the Company as at the date of this interim report, issued to the 17 participants of the 2016 employee stock ownership plan through Go Prosper Enterprises Corporation and Much Premium Investment Limited. The beneficiary interests of all Restricted Shares granted have been entitled by each of the participants, respectively, as at June 30, 2024.

No further Shares will be issued pursuant to the Share Incentive Schemes, and no further Shares will be granted under the Share Incentive Schemes after the Listing. As such, the exercise of Options or the vesting of any RSUs under the Share Incentive Schemes will not incur any dilutive effect on the shareholding structure of the Company.

For the 11,760,000 Shares subject to the Pre-IPO Share Option Scheme and the 2020 RSU Scheme issued to Excel Returns Group Limited, each of Mr. Yang Wenlong and Excel Returns Group Limited hereby undertakes that he/it will not exercise voting rights attached to any Shares held by he/it in relation to Options or RSUs which have not been exercised or vested. For the avoidance of doubt, in the event where such underlying Shares are vested upon the exercise of the Options granted under the Pre-IPO Share Option Scheme and/or the vesting of RSUs pursuant to the 2020 RSU Scheme, the Grantees shall irrevocably delegate the voting rights attached to the Shares owned by them pursuant to the exercise of Options or vesting of RSUs to Mr. Yang Wenlong or such other persons as designated by Mr. Yang Wenlong.

The Share Incentive Schemes shall be administrated by a committee comprising of Mr. Yang Wenlong and the Director(s) or member(s) of senior management designated by Mr. Yang Wenlong (the “Administrator”).

Purpose of the Share Incentive Schemes

Share Incentive Schemes are intended to promote the success and enhance the value of the Company by linking the personal interests of the eligible participants to those of the Shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Shareholders. It is further intended to provide flexibility to the Company in the ability to motivate, attract and retain the services of eligible participants.

Eligible Participants

Persons eligible to participate in the Share Incentive Schemes include members of the Board, employees and consultants of the Group and its affiliates, as determined by the Administrator (the “Eligible Participant(s)”).

1. Pre-IPO Share Option Scheme

Grant of Options

An offer shall be deemed to have been accepted when the document in writing for each grant of Options under the Pre-IPO Share Option Scheme to a Grantee (the “Pre-IPO Grant Letter”) is duly signed by the relevant Grantee. No consideration is required to be paid by the Grantee for the grant of any Options under the Pre-IPO Share Option Scheme. No purchase price is required to be paid by the Grantees on acceptance of the Options.

Exercise Price

The exercise price of the Options (the “Exercise Price”) shall be determined by the Administrator and set forth in the Pre-IPO Grant Letter, with reference to participants’ contribution, subject to the requirements of applicable laws. The Exercise Price may be amended or adjusted in the absolute discretion of the Administrator (subject to applicable laws and regulations), the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by applicable laws or regulations, a downward adjustment of the Exercise Price shall be effective without the approval of the Shareholders or the approval of the affected Pre-IPO Eligible Participants.

Maximum Entitlement for Each Participant

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single Eligible Participant.

Corporate Governance and Other Information

Vesting Period

Subject to the Pre-IPO Grant Letter and fulfillment of performance targets (if any), the Options will be vested by tranches in a period of two or three years from the Listing Date.

Remaining life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme is valid and effective for a period of 10 years commencing from May 1, 2020 to April 30, 2030. The remaining life of the Pre-IPO Share Option Scheme is over 5 years.

For details on the Pre-IPO Share Option Scheme, please refer to “Appendix IV – Statutory and General Information – D. ESOP Plans – Share Incentive Schemes – 3. Pre-IPO Share Option Scheme” of the Prospectus.

As at June 30, 2024, the Company had granted Options under the Pre-IPO Share Option Scheme to an aggregate of 87 Grantees to subscribe for a total of 10,474,000 Shares, including 3,100,000 Shares which had been granted to common Grantees, and the remaining Shares had been granted to special Grantees, representing 0.78% of the Company’s total issued Shares, being the aggregated number of Shares that may be issued upon exercise of all Options granted as at June 30, 2024 under the Pre-IPO Share Option. No Options were available for grant under the Pre-IPO Share Option Scheme as at January 1, 2024 and June 30, 2024. All of the Grantees are employees within the Group. As of June 30, 2024, no Options were granted to any Directors, members of the senior management of the Company, the connected persons of our Group or five highest paid individuals of the Group under the Pre-IPO Share Option Scheme.

Details of the outstanding Options granted to the Grantees under the Pre-IPO Share Option Scheme during the six months ended June 30, 2024 are set out below:

Grantee	Exercise Price (RMB)	Grant date	Exercise period	Outstanding as of January 1, 2024	Granted, exercised or cancelled during the Reporting Period	Forfeited during the Reporting Period	Outstanding as of June 30, 2024
Employees other than Directors and five highest paid individuals of the Group	0.1	May 30, 2020	10 years from grant date	10,510,000	–	(36,000)	10,474,000 ^(Note)

Note: Among the 10,474,000 outstanding Options, 3,894,000 Options were vested and 6,580,000 Options were unvested as of June 30, 2024.

As at June 30, 2024, none of the Options has been exercised. No further Option will be granted by the Company under the Pre-IPO Share Option Scheme after the Listing.

Corporate Governance and Other Information

The fair value of the Options at the grant date are as follows:

	Options to common Grantees	Options to special Grantees
Grant date	May 30, 2020	May 30, 2020
Fair value as of grant date (per Share)	RMB2.0663	RMB2.0653

The condensed consolidated financial statements has been prepared in accordance with accounting policies which conform with IFRSs issued by International Accounting Standards Board. The accounting policies of share-based payment are as follows:

Equity-settled Share-based Payment Transactions

Equity-settled share-based payments to employees 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 of 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 (share-based payments 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 share-based payments reserves. For RSUs/Options that vest immediately at the date of grant, the fair value of the RSUs/Options granted is expensed immediately to profit or loss.

When Options are exercised, or RSUs granted are vested, the amount previously recognized in share-based payments reserves will continue to be held in share-based payments reserves. When the Options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserves will continue to be held in share-based payments reserves.

The effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employees are required to recognize. If the modification increases the fair value of the equity instruments granted, the Group is required to measure immediately before and after the modification, and include the incremental fair value granted (i.e. the difference between the fair value of the modified equity instrument and that of the date of the modification) in the measurement of the amount recognized for services received as consideration for the equity instruments granted. 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 the modification date until the date when the modified equity instruments vest, 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.



Corporate Governance and Other Information

2. 2020 RSU Scheme

The following is a summary of the principal terms of the 2020 RSU Scheme.

Grant of RSUs

Subject to the provisions of the 2020 RSU Scheme, the Administrator may, from time to time, select from among all Eligible Participants, those to whom RSUs shall be granted and shall determine the amount of RSUs to be granted.

Each award of RSUs shall be evidenced by a RSUs award agreement, which shall specify any vesting conditions, the number of RSUs granted, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

Vesting Schedule

The Administrator, in its discretion, may set performance targets or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of RSUs that will be vested.

Form and Timing of Payment of RSUs

At the time of grant, the Administrator shall specify the date or dates the RSUs shall become fully vested. Upon vesting, the Administrator, in its sole discretion, may pay RSUs in the form of cash, Shares, other form of settlement as determined by the Company or in a combination thereof.

Maximum Entitlement for Each Participant

Under the 2020 RSU Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single Eligible Participant.

Remaining Life of the 2020 RSU Scheme

The 2020 RSU Scheme is valid and effective for a period of 10 years commencing from May 1, 2020 to April 30, 2030. The remaining life of the 2020 RSU Scheme is over 5 years.

810,000 Shares in the form of RSUs, representing approximately 0.06% of the total issued share capital of the Company as at the date of this report, have been granted to an employee who is among the five highest paid individuals of the Group on September 30, 2022 at a price of RMB0.1 per Share with reference to the employee's contribution to the Group and work performance, which will be settled upon the exercising of the relevant RSUs. The RSUs will be vested in two equivalent tranches in a period of 2 years from the date of the RSU grant letter and subject to the fulfillment of the performance appraisal stipulated in the RSU grant letter. Since the relevant performance target for the first tranche of the RSUs was not fulfilled, none of the granted RSUs were vested, cancelled, lapsed or forfeited during the Reporting Period. 810,000 Shares were unvested at the beginning and at the end of the Reporting Period.

For details on the 2020 RSU Scheme, please refer to "Appendix IV – Statutory and General Information – D. ESOP Plans – Share Incentive Schemes – 4. RSU Scheme" of the Prospectus.

3. *Restricted Share Scheme*

Pursuant to the Restricted Share Scheme, a total of 76,233,330 Restricted Shares, representing approximately 5.68% of the total issued share capital of the Company as at the date of this interim report, have been issued to the 17 participants (the "**Restricted Share Scheme Participants**") of the 2016 ESOP Plan through Go Prosper Enterprises Corporation and Much Premium Investment Limited, the beneficiary interests of all Restricted Shares granted have been entitled by each of the Restricted Share Scheme Participants, respectively, as at June 30, 2024, but remain subject to certain unlock conditions.

The purpose of Restricted Share Scheme was to recognize and reward the contributions of the Restricted Share Scheme Participants to the growth and development of our Group.

Under the Restricted Share Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single Eligible Participant.

The Restricted Share Scheme is valid and effective for a period of 10 years commencing from May 1, 2020 to April 30, 2030. The remaining life of the Restricted Share Scheme is over 5 years.

Among all the Restricted Shares granted, 54,400,000 Restricted Shares have been granted to 15 Restricted Share Scheme Participants at a price of RMB0.1 subject to time-based unlock conditions being no more than 30%, 30% and 40% of his or her respective Restricted Shares may be disposed of in each of the three years following the Listing Date, while 21,833,330 Shares have been granted to the remaining two Restricted Share Scheme Participants at a price of RMB0.1 subject to unlock conditions being no Restricted Shares may be disposed within the applicable lock-up period after Listing Date and the Company's prior authorization is required for disposal of Restricted Shares following the expiry of such lock-up period. The purchase price of the Restricted Shares was determined with reference to the financial conditions and valuation of the Company, and has been settled by the Restricted Share Scheme Participants within the period as stipulated in their respective grant notice. Since the relevant performance target for the first tranche of the Restricted Shares was not fulfilled, the lock-up period was extended and no Restricted Shares were released from lock-up, cancelled or lapsed during the Reporting Period.



Corporate Governance and Other Information

Details of the Restricted Shares as at June 30, 2024 are set out below:

Name of Grantee	Relationship with the Company	Date of grant	Number of Restricted Shares granted	Outstanding and subject to unlock conditions as of January 1, 2024 and June 30, 2024
Directors of the Company or its subsidiaries				
Xu Ning (徐寧)	Executive Director and Vice President	September 13, 2016	5,000,000	5,000,000
Yu Lei (俞雷)	Executive Director and Vice President	September 13, 2016	10,000,000	10,000,000
Yu Qinglong (于慶龍)	Executive Director and Chief Technology Officer	September 13, 2016	8,000,000	8,000,000
Xiong Zhonghua (熊忠華)	Director and chief executive of the subsidiaries	September 13, 2016	10,916,665	10,916,665
Hua Chunguo (化春國)	Director and chief executive of the subsidiaries	September 13, 2016	5,000,000	5,000,000
Feng Gang (馮綱)	Director and chief executive of the subsidiaries	September 13, 2016	7,000,000	7,000,000
Wang Xianzhong (汪獻忠)	Director and chief executive of the subsidiaries	September 13, 2016	5,000,000	5,000,000
Employees other than the Directors of the Company, the connected persons or the five highest paid individuals of the Group		September 13, 2016	25,316,665	25,316,665

Save as disclosed above, no Restricted Shares were granted to the Directors of the Company or any other connected persons of the Company as of June 30, 2024. For details on the Restricted Share Scheme, please refer to “Appendix IV – Statutory and General Information – D. ESOP Plans – Share Incentive Schemes – 5. Restricted Share Scheme” of the Prospectus.

RESTRICTED SHARE AGREEMENT

The following is a summary of the principal terms of the Restricted Share Agreement entered into by the Company, Mr. Yang Wenlong and Future Health Limited, a company held as to 60% of its equity interests by Mr. Yang Wenlong on May 31, 2021 (the “**Date of Grant**”) which has been approved by the Shareholders on May 25, 2021. Pursuant to the Restricted Share Agreement, 130,793,590 ordinary Shares, representing 9.75% of the total issued share capital of the Company as at the date of this report (the “**Founder Incentive Shares**”), were issued to Future Health Limited. No consideration is required to be paid by Mr. Yang Wenlong and Future Health Limited for the grant of any Founder Incentive Shares under the Restricted Share Agreement. The remaining life of the Restricted Share Agreement is over 6 years. No further Shares will be granted by the Company under the Restricted Share Agreement after the Listing.

Corporate Governance and Other Information

The purpose of the Restricted Share Agreement was to recognize and reward the contributions of Mr. Yang Wenlong to the growth and development of the Group.

Provided that Mr. Yang Wenlong remains as an employee of the Company at such time:

- 20% of the Founder Incentive Shares will be released of all the Special Restrictions (as defined below) upon the expiration of the lock-up period applicable to the Mr. Yang Wenlong after Listing under the Listing Rules.
- 40% of the Founder Incentive Shares will be released of the Special Restrictions in equal tranches on each of the first four anniversaries of the Date of Grant.
- 40% of the Founder Incentive Shares will be released of the Special Restrictions in equal tranches over four years (each such a year, the “**Restricted Calculation Year**”) if Mr. Yang Wenlong meets the performance targets as specified in the Restricted Share Agreement on the performance testing date, which is the date the Board approves the final audited financial statements, for such Restricted Calculation Year.

The Founder Incentive Shares so released are hereinafter referred to as “**Released Founder Incentive Shares**” and the Founder Incentive Shares that are still subject to Special Restriction are hereinafter referred to as “**Unreleased Founder Incentive Shares**”.

Mr. Yang Wenlong may not sell, transfer, pledge or otherwise dispose of, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale of, any Founder Incentive Shares during the period from the Date of Grant until the later of four (4) years after the Date of Grant or the expiration of the lock-up period applicable to Mr. Yang Wenlong from time to time after the qualified IPO. The Founder Incentive Shares are also restricted in the sense that they may be repurchased by the Company (the “**Transfer Restrictions**”). In the case of termination of employment of Mr. Yang Wenlong with the Company, the Unreleased Founder Incentive Shares will be repurchased by the Company at nil price (together with the Transfer Restrictions, the “**Special Restrictions**”). As at the end of the Reporting Period, all the Founder Incentive Shares were subject to Special Restrictions. The number of Unreleased Founder Incentive Shares at the beginning and at the end of the Reporting Period is 130,793,590. No Founder Incentive Shares were cancelled or lapsed during the Reporting Period.

For details on the Restricted Share Agreement, please refer to “Appendix IV – Statutory and General Information – D. ESOP Plans – Restricted Share Agreement” of the Prospectus.



Corporate Governance and Other Information

2023 RSU SCHEME

The following is a summary of the principal terms of the 2023 RSU Scheme which was adopted on June 27, 2023 (the “Adoption Date”). The 2023 RSU Scheme will purchase the existing Shares through the Trustee on the secondary market with the self-owned funds of the Company. The 2023 RSU Scheme was contemplated and adopted to be funded solely by the existing Shares.

Purposes

The purpose of the 2023 RSU Scheme is to recognise and acknowledge the contributions which the 2023 RSU Scheme Participants have made or may make to the Group and to reward the 2023 RSU Scheme Participants who have achieved outstanding performance.

The 2023 RSU Scheme will provide the 2023 RSU Scheme Participants with an opportunity to acquire proprietary interests in the Company, with the view to achieving the following principal objectives: (i) motivating the 2023 RSU Scheme Participants to optimise their performance and efficiency for the benefit of the Group, and in particular, for fulfilling the strategic targets of the Group; and (ii) attracting and retaining the 2023 RSU Scheme Participants whose contributions are, or, will or are expected to be, beneficial to the Group and the long-term growth and development of the Group.

Eligible Participants of 2023 RSU Scheme

The participants under the 2023 RSU Scheme include employees of the Group, any senior management or Director of the Group and any person as determined by the Remuneration Committee with the power and authority granted by the Board (the “2023 RSU Scheme Administrator”) to be eligible to participate in the 2023 RSU Scheme (the “2023 RSU Scheme Participants”).

Maximum Entitlement for Each Participant

Under the 2023 RSU Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant.

Duration and Termination

Unless terminated earlier by the 2023 RSU Scheme Administrator pursuant to the rules of the 2023 RSU Scheme, the 2023 RSU Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the 2023 RSU Scheme is adopted by the Company (the “Scheme Period”).

Operation

Contribution to the Trust

The Designated Person shall, after having regard to the requirements under the provisions of the 2023 RSU Scheme, the Listing Rules and all applicable laws, either before or after identification of the 2023 Grantee (as defined below), cause to be paid to the Trustee or Trust Holdco such amount as may be required for the purchase of existing Shares from the market or for the acquisition of existing Shares through other means by the Trustee or Trust Holdco and the related purchase or acquisition expenses (including for the time being, the brokerage fee, stamp duty, transaction levy, trading fee and investor compensation levy and such other necessary expenses required for the completion of the purchase or acquisition of all the RSU Shares, as applicable).

Grant of Awards

Subject to and in accordance with the rules of the 2023 RSU Scheme, the Listing Rules and all applicable laws, the 2023 RSU Scheme Administrator shall be entitled at any time on any business day during the Scheme Period, to grant an award to any 2023 RSU Scheme Participant, as the 2023 RSU Scheme Administrator may in its absolute discretion select (the “2023 Grantee”). Until so selected, no 2023 RSU Scheme Participant shall have any entitlement under the 2023 RSU Scheme. In addition, the 2023 RSU Scheme Administrator may, on a case-by-case basis and at its discretion, impose any conditions, restrictions or limitations before the award can vest as it sees fit, provided that such conditions, restrictions or limitations are set out in the Grant Letter issued to the 2023 Grantee. A grant of an award shall be made to an 2023 RSU Scheme Participant by way of a letter (the “Grant Letter”) in such written form as the 2023 RSU Scheme Administrator may from time to time determine. Subject to the provisions of the 2023 RSU Scheme, the Designated Person may from time to time instruct the Trustee to purchase Shares on the Stock Exchange.

In determining the number and the purchase price (if any) of RSU Shares to be granted to any 2023 RSU Scheme Participant (excluding any Excluded Participant), the 2023 RSU Scheme Administrator shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant 2023 RSU Scheme Participant to the profits of the Group; (ii) the general financial condition of the Group; (iii) the Group’s overall business objectives and future development plan; and (iv) any other matters which the 2023 RSU Scheme Administrator considers relevant.

Where any award is proposed to be granted to a Director, it shall not be granted unless prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed 2023 Grantee) has been obtained. The Company shall comply with the applicable provisions of Chapter 14A of the Listing Rules and such connected persons and their associates shall abstain from voting on the relevant general meeting in approving such grant of 2023 RSU Scheme.

No purchase price is required to be paid by the 2023 Grantees on acceptance of the grant of 2023 RSU Scheme.



Corporate Governance and Other Information

Vesting of 2023 RSU Scheme

Subject to the terms and conditions of the 2023 RSU Scheme and the fulfillment of all vesting conditions to the vesting of the RSU Shares on such 2023 RSU Scheme Participant as specified in the 2023 RSU Scheme and the relevant Grant Letter, the respective RSU Shares held by the Trustee on behalf of the 2023 RSU Scheme Participant shall vest in such 2023 RSU Scheme Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the RSU Shares or the cash amount referable to the relevant RSU Shares to be transferred to such 2023 RSU Scheme Participant in accordance with the terms of the 2023 RSU Scheme.

Scheme Limit

The 2023 RSU Scheme Administrator shall not make any further grant of award which will result in the number of Shares awarded by the 2023 RSU Scheme Administrator under the 2023 RSU Scheme exceeding 2.0% of the total issued Shares of the Company as at the Adoption Date (i.e. 26,829,457 Shares), and the number of Shares awarded to each 2023 Grantee under the 2023 RSU Scheme shall not exceed the percentage cap as determined by the 2023 RSU Scheme Administrator of the issued share capital of the Company as at the Adoption Date in accordance with the Listing Rules and all applicable laws.

Lapse of Awards

In the event that prior to or on the Vesting Date, a 2023 Grantee ceases to be an 2023 RSU Scheme Participant for reasons set out in the provisions of the 2023 RSU Scheme or for any other reason as determined by the 2023 RSU Scheme Administrator, the award shall, unless the 2023 RSU Scheme Administrator otherwise agrees, lapse forthwith and the relevant RSUs shall not vest on the relevant Vesting Date, but the relevant RSU Shares shall become Returned Shares for the purpose of the 2023 RSU Scheme.

In the event that prior to or on the Vesting Date: (i) a 2023 Grantee is found to be an Excluded Participant; or (ii) a 2023 Grantee fails to return duly executed transfer documents prescribed by the Trustee for the relevant RSU Shares within the stipulated period, the relevant part of the award made to such 2023 Grantee shall, unless the 2023 RSU Scheme Administrator otherwise agrees, lapse forthwith and the relevant RSUs shall not vest on the relevant Vesting Date, but the relevant RSU Shares shall become Returned Shares for the purpose of the scheme.

Remaining Life of the 2023 RSU Scheme

The 2023 RSU Scheme is valid and effective for a period of 10 years commencing from June 27, 2023 to June 26, 2033. The remaining life of the 2023 RSU Scheme is over 8 years.

Corporate Governance and Other Information

During the Reporting Period, in accordance with the terms of the 2023 RSU Scheme, the Company instructed the Trustee to purchase a total of 12,450,000 Shares on the Stock Exchange at a total consideration of HK\$22,258,000 (equivalent to RMB20,228,000). Such Shares are held by the Trustee and will be granted to the eligible participants at the sole discretion of the 2023 RSU Scheme Administrator. During the Reporting Period, 13,400,000 Shares were granted to the 2023 RSU Scheme Participants pursuant to the 2023 RSU Scheme. As at January 1, 2024, 20,129,457 Shares were available for grant under the 2023 RSU Scheme, and as at June 30, 2024, 6,729,457 Shares were available for grant under the 2023 RSU Scheme. Details of the 2023 RSU Scheme as at June 30, 2024 are set out below:

Name of 2023 Grantee	Relationship with the Company	Date of grant	Closing prices of Shares immediately before the granted during the Reporting Period	Fair value of RSU Shares at the date of grant	Purchase price	Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period ⁽¹⁾	Cancelled/lapsed during the Reporting Period	Outstanding as of June 30, 2024	Vesting period
Directors of the Company or its subsidiaries											
Xu Ning (徐寧)	Executive Director and Vice President	December 13, 2023	HK\$2.24	HK\$2.11	Nil	560,000	-	-	-	560,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Yu Lei (俞雷)	Executive Director and Vice President	December 13, 2023	HK\$2.24	HK\$2.11	Nil	900,000	-	-	-	900,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Yu Qinglong (于慶龍)	Executive Director and Chief Technology Officer	December 13, 2023	HK\$2.24	HK\$2.11	Nil	640,000	-	-	-	640,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Hua Chunguo (化春國)	Director and chief executive of the subsidiaries	December 13, 2023	HK\$2.24	HK\$2.11	Nil	350,000	-	-	-	350,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Feng Gang (馮鋼)	Director and chief executive of the subsidiaries	December 13, 2023	HK\$2.24	HK\$2.11	Nil	560,000	-	-	-	560,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Wang Xianzhong (汪獻忠)	Director and chief executive of the subsidiaries	December 13, 2023	HK\$2.24	HK\$2.11	Nil	200,000	-	-	-	200,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Liu Ying (劉英)	Director and chief executive of the subsidiaries	April 2, 2024	HK\$1.15	HK\$1.17	Nil	-	130,000	-	-	130,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.

Corporate Governance and Other Information

Name of 2023 Grantee	Relationship with the Company	Date of grant	Closing prices of Shares immediately before the granted during the Reporting Period	Fair value of RSU Shares at the date of grant	Purchase price	Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period ⁽¹⁾	Cancelled/lapsed during the Reporting Period	Outstanding as of June 30, 2024	Vesting period
Employees other than the Directors of the Company, the connected persons or five highest paid individuals of the Group		December 13, 2023	HK\$2.24	HK\$2.11	Nil	3,490,000	-	-	-	3,490,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Employees other than the Directors of the Company, the connected persons or five highest paid individuals of the Group		January 18, 2024	HK\$1.73	HK\$1.70	Nil	-	6,700,000	-	-	6,700,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Employees other than the Directors of the Company, the connected persons or five highest paid individuals of the Group		April 2, 2024	HK\$1.15	HK\$1.17	Nil	-	6,570,000	-	-	6,570,000	up to 30% by May 31, 2026; up to 30% by May 31, 2027 and up to 40% by May 31, 2028, subject to the corresponding performance appraisal results.
Total						6,700,000	13,400,000	-	-	20,100,000	

Note:

(1) For the accounting standard and policy adopted, please refer to Note 19 of the consolidated financial statements.

Save as disclosed above, there was no Shares under the 2023 RSU Scheme were granted to the Directors of the Company or any other connected persons of the Company as of June 30, 2024. For details on the 2023 RSU Scheme, please refer to the announcement of the Company dated June 27, 2023.

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

During the six months ended June 30, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities (including sale of treasury shares). As of June 30, 2024, the Company did not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

There was no change in the information of Directors and the chief executive officer of the Company since the last published annual report and up to the date of this interim report which was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Board proposed to amend certain provisions of the existing third amended and restated Memorandum and Articles of Association by way of adoption of the fourth amended and restated Memorandum and Articles of Association to (i) update and bring the Memorandum and Articles of Association in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from December 31, 2023); and (ii) make other consequential and housekeeping amendments.

The proposed amendments were approved by the Shareholders by way of a special resolution at the annual general meeting of the Company held on May 28, 2024. Pursuant to the special resolution passed, the Memorandum and Articles of Association of the Company was amended and restated with effect from May 28, 2024. The amended and restated Memorandum and Articles of Association are available on the websites of the Company and the Hong Kong Stock Exchange.

DIVIDENDS

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

As at the date of this interim report, the Company was not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events subsequent to June 30, 2024.



Corporate Governance and Other Information

AUDIT COMMITTEE

The Company has established the Audit Committee, which comprises three independent non-executive Directors, namely Mr. Jiang Shan (chairman), Mr. Zhang Shouchuan and Dr. Fan Zhenhong. Mr. Jiang Shan is the chairman of the Audit Committee. The primary functions of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board, and review and oversee the risk management of the Company.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2024 have been reviewed by the Auditor, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Accounting Standards Board.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF DINGDANG HEALTH TECHNOLOGY GROUP LTD.
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Dingdang Health Technology Group Ltd. (the “Company”) and its subsidiaries set out on pages 46 to 76, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 16, 2024



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	5	2,267,894	2,247,282
Cost of revenue		(1,516,158)	(1,564,369)
Gross profit		751,736	682,913
Fulfillment expenses		(223,307)	(212,403)
Selling and marketing expenses		(485,874)	(465,164)
Research and development expenses		(24,355)	(30,675)
General and administrative expenses		(126,087)	(127,764)
Other gains and losses, net	7	6,654	18,958
Other income	8	25,296	23,715
Finance costs	9	(4,351)	(3,928)
Impairment losses under expected credit loss ("ECL") model, net of reversal	10	(2,199)	950
Share of result of an associate		(1,177)	(234)
Loss before income tax	6	(83,664)	(113,632)
Income tax expense	11	(6,137)	(3,719)
Loss for the period		(89,801)	(117,351)
Other comprehensive expense			
<i>Item that will not be reclassified to profit of loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		(38,745)	(19,459)
Other comprehensive expense for the period		(38,745)	(19,459)
Total comprehensive expense for the period		(128,546)	(136,810)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Loss for the period attributable to:			
Owners of the Company		(84,491)	(112,574)
Non-controlling interests		(5,310)	(4,777)
		(89,801)	(117,351)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(123,236)	(132,033)
Non-controlling interests		(5,310)	(4,777)
		(128,546)	(136,810)
Loss per share (present in RMB YUAN)			
– Basic and diluted	12	(0.06)	(0.08)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As of June 30, 2024 (Unaudited) <i>RMB'000</i>	As of December 31, 2023 (Audited) <i>RMB'000</i>
Assets			
Non-current assets			
Property and equipment	15	45,907	38,564
Right-of-use assets	13	174,522	155,368
Goodwill	14	254,658	255,762
Other intangible assets		116,162	133,618
Equity instruments at FVTOCI		54,792	93,537
Investments in an associate		378	1,555
Rental deposits	16	15,969	14,354
Total non-current assets		662,388	692,758
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		92,673	143,426
Inventories		624,641	612,327
Trade and other receivables and prepayments	16	367,734	365,287
Amounts due from related parties	23	877	877
Restricted bank deposits and time deposits		8,500	64,195
Cash and cash equivalents		1,233,580	1,185,898
Total current assets		2,328,005	2,372,010
Total assets		2,990,393	3,064,768
Equity			
Share capital	18	894	894
Reserves		8,124,585	8,132,275
Accumulated losses		(6,180,238)	(6,095,747)
Equity attributable to owners of the Company		1,945,241	2,037,422
Non-controlling interests		(2,640)	(527)
Total equity		1,942,601	2,036,895

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Liabilities			
Non-current liabilities			
Contract liabilities		3,569	2,984
Lease liabilities	13	102,669	84,126
Deferred tax liabilities		26,056	28,219
Total non-current liabilities		132,294	115,329
Current liabilities			
Trade and other payables	17	771,602	774,084
Amounts due to related parties	23	50,491	45,898
Contract liabilities		31,518	32,366
Lease liabilities	13	58,389	56,084
Income tax payable		3,498	4,112
Total current liabilities		915,498	912,544
Total liabilities		1,047,792	1,027,873
Total equity and liabilities		2,990,393	3,064,768



Condensed Consolidated Statement of Changes in Equity

Notes	Attributable to owners of the Company										
	Share capital RMB'000	Treasury share reserves RMB'000	Share premium RMB'000	FVTOCI reserve RMB'000	Other reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000 (Note i)	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As of January 1, 2024 (Audited)	894	(18,844)	7,479,377	(31,914)	65,090	621,950	16,616	(6,095,747)	2,037,422	(527)	2,036,895
Loss for the period	-	-	-	-	-	-	-	(84,491)	(84,491)	(5,310)	(89,801)
Other comprehensive expense for the period	-	-	-	(38,745)	-	-	-	-	(38,745)	-	(38,745)
Total comprehensive expense for the period	-	-	-	(38,745)	-	-	-	(84,491)	(123,236)	(5,310)	(128,546)
Dividends	20	-	-	-	-	-	-	-	-	(938)	(938)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	4,436	4,436
Deregistration of a subsidiary (Note ii)	-	-	-	-	-	-	-	-	-	(301)	(301)
Share-based payments expenses	19	-	-	-	-	51,283	-	-	51,283	-	51,283
Purchases of ordinary shares	19(c)	-	(20,228)	-	-	-	-	-	(20,228)	-	(20,228)
As of June 30, 2024 (Unaudited)	894	(39,072)	7,479,377	(70,659)	65,090	673,233	16,616	(6,180,238)	1,945,241	(2,640)	1,942,601
As of January 1, 2023 (Audited)	894	-	7,479,377	(9,293)	70,302	497,700	15,408	(5,868,730)	2,185,658	13,538	2,199,196
Loss for the period	-	-	-	-	-	-	-	(112,574)	(112,574)	(4,777)	(117,351)
Other comprehensive expense for the period	-	-	-	(19,459)	-	-	-	-	(19,459)	-	(19,459)
Total comprehensive expense for the period	-	-	-	(19,459)	-	-	-	(112,574)	(132,033)	(4,777)	(136,810)
Dividends	20	-	-	-	-	-	-	-	-	(7,097)	(7,097)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	890	890
Acquisition of additional interests in a subsidiary (Note iii)	-	-	-	-	(5,212)	-	-	-	(5,212)	5,212	-
Share-based payments expenses	19	-	-	-	-	73,223	-	-	73,223	-	73,223
As of June 30, 2023 (Unaudited)	894	-	7,479,377	(28,752)	65,090	570,923	15,408	(5,981,304)	2,121,636	7,766	2,129,402

Notes:

- In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve is subject to the approval of the respective director, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.
- In March 2024, the Group's non-wholly owned subsidiary, Jiangxi Dingdang Lexiang E-Commerce Co. Ltd.* (江西叮嚀樂享電子商務有限公司) was deregistered.
- For the purpose of optimising the Group structure, a wholly-owned subsidiary of the Group, Jiangxi Dingdang E-Commerce Co., Ltd.* (江西叮嚀電子商務有限公司) acquired 70% of Jinan Renhe Yaofangwang Medicine Technology Co., Ltd.* (濟南仁和藥房網醫藥有限公司) ("Jinan Yaofangwang") from another 52% owned subsidiary of the Group, Renhe Yaofangwang (Beijing) Medicine Technology Co., Ltd.* (仁和藥房網(北京)醫藥科技有限公司) ("Yaofangwang Beijing") in April 2023 with nil consideration. The net liability acquired amounting to RMB5,212,000 was debited to other reserves account.

* English names are for identification purpose only.

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Operating activities		
Cash generated from operations	83,923	219,693
Income taxes paid	(8,914)	(9,591)
Net cash from operating activities	75,009	210,102
Investing activities		
Interest received	13,826	16,272
Proceeds on disposal of property and equipment	90	13
Purchases of financial assets at FVTPL	(636,734)	(598,161)
Redemption of financial assets at FVTPL	673,807	600,087
Investment in an associate	–	(4,000)
Purchases of property and equipment	(10,895)	(4,275)
Payments for right-of-use assets	(2,933)	(1,722)
Purchases of other intangible assets	(15)	(1,789)
Withdrawal of time deposits	–	89,330
Placement of time deposits	(4,901)	–
Net cash from investing activities	32,245	95,755
Financing activities		
Dividends paid to non-controlling shareholders	(8,949)	(7,097)
Payments to the Trustee for share purchase	(10,630)	–
Repayments of lease liabilities	(39,438)	(36,929)
Interest paid	(4,351)	(3,928)
Payments of share issuing costs	–	(289)
Capital withdrawal by non-controlling shareholders	(301)	–
Capital contributions from non-controlling shareholders	1,049	–
Net cash used in financing activities	(62,620)	(48,243)
Net increase in cash and cash equivalents	44,634	257,614
Cash and cash equivalents at the beginning of the period	1,185,898	1,210,949
Effect of foreign exchange rate changes on cash and cash equivalents	3,048	9,450
Cash and cash equivalents at the end of the period	1,233,580	1,478,013

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

1. GENERAL INFORMATION

Dingdang Health Technology Group Ltd. (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since September 14, 2022. Its ultimate controlling shareholder is Mr. Yang Wenlong (the “Controlling Shareholder”), who is also the Chairman and Executive Director of the Company. The address of the Company’s registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at Building 1, Yard 50, Dengshikou Street, Dongcheng District, Beijing, the People’s Republic of China (the “PRC”).

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of pharmaceutical and healthcare business in the PRC.

The condensed consolidated financial statements are presented in the currency of Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments	Content
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

4. SEGMENT INFORMATION

The Group does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole.

The Group's chief operating decision maker, who has been identified as the president, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and 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 (excluding equity instruments at FVTOCI) are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented. During the six months ended June 30, 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (six months ended June 30, 2023: nil).



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

5. REVENUE

Disaggregation of revenue from contracts with customers:

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Type of goods or services:		
Product revenue:		
Pharmaceutical and healthcare business	2,210,057	2,184,609
Others*	57,837	62,673
Total revenue from contracts with customers	2,267,894	2,247,282
Timing of revenue recognition:		
A point in time	2,210,057	2,184,609
Overtime	57,837	62,673
Total	2,267,894	2,247,282

* Others represents the marketing services, marketplace services and other revenue.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	1,515,673	1,550,168
Provision for impairment of inventories	485	13,725
Employee benefit expenses		
– Salaries and bonuses	164,246	150,760
– Share-based payments expenses (Note 19)	51,283	73,223
– Retirement benefit scheme contributions	15,034	14,109
– Welfare, medical and other benefits	28,364	23,631
Total employee benefit expenses	258,927	261,723
Depreciation of property and equipment	7,739	9,232
Depreciation of right-of-use assets	43,494	38,859
Amortization of other intangible assets	18,541	19,286
Auditor's remuneration	1,180	1,580



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

7. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Net foreign exchange gains	3,008	9,463
Loss on disposal of property and equipment	(5)	(14)
Gain on fair value changes of financial assets at FVTPL	4,502	8,544
Loss on early termination of a lease	(706)	(416)
Impairment loss recognised in respect of goodwill (Note 14)	(1,104)	–
Others	959	1,381
Total	6,654	18,958

8. OTHER INCOME

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income		
– Bank deposits	13,826	16,272
– Lease deposits	259	229
Government grants (Note)	5,017	5,453
Rental income – fixed	2,345	1,761
Dividends from equity instruments at FVTOCI	3,849	–
Total	25,296	23,715

Note: The amounts represented subsidies received from the local governments for rewarding the Group's contribution to local economies. There were no specific conditions attached to the grants and the amounts were recognized in profit or loss when the grants were received.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

9. FINANCE COSTS

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on lease liabilities	4,351	3,928

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Impairment losses, net of reversals, recognized on:		
– Trade receivables	2,542	45
– Other receivables	(343)	(995)
Total	2,199	(950)

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current income tax		
– Current period	7,910	7,015
– Under provision in respect of prior period	390	446
Deferred income tax	(2,163)	(3,742)
Total	6,137	3,719



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

12. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(84,491)	(112,574)

Number of shares:

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share*	1,322,658,246	1,341,472,897

* The weighted average number of ordinary shares for the purpose of basic loss per share has considered the impact of treasury stock purchased under the 2023 RSU Scheme.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2024, the potential ordinary shares were not included in the calculation of diluted loss per share, as taking into account the exercise of the Company's RSUs under the 2023 RSU Scheme would be anti-dilutive (six months ended June 30, 2023: anti-dilutive). Accordingly, diluted loss per share for the six months ended June 30, 2024 is the same as basic loss per share.

13. LEASES

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 10 years (six months ended June 30, 2023: 1 to 17 years). On date of lease commencement, the Group recognized right-of-use assets of RMB66,745,000 (six months ended June 30, 2023: RMB27,034,000) and lease liabilities of RMB63,812,000 (six months ended June 30, 2023: RMB25,312,000).

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

14. GOODWILL

As of June 30, 2024, the goodwill related to acquisition of Yaofangwang Beijing and its subsidiaries (collectively, the “Renhe Yaofangwang”) amounted to RMB167,351,000 (December 31, 2023: RMB167,351,000). Due to the continuing loss position of Renhe Yaofangwang, the management of the Company conducted impairment review on this goodwill in the current interim period. The management of the Company determined the recoverable amount of these cash-generating units, to which this goodwill is allocated, based on value-in-use calculation by using the discounted cash flow method (December 31, 2023: discounted cash flow method). There is no impairment charged for goodwill related to acquisition of Renhe Yaofangwang for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

Key estimations in the value-in-use calculation have been made by the management of the Company, which are forecasted average annual revenue growth rate 10% (December 31, 2023: 13%), estimated terminal growth rate 2.2% beyond the projection period extrapolated (December 31, 2023: 2.2%) and pre-tax discount rate 22.48% (December 31, 2023: 23.11%).

During the current interim period, due to the expected cessation of operations, the management of the Company recognised impairment loss of RMB1,066,000 and RMB38,000 related to the goodwill associated with acquisition of Dingdang Good Mood Health Management (Beijing) Co., Ltd.* (叮嚀好心情健康管理(北京)有限公司) and Beijing Dingdang Youpin Technology Co., Ltd.* (北京叮嚀優品技術有限公司), respectively (six months ended June 30, 2023: nil). The impairment loss was recognised in profit or loss.

15. PROPERTY AND EQUIPMENT

The Group acquired additional equipment of RMB15,177,000 in relation to its operation during the current interim period (six months ended June 30, 2023: acquired additional equipment of RMB19,621,000 in relation to its equipment renewal).



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Current:		
(a) Trade receivables		
Trade receivables from third parties	113,781	114,438
Less: allowance for credit losses	(3,598)	(1,056)
Subtotal	110,183	113,382
(b) Other receivables and prepayments		
Advance to suppliers	36,365	34,009
Prepaid expenses	38,835	28,399
Recoverable value-added tax	33,413	33,978
Receivable from a fund company*	18,182	–
Receivable from third-party online platforms	93,470	116,486
Dividend receivable	3,855	–
Deposits receivables	14,250	12,297
Deposit in Trustee (as defined in Note 19(c))	4,751	14,349
Staff advances and receivables	3,243	1,933
Others	13,836	13,446
Less: allowances for credit losses	(2,649)	(2,992)
Subtotal	257,551	251,905
Total	367,734	365,287
Non-current:		
Rental deposits	15,969	14,354
	15,969	14,354

* The amount represents receivable from a fund company for the redemption of financial products on June 28, 2024, which was subsequently received on July 3, 2024.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period from 30 to 45 days. Trade receivables are settled in accordance with the terms of the respective contracts. Aging analysis of trade receivables based on invoice date is as follows:

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Within 3 months	91,194	89,937
3 to 6 months	5,780	10,340
6 to 12 months	9,739	12,268
Over 12 months	7,068	1,893
Less: allowance for ECL	(3,598)	(1,056)
	110,183	113,382

As of June 30, 2024, the Group's trade receivables balance included debtors with aggregate carrying amount of RMB29.3 million (December 31, 2023: RMB36.0 million), which were past due but not impaired as of the reporting date. The Group has not provided an impairment loss as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

17. TRADE AND OTHER PAYABLES

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Trade payables	451,451	384,963
Notes payables	2,345	21,223
Subtotal	453,796	406,186
Salary and welfare payables	114,676	133,815
Other tax payable	3,342	5,564
Payables for delivery	39,921	50,091
Payables for service fee	22,907	28,119
Accrued expenses	87,252	86,889
Receipt on behalf of third-party merchants	18,248	28,254
Dividend payable to a non-controlling shareholder	–	8,011
Rental received in advance	1,259	1,135
Deposits payable	20,856	21,078
Payable for equipment and software	5,828	1,231
Others	3,517	3,711
Subtotal	317,806	367,898
Total	771,602	774,084

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Within 3 months	379,665	293,748
3 to 6 months	36,154	45,179
6 to 12 months	20,273	49,401
Over 12 months	17,704	17,858
Total	453,796	406,186

18. SHARE CAPITAL

Authorized

As of December 31, 2023 and June 30, 2024, the Company had an authorized share capital of USD500,000, divided into 5,000,000,000 authorized ordinary shares, with par value of USD0.0001 each.

	Number of ordinary shares	Nominal value of ordinary shares USD
Issued and fully paid		
As of January 1, 2023 (Audited), June 30, 2023 (Unaudited), January 1, 2024 (Audited) and June 30, 2024 (Unaudited) of USD0.0001 each	1,341,472,897	134,147

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Presented as:		
Share capital	894	894

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

19. SHARE-BASED PAYMENTS

The employees were granted restricted shares, share options and restricted share units (the “RSUs”) under the share incentive plans. Accordingly, the Group accounted for such plans by measuring the services received from the grantees in accordance with the requirement applicable to equity-settled share-based payment transactions.

The table below sets forth share-based payments expenses for restricted shares, share options and RSUs during the relevant periods:

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Restricted shares	48,817	67,424
Share options	1,479	2,838
RSUs	987	2,961
	51,283	73,223

(a) Details of the restricted shares

A restricted share plan of Dingdang Medicine Express Technology (the “2016 Share Incentive Plan”) was adopted pursuant to a resolution passed on September 13, 2016 for the primary purpose of providing incentives to eligible employees and directors, in which Dingdang Medicine Express Technology granted 85,333,330 restricted shares to 26 employees and directors.

The time-based condition for the common grantees is that no more than 30%, 30% and 40% in sequence of restricted shares can be disposed of in each of the three years after listing date. The time-based condition for the special grantees is that no restricted shares can be disposed within six month after listing date. After six months, restricted shares cannot be disposed without the authorization of the Company. The fair value of each restricted share under 2016 Share Incentive Plan for common grantees and special grantees were RMB0.5012 and RMB0.5100, respectively, on September 13, 2016.

On May 30, 2020, a share incentive plan (the “2020 Share Incentive Plan”) including a restricted share scheme was adopted by the Company. Considering the restricted shares under both plans have been granted to same participants with same quantity, the fair value of the restricted shares granted under 2016 Share Incentive Plan is broadly consistent with the fair value of the restricted shares granted under 2020 Share Incentive Plan on May 30, 2020. The fair value of each restricted shares granted under both plans were RMB2.3027 and RMB2.0334, respectively, on May 30, 2020. Accordingly, the 2016 Share Incentive Plan, was replaced as a result of the adoption of the 2020 Share Incentive Plan. The remaining employed 17 employees became the shareholders of the Company through Go Prosper Enterprises Corporation and Much Premium Investment Limited instead. The replacement of the plans has no effect on the vesting conditions of the grantees.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

19. SHARE-BASED PAYMENTS (CONTINUED)

(a) Details of the restricted shares (Continued)

In September 2023, supplementary agreements were signed under the 2020 Share Incentive Plan by adding certain performance conditions. Since the performance targets for the year ended December 31, 2023 were not met, 30% restricted shares for the common grantees and all restricted shares for the special grantees that should have been vested in 2023, the first year after listing date, were not vested and will be vested upon the approval from a committee comprising of Controlling Shareholder (the "Administrator"). These supplementary agreements did not have an accounting impact on the share-based payments expenses of the Group as the modification is not beneficial to employees.

On May 31, 2021, an incentive shares plan (the "Founder Incentive Scheme") was approved by the shareholders of the Company. Pursuant to the Founder Incentive Scheme, 130,793,590 ordinary shares, representing the then 10% of the total issued shares of the Company, were issued to Future Health Limited, 60% equity interest of which is held by the Controlling Shareholder. The purpose of the Founder Incentive Scheme was to recognize and reward the contribution of the Controlling Shareholder to the growth and development of the Group.

20% of the founder incentive shares will be released of upon the expiration of the lock-up period applicable to the founder after the initial public offering ("IPO") of the Company. The time-based condition for the Controlling Shareholder is that 10%, 10%, 10% and 10% in sequence of restricted shares can be released of in each of the first four anniversaries of the grant date. The performance-based condition for the Controlling Shareholder is that 10%, 10%, 10% and 10% in sequence of restricted shares can be released of over four years upon satisfaction of certain performance conditions of the Group on the performance testing date, which is the date the board of the Company approves the final audited consolidated financial statements. The fair value of the restricted shares under Founder Incentive Scheme was RMB5.3197 per share on May 31, 2021.

A summary of the restricted shares' movement for common grantees and special grantees is as follows:

	Number of restricted shares for common grantees	Number of restricted shares for special grantees	Total	Weighted -average grant date fair value
Outstanding as of January 1, 2023 (Audited), June 30, 2023 (Unaudited), January 1, 2024 (Audited) and June 30, 2024 (Unaudited)	54,400,000	21,833,330	76,233,330	0.50



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

19. SHARE-BASED PAYMENTS (CONTINUED)

(a) Details of the restricted shares (Continued)

A summary of the restricted shares' movement for the Controlling Shareholder under Founder Incentive Scheme is as follows:

	Number of restricted shares for the Controlling Shareholder	Weighted-average grant date fair value
Outstanding as of January 1, 2023 (Audited)	91,555,513	5.32
Vested	(13,079,359)	5.32
Outstanding as of June 30, 2023 (Unaudited)	78,476,154	5.32
Outstanding as of January 1, 2024 (Audited)	78,476,154	5.32
Vested	(13,079,359)	5.32
Outstanding as of June 30, 2024 (Unaudited)	65,396,795	5.32

(b) Details of the employee share option scheme of the Company

The employee share option scheme of the Company was pursuant to a resolution passed in May 2020 for the primary purpose of providing incentives to eligible employees. A total number of 11,710,000 shares under the share option scheme were classified into two categories with different lockup period, including 3,840,000 shares which were granted to common grantees, and the remaining shares were granted to special grantees. The total share options granted to common grantees will be vested by 30%, 30% and 40% in sequence over three years after listing date of the Company. The share options granted to special grantees will be vested by 40% and 60% over two years after listing date of the Company. Both categories of grantees should satisfy the performance appraisal. No further share options will be granted by the Company after IPO in accordance with the share option scheme. In the event where any share option was subsequently terminated or forfeited, the underlying shares of which will be available for future grant in the form of RSUs in accordance with the terms of the RSUs scheme under the 2020 Share Incentive Plan.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

19. SHARE-BASED PAYMENTS (CONTINUED)

(b) Details of the employee share option scheme of the Company (Continued)

Details of the employees' share option is as follows:

Date of grant	Number of ordinary shares	Exercise price <i>RMB</i>
May 30, 2020	11,710,000	0.1

The following tables disclose the details of share options held by existing employees of the Company and movements in such holdings:

	Number of share options	Weighted average exercise price <i>RMB</i>	Weighted average remaining term <i>Year</i>
Outstanding as of January 1, 2023 (Audited)	10,950,000	0.1	7.42
Outstanding as of June 30, 2023 (Unaudited)	10,950,000	0.1	6.92
Outstanding as of January 1, 2024 (Audited)	6,616,000	0.1	6.42
Forfeited	(36,000)	0.1	
Outstanding as of June 30, 2024 (Unaudited)	6,580,000	0.1	5.92



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

19. SHARE-BASED PAYMENTS (CONTINUED)

(c) Details of the RSUs

810,000 shares which were available for future grant in the form of RSUs arose from the share option scheme based on the 2020 Share Incentive Plan were granted to an employee (the "2022 Grantee") on September 30, 2022. The time-based condition for 2022 Grantee is that 50% and 50% in sequence of vested shares can be disposed of in following two years after grant date upon satisfaction of the performance appraisal. The fair value of each RSUs was RMB9.85 on September 30, 2022.

In September 2023, a supplementary agreement was signed under the share option scheme for 2022 Grantee by adding certain performance conditions. Since the performance target for the year ended December 31, 2023 was not met, 50% RSUs that should have been vested in 2023 were not vested and will be vested upon the Administrator's approval. The supplementary agreement did not have an accounting impact on the share-based payments expenses of the Group as the modification is not beneficial to 2022 Grantee.

A summary of the 2022 Grantee RSUs' movement is as follows:

	Number of RSUs for 2022 Grantee	Grant date fair value
Outstanding as of January 1, 2023 (Audited), June 30, 2023 (Unaudited), January 1, 2024 (Audited) and June 30, 2024 (Unaudited)	810,000	9.85

A restricted share unit scheme (the "2023 RSU Scheme") was adopted by the Company on June 27, 2023 (the "Adoption Date"). The 2023 RSU Scheme was contemplated and adopted to be funded solely by the existing ordinary shares of the Company. The maximum number of shares to be awarded under the 2023 RSU Scheme will be 2.0% of the total issued ordinary shares of the Company as at the Adoption Date. Pursuant to the 2023 RSU Scheme, the Company will purchase the existing shares through CMB Wing Lung (Trustee) Limited (the "Trustee") on the secondary market with the self-owned funds of the Company, and the Trustee has been appointed by the Company for the administration of the 2023 RSU Scheme. During the six months ended June 30, 2024, the Trustee purchased 12,450,000 ordinary shares, which will be granted to the eligible participants, with a total consideration of RMB20,228,000, including 12,250,000 ordinary shares purchased in January of 2024 and 200,000 ordinary shares purchased in April of 2024, at a price range from HK\$1.19 (equivalent to RMB1.08) per share to HK\$2.00 (equivalent to RMB1.82) per share. The cost of the shares purchased was recognized in equity as treasury share reserve. During the six months ended June 30, 2023, no existing ordinary shares was purchased on the Stock Exchange by the Trustee and no RSUs was granted under the 2023 RSU Scheme.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

20. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

During the six months ended June 30, 2024, a dividend to the non-controlling interests of RMB938,000 (six months ended June 30, 2023: RMB7,097,000) was declared and paid by certain subsidiaries.

During the six months ended June 30, 2024, dividend payable to the non-controlling interests for the year ended December 31, 2022 which was declared in the year ended December 31, 2023, amounting to RMB8,011,000, was paid by certain subsidiaries (six months ended June 30, 2023: nil).

21. OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group accounts for the headlease and the sublease as two separate contracts when acts as an intermediate lessor. The subleases are classified as operating leases by reference to the right-of-use assets arising from the headlease, which have committed lessees for the next 1 to 5 years.

Undiscounted lease payments receivable on leases are as follows:

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000
Within one year	2,233	3,749
In the second year	1,381	2,771
In the third year	1,092	985
In the fourth year	801	598
In the fifth year	514	122
	6,021	8,225

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

22. 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 1 financial instruments, valuations are determined using prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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.

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.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

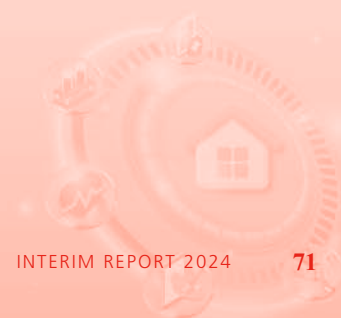
22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Level 1 RMB'000	Level 2 RMB'000	Total RMB'000
As of June 30, 2024 (Unaudited)			
Assets:			
Financial assets at FVTPL	–	92,673	92,673
Equity instruments at FVTOCI	54,792	–	54,792
As of December 31, 2023 (Audited)			
Assets:			
Financial assets at FVTPL	–	143,426	143,426
Equity instruments at FVTOCI	93,537	–	93,537

During the six months ended June 30, 2024, a fair value loss of RMB38,745,000 (six months ended June 30, 2023: RMB19,459,000) was recorded for equity instruments at FVTOCI.



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The following table gives information about how the fair values of the Group's financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as of June 30, 2024 (Unaudited) RMB'000	Fair value as of December 31, 2023 (Audited) RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equity securities issued by a listed company	54,792	93,537	Level 1	Quoted bid prices in an active market.	N/A	N/A
Financial products issued by a fund company	92,673	143,426	Level 2	Based on the adjusted market value of underlying investment portfolios, which includes USD deposits and quoted United States treasury notes and bonds	N/A	N/A

For assets that are measured at fair value 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 each reporting end. During the current interim period, there were no transfers among different levels of fair values measurement (six months ended June 30, 2023: no).

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

23. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the relevant periods.

Name of related parties	Relationship
Mr. Yang Wenlong	The Controlling Shareholder
Renhe (Group) Development Co., Ltd.* (仁和(集團)發展有限公司) (“Renhe (Group)”)	Related companies controlled by the Controlling Shareholder
Renhe Pharmacy Co., Ltd.* (仁和藥業股份有限公司) and its subsidiaries	Related company significantly influenced by the Controlling Shareholder

* English names are for identification purpose only.



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

Name of related parties	Nature of balances/ transactions	Six months ended June 30,	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Product sales	178	4
	Purchase of goods	89,555	124,505
	Brand usage fee	1,765	1,515
Renhe (Group)	Product sales	2	1
	Brand usage fee	1,813	939
Other related parties	Product sales	1	9

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.

(c) Balances with related parties:

Amounts due from related parties

Name of related parties	Nature of balances/ transactions	As of	As of
		June 30, 2024 (Unaudited) RMB'000	December 31, 2023 (Unaudited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade	877	877

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties: (Continued)

Amounts due to related parties

Name of related parties	Nature of balances/ transactions	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Unaudited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade (note i)	46,635	42,633
Renhe (Group)	Non-trade (note ii/iii)	3,750	3,219
Other related parties	Trade	88	28
	Non-trade (note ii)	18	18
Total		50,491	45,898

Notes:

- i. The amount included notes payables of approximately RMB241,000 (December 31, 2023: RMB41,892,000)
- ii. The amount is unsecured, interest free and repayable on demand.
- iii. The amount primarily included brand usage fee payables, which was recognized as amounts due to related parties of non-trade nature.



Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2024

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

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

	Six months ended June 30,	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Salaries and bonuses	2,710	3,179
Share-based payments	48,298	65,993
Retirement benefit scheme contributions	215	161
Welfare, medical and other benefits	222	168
	51,445	69,501

24. SUBSEQUENT EVENTS

There are no significant subsequent events subsequent to June 30, 2024.