



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



2023

INTERIM REPORT



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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) (*Appointed on August 25, 2023*)

Non-executive Directors

Ms. Cai Li (蔡俐)
Ms. Lian Suping (連素萍) (*Resigned on July 18, 2023*)

Independent Non-executive Directors

Mr. Zhang Shouchuan (張守川)
Mr. Fan Zhenhong (樊臻宏)
Mr. Jiang Shan (姜山)

AUDIT COMMITTEE

Mr. Jiang Shan (*Chairman*)
Mr. Zhang Shouchuan
Mr. Fan Zhenhong

NOMINATION COMMITTEE

Mr. Yang Wenlong (*Chairman*)
Mr. Fan Zhenhong
Mr. Zhang Shouchuan

REMUNERATION COMMITTEE

Mr. Fan Zhenhong (*Chairman*)
Mr. Zhang Shouchuan
Ms. Cai Li

AUTHORIZED REPRESENTATIVES

Mr. Xu Ning
Mr. Lam Yiu Por

JOINT COMPANY SECRETARIES

Mr. Wang Yongzhi
Mr. Lam Yiu Por

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 law:
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

COMPLIANCE ADVISOR

Maxa Capital Limited

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:

“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
“Audit Committee”	the audit committee of the Company
“Auditor”	Deloitte Touche Tohmatsu, the auditor of the Company
“Award(s)”	an award of RSUs granted by the RSU Scheme 2023 Administrator to a Grantee in accordance with the RSU Scheme 2023
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 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 RSU Scheme 2023 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
“Excluded Participant”	any RSU Scheme 2023 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 RSU Scheme 2023 is not permitted under the applicable laws or where in the view of the RSU Scheme 2023 Administrator or the Trustee (as the case may be), compliance with the applicable laws makes it necessary or expedient to exclude such RSU Scheme 2023 Participant



Definitions

“ESOP Plans”	Pre-IPO Share Option Scheme, Restricted Share Scheme and RSU Scheme adopted on May 1, 2020, the Restricted Share Agreement dated May 31, 2021 and RSU Scheme 2023 adopted on June 27, 2023
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Grantee(s)”	RSU Scheme 2023 Participant(s) selected by the RSU Scheme 2023 Administrator pursuant to the RSU Scheme 2023 for the grant of an Award
“Group” or “our Group” or “we” or “us”	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 Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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, 2023
“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
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Returned Shares”	such RSU Shares or related income which are not vested and/or are forfeited in accordance with the rules of the RSU Scheme 2023, or such Shares being deemed to be Returned Shares in accordance with the rules of the RSU Scheme 2023 and the Trust Deed

“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 2023 Administrator in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable
“RSU Scheme”	the restricted share unit scheme adopted by the Company on May 1, 2020
“RSU Scheme 2023”	the restricted share unit scheme adopted by the Company on June 27, 2023
“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 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
“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 RSU Scheme 2023
“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



“Trust Shares”	such Shares that are held, directly or indirectly, by the Trustee upon Trust, from time to time for the purpose of the RSU Scheme 2023
“Trustee”	CMB Wing Lung (Trustee) Limited, the trustee corporation to be appointed by the Company for the administration of the RSU Scheme 2023
“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 RSU Scheme 2023
“WFOE”	Dingdang Kuaiyao (Beijing) Technology Development Co., Ltd. (叮嚀快藥(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 the financial year 2023, with the in-depth development of the industry's online and offline integration, the room for development and dimensions of the digital medical industry experienced continuous extension and expansion, enabling the Company to consolidate and achieve long-term development with its online and offline integrated digital competition and operating advantages. During the Reporting Period, with the joint efforts of the Company's management and all employees, the Company, following its business road map, focused on refined operation and high-quality development, revolving around the building of "commodity power, channel power, innovation power, professional power, and organizational power" to achieve continuous optimization of supply chain and products while continuously building an efficient and unified warehousing network and internet medical service system to continuously enhance user mentality and service efficiency, and strive to maintain long-term sustainable development and high-quality growth in revenue. With the nation's strong support and promotion of digital industry upgrade and medical system reform, and various measures to promote healthy consumption of residents, the Company will further grasp the trends of technology and policies, giving full play to its own professional advantages and persistently adhering to the advantages of digital medicine and medical services to better meet the increasing demand for health and medical services of residents.

During the Reporting Period, our total revenue was RMB2,247.3 million (for the six months ended June 30, 2022: RMB1,989.8 million), representing a period-on-period increase of 12.9%. Among them, the revenue of drug express business segment reached RMB2,184.6 million (for the six months ended June 30, 2022: RMB1,926.2 million), representing a period-on-period increase of 13.4%. Registered users and medical consultation services increased simultaneously, with cumulative registered users reaching approximately 39.2 million, and we recorded 4.0 million health and medical consultations in the online medical consultations business. For the six months ended June 30, 2023, the net loss of the Company was narrowed down by approximately 80%, representing a period-on-period decrease of RMB469 million, recording a loss of RMB117 million, which was mainly due to the fact that there were no further fair value losses on the Company's shares with preferred rights as financial liabilities recognized at FVTPL during the Reporting Period as the shares with preferred rights (which were preferred shares issued to the pre-IPO investors) have been automatically converted into ordinary Shares upon the completion of the Listing. At the same time, benefiting from the Company's operational strategy of improving quality and efficiency, which effectively improved performance and operational efficiency, the Company's operating losses were further narrowed down.

The Company will consistently adhere to the user-centric mode 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, has made an early and sound planning of business segments including online medical insurance 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, it will further consolidate and develop the on-demand health service in mega-cities, focusing on the planning of expansion of core cities and steadily exploring new cities 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, 2023, our drug express business has maintained growth. The breakdown of revenue by channel includes: revenue recorded from online direct sales of RMB1,606.0 million (for the six months ended June 30, 2022: RMB1,398.7 million), representing a period-on-period increase of 14.8%; revenue recorded from business distribution of RMB246.0 million (for the six months ended June 30, 2022: RMB183.8 million), representing a period-on-period increase of 33.8%; revenue recorded from offline retail of RMB332.6 million (for the six months ended June 30, 2022: RMB343.7 million), representing a period-on-period decrease of 3.2% and revenue recorded from other business of RMB62.7 million (for the six months ended 30 June 2022: RMB63.5 million), representing a period-on-period decrease of 1.4%.

During the Reporting Period, we bolstered up the development of our supply chain system, including warehousing logistics and cold-chain logistics service capabilities. In specialized fields including diabetes and dermatology, 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 5,000 drug manufacturing 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 platform for service and product sales. During the Reporting Period, the Company recorded a revenue of RMB1,606.0 million (for the six months ended June 30, 2022: RMB1,398.7 million) from online direct sales channel, representing an increase of 14.8% as compared with the corresponding period last year. Through our online-to-offline order fulfillment service model and direct-sales e-commerce service model, we have accumulated 39.2 million registered users on our own platform 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 radically 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 RMB246.0 million (for the six months ended June 30, 2022: RMB183.8 million), representing a period-on-period increase of 33.8%, mainly due to the increase in the Company's product development and sales partners.

➤ **Offline Retail**

In addition to online direct sales and business distribution, users can 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 RMB332.6 million (for the six months ended June 30, 2022: RMB343.7 million), which was comparable to that of the same period last year.

➤ **Other Business**

The Company has cooperated with over 5,000 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 RMB62.7 million (for the six months ended June 30, 2022: RMB63.5 million), which was comparable to that of the same period last year.

• **Online Medical Consultation**

During the Reporting Period, the Company activated and released the Dingdang HealthGPT, and based on which the Company launched two applied pharmaceutical AI products: “Dingdang Pharmacist” and “Nutritionist AI Assistant”. In the future, it will provide the public with more professional, convenient and secure medication, nutrition and healthcare services so as to further realize the “technology inclusiveness” of AI in the pharmaceutical field. “Dingdang Pharmacist” and “Nutritionist AI Assistant” have passed the national professional qualification examinations for licensed pharmacist and nutritionist and have been under upgrades and optimizations all the time. “Dingdang Pharmacist” and “Nutritionist AI Assistant” can efficiently make scheduling and analysis of data resources and build interactive thinking capabilities to help pharmacists and nutritionists improve their work efficiency and service quality. 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 4 million times of online consultation services.





- **Chronic Diseases and Health Management**

Through our self-developed AI system, health mapping, medical dictionary wisdom and other technologies, we help users with health file management and DOT medication adherence services. In addition, medical consultation and chronic diseases management were integrated further to deepen the services. We enhanced cooperation with renowned pharmaceutical companies (such as Sanofi) to promote the management on chronic diseases represented by diabetes, serving the chronic patients with online and offline omni-channel operation. For such medicines, we provide the patients with a professional cold-chain door-to-door delivery service which is available around the clock and takes an average of only 28 minutes, allowing citizens to buy insulin products of Sanofi without leaving their homes. In addition, we established a strategic partnership with Chugai Pharma China Co., Ltd., under which we will focus on the area of chronic diseases and carry out in-depth cooperation in online and offline integrated reach and operation, specialist disease management, chronic disease management, digital disease education, etc., in a bid to enhance the public's awareness of chronic diseases and relevant standardized treatments and promote the high-quality development of the chronic disease segment in China.

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 journey management, remote consultation and health management for different users. We have further developed the management of subspecialties, 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 corporate values 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 the public health together with our development to continuously serve the public and the society.

In April 2023, in order to promote medication safety, we conducted the "home expired drugs recycling" campaign jointly with Guangzhou Baiyunshan Pharmaceutical for the third consecutive year, so as to guide the public to use the drugs in a reasonable and safe manner.

In May 2023, in order to raise concerns over the health of adolescents, we cooperated with Fenbid to launch the "Dream Chasing Action" for the fourth consecutive year. The project for 2023, "Restart for the Dream, Co-build Dream Centers", provided healthcare support to the children in mountain areas through multiple charity initiatives such as co-building dream classrooms and providing healthcare materials.

In June 2023, we joined hands with Beijing Red Cross Foundation and Sinopharm Group to kick off the national Eye Care Day health education public benefit campaign themed on "Care more about your eyes for brightness", providing the public with eye care knowledge and free eye check services.

In the summer vacation of 2023 when hot weather continued to sweep across the country, we joined hands with pharmaceutical enterprises to launch the public benefit campaign "Coolness Express" to give our concerns over those who have to work outdoors on hot days. With a special focus on the health of deliverymen, we kick-started the public benefit campaign "Heatstroke Prevention for Deliverymen" at Dingdang chained smart pharmacies and provided a wide range of heatstroke prevention services and benefits.

Future Prospects

We are of the view that, with the continuous emergence of new technologies and new policies, digital healthcare has 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, the Company 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”. The Company 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.

FINANCIAL REVIEW

Revenue

Revenue increased by 12.9% from RMB1,989.8 million for the six months ended June 30, 2022 to RMB2,247.3 million for the six months ended June 30, 2023. The increase in our total revenue was primarily due to the increase in the revenue from our pharmaceutical and healthcare business by 13.4% from RMB1,926.2 million for the six months ended June 30, 2022 to RMB2,184.6 million for the six months ended June 30, 2023. The increase in revenue from the pharmaceutical and healthcare business was primarily attributable to the growing user base, growth of the sales orders, the enrichment of product categories.

Cost of Revenue

Cost of revenue increased by 18.1% from RMB1,325.1 million for the six months ended June 30, 2022 to RMB1,564.4 million for the six months ended June 30, 2023, primarily due to the increase in the sales of our pharmaceutical and healthcare business.





Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB682.9 million for the six months ended June 30, 2023, representing a gross profit margin of 30.4%; and a gross profit of RMB664.7 million for the six months ended June 30, 2022, representing a gross profit margin of 33.4%. The decrease in the gross profit margin was mainly due to the change in product sales portfolio.

Fulfillment Expenses

The fulfillment expenses increased by 0.8% from RMB210.7 million for the six months ended June 30, 2022 to RMB212.4 million for the six months ended June 30, 2023. The increase was primarily due to increased demands from our users for our product and service offerings and the expansion of our business. The fulfillment expenses as a percentage of revenue decreased from 10.6% for the six months ended June 30, 2022 to 9.5% for the six months ended June 30, 2023.

Selling and Marketing Expenses

The selling and marketing expenses increased by 10.8% from RMB419.9 million for the six months ended June 30, 2022 to RMB465.2 million for the six months ended June 30, 2023. The increase was primarily attributable to the expansion of the network of our smart pharmacies; and the increase in technical service fees resulting from increased selling and marketing activities. The selling and marketing expenses as a percentage of revenue decreased from 21.1% for the six months ended June 30, 2022 to 20.7% for the six months ended June 30, 2023.

Research and Development Expenses

The research and development expenses decreased by 33.6% from RMB46.2 million for the six months ended June 30, 2022 to RMB30.7 million for the six months ended June 30, 2023. Research and development expenses as a percentage of revenue decreased from 2.3% for the six months ended June 30, 2022 to 1.4% for the six months ended June 30, 2023.

General and Administrative Expenses

General and administrative expenses decreased by 38.1% from RMB206.5 million for the six months ended June 30, 2022 to RMB127.8 million for the six months ended June 30, 2023. The decrease was primarily due to the decrease in staff costs caused by the decrease in the share-based payment, which decreased by 47.9% from RMB136.5 million for the six months ended June 30, 2022 to RMB71.1 million for the six months ended June 30, 2023.

The general and administrative expenses as a percentage of revenue decreased from 10.4% for the six months ended June 30, 2022 to 5.7% for the six months ended June 30, 2023, which was primarily attributable to the aforementioned decrease in share-based payment fees. Excluding the impact of share-based payments, the general and administrative expenses as a percentage of revenue decreased from 3.5% for the six months ended June 30, 2022 to 2.5% for the six months ended June 30, 2023.

Fair Value Losses on Financial Liabilities at FVTPL

The shares with preferred rights (which were preferred shares issued to the pre-IPO investors) have been automatically converted into ordinary Shares upon the completion of the Listing, and there were no further fair value losses on the Company's shares with preferred rights as financial liabilities recognized at FVTPL during the Reporting Period (for the six months ended June 30, 2022: RMB362.5 million).

Other Gains and Losses, Net

Other net gains and losses increased by 94.8% from RMB9.7 million for the six months ended June 30, 2022 to RMB19.0 million for the six months ended June 30, 2023. The increase was primarily attributable to the increase in net foreign exchange gains and the increase in gain on fair value changes of financial assets at FVTPL.

Other Income

Other income increased by 67.0% from RMB14.2 million for the six months ended June 30, 2022 to RMB23.7 million for the six months ended June 30, 2023. Such increase was primarily attributable to the increase in interest income.

Finance Costs

Finance costs increased by 2.4% from RMB3.8 million for the six months ended June 30, 2022 to RMB3.9 million for the six months ended June 30, 2023.

Listing Expenses

The Company did not incur any further Listing expenses during the Reporting Period (for the six months ended June 30, 2022: RMB20.0 million).

Income Tax Expenses

Income tax expenses decreased by 15.4% from RMB4.4 million for the six months ended June 30, 2022 to RMB3.7 million for the six months ended June 30, 2023, which was primarily due to the decrease in our taxable income.

Loss for the Period

As a result of the above, our net loss decreased by 80% from RMB585.9 million for the six months ended June 30, 2022 to RMB117.4 million for the six months ended June 30, 2023.





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 uses 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 fair value losses on financial liabilities at FVTPL related to the shares with preferred rights issued to pre-IPO investors, share-based payments and Listing expenses. The Company accounts for the shares with preferred rights as financial liabilities at FVTPL. The shares with preferred rights have been automatically converted into ordinary Shares upon the completion of the Company's Listing, and no further loss or gain on fair value changes has been recognized afterwards. Accordingly, the reconciling item is non-cash and does not result in cash outflow. In addition, the Company accounts for the compensation cost from share-based payment transactions with employees, and the reconciling item is non-cash and does not result in cash outflow. Further, the Company excludes Listing expenses, which arise from activities relating to the Listing and did not recur for the Reporting Period after the Listing. 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,	
	2023	2022
	(unaudited)	(unaudited)
	<i>(RMB'000, except for percentages)</i>	
Reconciliation of net loss to adjusted net loss:		
Net loss for the period	(117,351)	(585,909)
Add		
Fair value losses on financial liabilities at FVTPL	–	362,456
Share-based payments	73,223	137,783
Listing expenses	–	20,006
Adjusted net loss for the period (non-IFRS measure)	(44,128)	(65,664)
Adjusted net loss margin (non-IFRS measure)	(2.0%)	(3.3%)

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, 2023, we had cash and cash equivalents of RMB1,478.0 million (December 31, 2022: RMB1,210.9 million). The following table sets forth our cash flows for the periods indicated:

	For the six months ended June 30,	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Operating cash flows before movements in working capital	9,827	(27,610)
Changes in working capital	209,866	63,267
Income taxes paid	(9,591)	(13,156)
Net cash from operating activities	210,102	22,501
Net cash from/(used in) investing activities	95,755	(4,560)
Net cash used in financing activities	(48,243)	(48,982)
Net increase/(decrease) in cash and cash equivalents	257,614	(31,041)
Cash and cash equivalents at the beginning of the period	1,210,949	1,552,994
Effect of foreign exchange rate changes on cash and cash equivalents	9,450	4,179
Cash and cash equivalents at the end of the period, represented by	1,478,013	1,526,132

Net Cash From Operating Activities

For the six months ended June 30, 2023, net cash from operating activities was RMB210.1 million compared to net cash generated from operating activities of RMB22.5 million in the same period last year, which was primarily attributable to the loss before income tax of RMB113.6 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payments expenses of RMB73.2 million, depreciation of right-of-use assets of RMB38.9 million and amortisation of other intangible assets of RMB19.3 million; and (ii) changes in working capital, which primarily resulted from a decrease in trade and other receivables and prepayments of RMB116.8 million, an increase in amounts due to related parties of RMB58.3 million, a decrease in inventories of RMB42.8 million and an increase in trade and other payables of RMB18.6 million, partially offset by a decrease in contract liabilities of RMB50 million.

Net Cash From Investing Activities

For the six months ended June 30, 2023, net cash from investing activities was RMB95.8 million, which was primarily attributable to purchase of financial assets at FVTPL of RMB598.2 million and partially offset by redemption of financial assets at FVTPL of RMB600.1 million.





Net Cash Used in Financing Activities

For the six months ended June 30, 2023, net cash used in financing activities was RMB48.2 million, which was primarily attributable to repayments of lease liabilities of RMB36.9 million and dividends paid to non-controlling Shareholders of RMB7.1 million.

Borrowings and Gearing

As of June 30, 2023, 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 RMB7.8 million for the six months ended June 30, 2023 and RMB17.5 million for the six months ended June 30, 2022.

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, 2023, we had no material capital commitment.

Pledges of Assets

As of June 30, 2023, 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, 2023) during the six months ended June 30, 2023.

Future Plans for Material Investments and Capital Assets

As of June 30, 2023, 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, 2023.

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, 2023, we did not have any material contingent liabilities.

EMPLOYEES

As of June 30, 2023, we had 2,605 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, 2023:

Employee function	Number of employees
Sales, Marketing and Business Development	1,827
Technology, Research and Development	242
Management	333
Administration	203
Total	2,605

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.

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, 2023. 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 RSU scheme 2023 which shall continue in effect for a term of ten (10) years since the adoption. The total number of Shares subject to the RSU Scheme 2023 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, 2023. 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.

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, 2023:

Purpose	Percentage of total net proceeds	Net proceeds incurred from the Global Offering <i>HK\$ million</i>	Unutilized amount as of January 1, 2023 <i>HK\$ million</i>	Net proceeds		Expected timeline for full utilization of the remaining net proceeds
				utilized during the Reporting Period <i>HK\$ million</i>	Unutilized amount as of June 30, 2023 <i>HK\$ million</i>	
Business expansion, such as the further development of smart pharmacy network, and enhancement of user growth and engagement	45.0%	153.7	105.0	39.0	66.0	December 31, 2024
Optimizing of our technology systems and operating platforms	15.0%	51.2	41.9	10.3	31.6	December 31, 2024
Upgrading our services and business, such as building professional structure of full-time doctors and pharmacists	10.0%	34.2	17.2	4.8	12.4	December 31, 2024
Potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate	20.0%	68.3	68.3	20.6	47.7	December 31, 2024
Working capital and other general corporate purpose	10.0%	34.2	–	–	–	N/A
Total	100.0%	341.6	232.4	74.7	157.7	

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. Throughout 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 C.2.1 of the Code Provisions 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 voice 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 Board 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 code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry to all Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code throughout the Reporting Period.





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

As at June 30, 2023, 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%

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 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 restricted share unit(s) (the "RSU(s)") under the 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 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.
- (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, 2023 and is for reference only.

Save as disclosed above, as at June 30, 2023, 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.

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, 2023, 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 Directors 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%
Xu Ning ⁽²⁾	Beneficial owner	5,000,000 (L)	0.37%
Yu Lei ⁽³⁾	Beneficial owner	10,000,000 (L)	0.75%
Yu Qinglong ⁽⁴⁾	Beneficial owner	8,000,000 (L)	0.60%

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. Xu Ning is interested in the 5,000,000 restricted Shares granted to him under the Restricted Share Scheme.
- (3) Mr. Yu Lei is interested in the 10,000,000 restricted Shares granted to him under the Restricted Share Scheme.
- (4) Mr. Yu Qinglong is interested in the 8,000,000 restricted Shares granted to him under the Restricted Share Scheme.
- (5) "L" stands for long position.

(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, 2023, 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, 2023, 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 14 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.



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 RSU Scheme on May 1, 2020, the Restricted Share Agreement on May 31, 2021 and RSU Scheme 2023 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.

As at June 30, 2023, 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 RSU Scheme, representing approximately 0.88% of the total issued share capital of the Company as at June 30, 2023, among which the corresponding options (the "**Option(s)**") to subscribe for 10,950,000 Shares have been granted to 93 grantees (the "**Grantee(s)**") under the Pre-IPO Share Option Scheme and 810,000 Shares available for grant 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 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 June 30, 2023, issued to the 17 participants of the 2016 employee stock ownership plan through Go Prosper Enterprises Corporation and Much Premium Investment Limited. The beneficiary interest of all Restricted Shares granted have been entitled by each of the participants, respectively, as at June 30, 2023.

No further Shares will be issued pursuant to the Share Incentive Schemes. 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 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 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 Participants**”).

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.

Exercise Price

The exercise price of the Options (“**Exercise Price**”) shall be determined by the Administrator and set forth in the Pre-IPO Grant Letter, 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.

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 6 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, 2023, the Company had granted Options under the Pre-IPO Share Option Scheme to an aggregate of 93 Grantees to subscribe for a total of 10,950,000 Shares, including 3,400,000 Shares which had been granted to common Grantees, and the remaining Shares had been granted to special Grantees, representing 0.82% 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, 2023 under the Pre-IPO Share Option. All of the Grantees are employees within the Group. As of June 30, 2023, 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, 2023 are set out below:

Grantee	Exercise Price (RMB)	Grant date	Exercise period	Outstanding as of January 1, 2023	Granted, exercised or cancelled during the Reporting Period	Forfeited during the Reporting Period	Outstanding as of June 30, 2023
Employees other than Directors and five highest paid individuals of the Group	0.1	May 30, 2020	10 years from grant date	10,950,000	-	-	10,950,000

As at June 30, 2023, 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.

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.

2. **RSU Scheme**

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

Grant of RSUs

Subject to the provisions of the RSU Scheme, the Administrator may, from time to time, select from among all Eligible Participants, those to whom RSUs shall be granted (the "**RSU Participants**") 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.

Remaining Life of the RSU Scheme

The 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 RSU Scheme is over 6 years.

810,000 Shares available for grant in the form of RSUs 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. None of the granted RSUs were vested, cancelled, lapsed or forfeited during the Reporting Period.

For details on the 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 June 30, 2023, have been issued to the 17 participants ("**Restricted Share Scheme Participants**") of the 2016 ESOP Plan through Go Prosper Enterprises Corporation and Much Premium Investment Limited (the "**Restricted Share Scheme Platforms**"), the beneficiary interests of all Restricted Shares granted have been entitled by each of the Restricted Share Scheme Participants, respectively, as at June 30, 2023, 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.

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.

Details of the Restricted Shares as at June 30, 2023 are set out below:

Name of Grantee	Relationship with the Company	Grant Date	Number of Restricted Shares Granted	Outstanding and subject to Unlock Conditions as of January 1, 2023 and June 30, 2023
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 (馮鋼)	Director and chief executive of the subsidiaries	September 13, 2016	7,000,000	7,000,000
Employees other than the Directors of the Company or the subsidiaries and five highest paid individuals of the Group		September 13, 2016	30,316,665	30,316,665

Save as disclosed above, no Restricted Shares were granted to the Directors of the Company or our subsidiaries or any other connected persons of the Company as of June 30, 2023. 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.

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.

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.

RSU SCHEME 2023

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

Purposes

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

The RSU Scheme 2023 will provide the RSU Scheme 2023 Participants with an opportunity to acquire proprietary interests in the Company, with the view to achieving the following principal objectives: (i) motivating the RSU Scheme 2023 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 RSU Scheme 2023 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

The participants under the RSU Scheme 2023 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 “**RSU Scheme 2023 Administrator**”) to be eligible to participate in the RSU Scheme 2023 (the “**RSU Scheme 2023 Participants**”).

Duration and Termination

Unless terminated earlier by the RSU Scheme 2023 Administrator pursuant to the rules of the RSU Scheme 2023, the RSU Scheme 2023 shall be valid and effective for a period of ten (10) years commencing on the date on which the RSU Scheme 2023 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 RSU Scheme 2023, the Listing Rules and all applicable laws, either before or after identification of the Grantee(s), 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 RSU Scheme 2023, the Listing Rules and all applicable laws, the RSU Scheme 2023 Administrator shall be entitled at any time on any business day during the Scheme Period, to grant an Award to any RSU Scheme 2023 Participant, as the RSU Scheme 2023 Administrator may in its absolute discretion select. Until so selected, no RSU Scheme 2023 Participant shall have any entitlement under the RSU Scheme 2023. In addition, the RSU Scheme 2023 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 Grantee. A grant of an Award shall be made to an RSU Scheme 2023 Participant by way of a letter (the “**Grant Letter**”) in such written form as the RSU Scheme 2023 Administrator may from time to time determine. Subject to the provisions of the RSU Scheme 2023, 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 RSU Scheme 2023 Participant (excluding any Excluded Participant), the RSU Scheme 2023 Administrator shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant RSU Scheme 2023 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 RSU Scheme 2023 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 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 RSU Scheme 2023.

Vesting of RSU Scheme 2023

Subject to the terms and conditions of the RSU Scheme 2023 and the fulfillment of all vesting conditions to the vesting of the RSU Shares on such RSU Scheme 2023 Participant as specified in the RSU Scheme 2023 and the relevant Grant Letter, the respective RSU Shares held by the Trustee on behalf of the RSU Scheme 2023 Participant shall vest in such RSU Scheme 2023 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 RSU Scheme 2023 Participant in accordance with the terms of the RSU Scheme 2023.

Scheme Limit

The RSU Scheme 2023 Administrator shall not make any further Award which will result in the number of Shares awarded by the RSU Scheme 2023 Administrator under the RSU Scheme 2023 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 Grantee under the RSU Scheme 2023 shall not exceed the percentage cap as determined by the RSU Scheme 2023 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 Grantee ceases to be an RSU Scheme 2023 Participant for reasons set out in the provisions of the RSU Scheme 2023 or for any other reason as determined by the RSU Scheme 2023 Administrator, the Award shall, unless the RSU Scheme 2023 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 RSU Scheme 2023.

In the event that prior to or on the Vesting Date: (i) a Grantee is found to be an Excluded Participant; or (ii) a 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 Grantee shall, unless the RSU Scheme 2023 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 RSU Scheme 2023

The RSU Scheme 2023 is valid and effective for a period of 10 years commencing from June 27, 2023 to June 26, 2033. The remaining life of the RSU Scheme 2023 is over 9 years.

During the Reporting Period, no grant of Awards was made under the RSU Scheme 2023. As at June 30, 2023, there was no Shares available for grant under the RSU Scheme 2023. In accordance with the terms of the RSU Scheme 2023, the RSU Scheme 2023 Administrator instructed the Trustee to purchase 2,277,000 and 2,071,000 ordinary Shares of the Company from the Stock Exchange at a total consideration of approximately HK\$12,264,000 (equivalent to approximately RMB11,202,000) on July 21, 2023 and July 24, 2023, respectively.

For details on the RSU Scheme 2023, 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, 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Changes in the information of Directors since the date of the latest published annual report of the Company are as follows:

Ms. Lian Suping resigned as a non-executive Director of the Company with effect from July 18, 2023.

Mr. Yang Yibin was appointed as an executive Director of the Company with effect from August 25, 2023.

Save as disclosed above, there was no change in the Board and the chief executive officer of the Company, and the information of Directors and chief executive officer since the latest 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.

INTERIM DIVIDENDS

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

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

In accordance with the terms of the RSU Scheme 2023, the Company instructed the Trustee to purchase 2,277,000 and 2,071,000 ordinary Shares of the Company on the Stock Exchange at a total consideration of approximately HK\$12,264,000 (equivalent to approximately RMB11,202,000) on July 21, 2023 and July 24, 2023, respectively. Such Shares are held by the Trustee and will be granted to the RSU Scheme 2023 Participants at the sole discretion of the RSU Scheme 2023 Administrator.

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 Mr. 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, 2023 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, 2023 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.

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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 40 to 64, which comprise the condensed consolidated statement of financial position as of June 30, 2023 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 certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 25, 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	5	2,247,282	1,989,776
Cost of revenue		(1,564,369)	(1,325,104)
Gross profit		682,913	664,672
Fulfillment expenses		(212,403)	(210,673)
Selling and marketing expenses		(465,164)	(419,911)
Research and development expenses		(30,675)	(46,171)
General and administrative expenses		(127,764)	(206,522)
Fair value losses on financial liabilities at fair value through profit or loss ("FVTPL")		–	(362,456)
Other gains and losses, net	7	18,958	9,730
Other income	8	23,715	14,197
Finance costs	9	(3,928)	(3,837)
Impairment losses under expected credit loss ("ECL") model, net of reversal	10	950	(538)
Listing expenses		–	(20,006)
Share of result of an associate	15	(234)	–
Loss before income tax	6	(113,632)	(581,515)
Income tax expense	11	(3,719)	(4,394)
Loss for the period		(117,351)	(585,909)
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		(19,459)	–
Other comprehensive expense for the period		(19,459)	–
Total comprehensive expense for the period		(136,810)	(585,909)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Loss for the period attributable to:			
Owners of the Company		(112,574)	(578,065)
Non-controlling interests		(4,777)	(7,844)
		(117,351)	(585,909)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(132,033)	(578,065)
Non-controlling interests		(4,777)	(7,844)
		(136,810)	(585,909)
Loss per share (present in RMB YUAN)			
– Basic and diluted	12	(0.08)	(0.92)



Condensed Consolidated Statement of Financial Position

	Notes	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Assets			
Non-current assets			
Property and equipment		41,829	42,404
Right-of-use assets	13	158,677	174,956
Goodwill	14	255,762	255,762
Other intangible assets		152,486	169,983
Equity instruments at FVTOCI		96,699	116,158
Investments in an associate	15	3,766	–
Rental deposits	16	11,041	10,625
Total non-current assets		720,260	769,888
Current assets			
Financial assets at FVTPL		143,416	136,798
Inventories		551,407	607,950
Trade and other receivables and prepayments	16	334,194	449,331
Amounts due from related parties	24	2,126	1,959
Restricted bank deposits and time deposits		7,584	120,600
Cash and cash equivalents		1,478,013	1,210,949
Total current assets		2,516,740	2,527,587
Total assets		3,237,000	3,297,475
Equity			
Share capital	18	894	894
Reserves		8,102,046	8,053,494
Accumulated losses		(5,981,304)	(5,868,730)
Equity attributable to owners of the Company		2,121,636	2,185,658
Non-controlling interests		7,766	13,538
Total equity		2,129,402	2,199,196
Liabilities			
Non-current liabilities			
Contract liabilities		2,805	3,836
Lease liabilities	13	86,105	91,012
Deferred tax liabilities		30,355	34,097
Total non-current liabilities		119,265	128,945
Current liabilities			
Trade and other payables	17	795,549	772,817
Amounts due to related parties	24	87,541	29,261
Contract liabilities		41,127	90,182
Lease liabilities	13	61,297	72,125
Income tax payable		2,819	4,949
Total current liabilities		988,333	969,334
Total liabilities		1,107,598	1,098,279
Total equity and liabilities		3,237,000	3,297,475

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Notes	Share capital 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, 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 ii)		-	-	-	(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
As of January 1, 2022 (Audited)		403	-	-	70,302	336,975	15,219	(3,035,146)	(2,612,247)	22,418	(2,589,829)
Loss and total comprehensive expense for the period		-	-	-	-	-	-	(578,065)	(578,065)	(7,844)	(585,909)
Share-based payments expenses	19	-	-	-	-	137,783	-	-	137,783	-	137,783
As of June 30, 2022 (Unaudited)		403	-	-	70,302	474,758	15,219	(3,613,211)	(3,052,529)	14,574	(3,037,955)

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.
- For the purpose of optimising the Group structure, a wholly-owned subsidiary of the Group, Jiangxi Dingdang E-Commerce Co., Ltd.* (江西叮噹電子商務有限公司) 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") in April 2023 with nil consideration. Such transaction resulted in the non-controlling interests of Yaofangwang increased as Jinan Yaofangwang was in net liability position.

* English names are for identification purpose only.

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Operating activities		
Cash generated from operations	219,693	35,657
Income taxes paid	(9,591)	(13,156)
Net cash from operating activities	210,102	22,501
Investing activities		
Interest received	16,272	7,771
Proceeds on disposal of property and equipment	13	–
Purchases of financial assets at FVTPL	(598,161)	(3,787,182)
Redemption of financial assets at FVTPL	600,087	3,792,337
Investment in an associate	(4,000)	–
Purchases of property and equipment	(4,275)	(10,794)
Payments for right-of-use assets	(1,722)	(2,632)
Purchases of other intangible assets	(1,789)	(4,060)
Withdrawal of time deposits	89,330	–
Net cash from/(used in) investing activities	95,755	(4,560)
Financing activities		
Dividends paid to non-controlling shareholders	(7,097)	(9,544)
Repayments to related parties	–	(20)
Repayments of lease liabilities	(36,929)	(34,753)
Interest paid	(3,928)	(3,837)
Payments of share issuing costs	(289)	(828)
Net cash used in financing activities	(48,243)	(48,982)
Net increase/(decrease) in cash and cash equivalents	257,614	(31,041)
Cash and cash equivalents at the beginning of the period	1,210,949	1,552,994
Effect of foreign exchange rate changes on cash and cash equivalents	9,450	4,179
Cash and cash equivalents at the end of the period	1,478,013	1,526,132

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

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, 2023 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 Appendix 16 to 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 new and amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

Application of new and amendments to IFRSs

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

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

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to IFRSs (continued)

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

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, 2023, 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, 2022: nil).

5. REVENUE

Disaggregation of revenue from contracts with customers:

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Type of goods or services:		
Product revenue:		
Pharmaceutical and healthcare business	2,184,609	1,926,245
Others*	62,673	63,531
Total revenue from contracts with customers	2,247,282	1,989,776
Timing of revenue recognition:		
A point in time	2,184,609	1,926,245
Overtime	62,673	63,531
Total	2,247,282	1,989,776

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

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of inventories sold	1,550,168	1,324,903
Provision for impairment of inventories	13,725	145
Employee benefit expenses		
– Salaries and bonuses	150,760	183,057
– Share-based payments expenses (Note 19)	73,223	137,783
– Retirement benefit scheme contributions	16,364	20,761
– Welfare, medical and other benefits	21,376	38,094
Total employee benefit expenses	261,723	379,695
Depreciation of property and equipment	9,232	10,326
Depreciation of right-of-use assets	38,859	38,158
Amortization of other intangible assets	19,286	17,991
Auditor's remuneration	1,580	1,500

7. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net foreign exchange gains	9,463	4,179
Loss on disposal of property and equipment	(14)	(5)
Gain on fair value changes of financial assets at FVTPL	8,544	5,155
(Loss)/gain on early termination of a lease	(416)	23
Others	1,381	378
Total	18,958	9,730

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

8. OTHER INCOME

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income		
– Bank deposits	16,272	7,771
– Lease deposits	229	206
Government grants (Note)	5,453	3,961
Rental income – fixed	1,761	2,259
Total	23,715	14,197

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.

9. FINANCE COSTS

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on lease liabilities	3,928	3,837

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

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Impairment losses, net of reversals, recognized on:		
– Trade receivables	45	171
– Other receivables	(995)	367
Total	(950)	538

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023 (Unaudited) <i>RMB'000</i>	2022 (Unaudited) <i>RMB'000</i>
Current income tax		
– Current period	7,015	7,826
– Under provision in respect of prior period	446	310
Deferred income tax	(3,742)	(3,742)
Total	3,719	4,394

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,	
	2023 (Unaudited) <i>RMB'000</i>	2022 (Unaudited) <i>RMB'000</i>
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(112,574)	(578,065)

Number of shares:

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,341,472,897	630,793,590

For the current interim period, there is no dilutive potential ordinary shares. For the six months ended June 30, 2022, the potential ordinary shares were not included in the calculation of diluted loss per share, as the inclusion of them would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2023 and 2022 are the same as basic loss per share.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

13. LEASES

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 17 years (six months ended June 30, 2022: 1 to 20 years). On date of lease commencement, the Group recognized right-of-use assets of RMB27,034,000 (six months ended June 30, 2022: RMB33,248,000) and lease liabilities of RMB25,312,000 (six months ended June 30, 2022: RMB30,616,000).

14. GOODWILL

As of June 30, 2023, the goodwill related to acquisition of Yaofangwang and its subsidiaries amounted to RMB167,351,000 (December 31, 2022: RMB167,351,000). Due to the continuing loss position of 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 this cash-generating unit, to which this goodwill is allocated, based on value-in-use calculation by using the discounted cash flow method (December 31, 2022: discounted cash flow method). There is no impairment charged for goodwill for the six months ended June 30, 2023 (six months ended June 30, 2022: 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 13% (December 31, 2022: 13%), estimated terminal growth rate 2.3% beyond the projection period extrapolated (December 31, 2022: 2.5%) and pre-tax discount rate 23.75% (December 31, 2022: 23.44%).

15. INVESTMENTS IN AN ASSOCIATE

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Investments in an associate	4,000	–
Share of loss of an associate	(234)	–
	3,766	–

During the current interim period, Dingdang Medicine Express Technology Group Ltd.* (叮嚀快藥科技集團有限公司) (“Dingdang Medicine Express Technology”) invested RMB4,000,000 to Dingdang Health (Zhuhai) Intelligent Technology Co., Ltd.* (叮嚀健康(珠海)智能科技有限公司) (“Zhuhai Intelligent Technology”). Zhuhai Intelligent Technology is registered in Zhuhai, Guangdong Province, and is mainly engaged in selling products and providing services related to the artificial intelligence industry. Dingdang Medicine Express Technology has 40% ownership interest and voting rights in Zhuhai Intelligent Technology.

* English names are for identification purpose only.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Current:		
(a) Trade receivables		
Trade receivables from third parties	115,884	106,125
Less: allowance for credit losses	(608)	(563)
Subtotal	115,276	105,562
(b) Other receivables and prepayments		
Welfare receivable	1,960	1,926
Advance to suppliers	34,455	115,212
Prepaid expenses	43,119	43,957
Recoverable value-added tax	27,408	27,462
Receivable from non-controlling shareholders	4,790	3,900
Receivable from third-party online platforms	87,610	132,029
Deposits receivables	14,770	15,181
Others	6,940	7,231
Less: allowances for credit losses	(2,134)	(3,129)
Subtotal	218,918	343,769
Total	334,194	449,331
Non-current:		
Rental deposits	11,041	10,625
	11,041	10,625

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

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, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Within 3 months	102,837	100,281
3 to 6 months	8,693	1,936
6 to 12 months	2,723	2,615
Over 12 months	1,631	1,293
Less: allowance for ECL	(608)	(563)
	115,276	105,562

As of June 30, 2023, the Group's trade receivables balance included debtors with aggregate carrying amount of RMB28.6 million (December 31, 2022: RMB39.7 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.

17. TRADE AND OTHER PAYABLES

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Trade payables	441,726	345,904
Notes payables	1,457	7,966
Subtotal	443,183	353,870
Salary and welfare payables	124,091	159,955
Other tax payable	8,649	15,215
Payables for delivery	51,517	50,063
Payables for service fee	25,282	35,001
Accrued expenses	87,108	78,542
Receipt on behalf of third-party merchants	24,904	46,890
Rental received in advance	1,164	757
Accrued listing expenses and issue costs	481	12,031
Deposits payable	18,311	16,332
Payable for machinery	4,452	-
Others	6,407	4,161
Subtotal	352,366	418,947
Total	795,549	772,817

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, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Within 3 months	382,443	319,622
3 to 6 months	47,390	12,293
6 to 12 months	6,547	13,311
Over 12 months	6,803	8,644
Total	443,183	353,870

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

18. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>United States Dollar ("USD")</i>
Authorized		
As of January 1, 2022 (Audited), January 1, 2023 (Audited) and June 30, 2023 (Unaudited) of USD0.0001 each	5,000,000,000	500,000
	Number of ordinary shares	Nominal value of ordinary shares <i>USD</i>
Issued and fully paid		
As of January 1, 2022 (Audited) and June 30, 2022 (Unaudited) of USD0.0001 each	630,793,590	63,079
As of January 1, 2023 (Audited) and June 30, 2023 (Unaudited) of USD0.0001 each	1,341,472,897	134,147
	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Presented as	894	894

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,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Restricted shares	67,424	135,784
Share options	2,838	1,999
RSUs	2,961	–
	73,223	137,783

19. SHARE-BASED PAYMENTS (continued)**(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.

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.



19. SHARE-BASED PAYMENTS (continued)**(a) Details of the restricted shares** (continued)

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, 2022 (Audited), June 30, 2022 (Unaudited), January 1, 2023 (Audited) and June 30, 2023 (Unaudited)	54,400,000	21,833,330	76,233,330	0.50

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, 2022 (Audited) and June 30 2022 (Unaudited)	130,793,590	5.32
Outstanding as of January 1, 2023 (Audited) Vested	91,555,513 (13,079,359)	5.32 5.32
Outstanding as of June 30, 2023 (Unaudited)	78,476,154	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.

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, 2022 (Audited)	11,480,000	0.1	8.42
Forfeited	(90,000)	0.1	
Outstanding as of June 30, 2022 (Unaudited)	11,390,000	0.1	7.92
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

(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.

A summary of the RSUs' movement is as follows:

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

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For the Six months Ended June 30, 2023

19. SHARE-BASED PAYMENTS (continued)

(c) Details of the RSUs (continued)

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, 2023, no existing ordinary shares was purchased on the Stock Exchange by the Trustee and no RSUs was granted under the 2023 RSU Scheme.

20. DIVIDENDS

During the six months ended June 30, 2023, a final dividend to the non-controlling interests for the year ended December 31, 2021, amounting to RMB7,097,000, was declared and paid by certain subsidiaries of the Company (six months ended June 30, 2022: RMB9,544,000 was paid in relation to the dividend for year of 2020).

Other than the above, no dividend was paid or declared by the Company and other companies comprising the Group during the relevant periods.

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, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Within one year	2,947	1,387
In the second year	981	645
In the third year	339	191
In the fourth year	160	175
In the fifth year	21	84
	4,448	2,482

22. CAPITAL COMMITMENT

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Contracted for but not provided		
Investment in an associate	4,000	4,000

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**Determination of fair value and fair value hierarchy**

IFRS 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

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

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation.

As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

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

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, 2023

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of June 30, 2023 (Unaudited)				
Assets:				
Financial assets at FVTPL	–	143,416	–	143,416
Equity instruments at FVTOCI	96,699	–	–	96,699
As of December 31, 2022 (Audited)				
Assets:				
Financial assets at FVTPL	–	136,298	500	136,798
Equity instruments at FVTOCI	116,158	–	–	116,158

During the six months ended June 30, 2023, a fair value loss of RMB19,459,000 (six months ended June 30, 2022: nil) was recorded for equity instruments at FVTOCI.

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, 2023 (Unaudited) RMB'000	Fair value as of December 31, 2022 (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	96,699	116,158	Level 1	Quoted bid prices in an active market.	N/A	N/A
Financial products issued by a fund company	143,416	136,298	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
Financial products issued by banks	–	500	Level 3	Discounted cash flow Future cash flows are estimated based on estimated return.	Estimated return	The higher the estimated return, the higher the fair value, vice versa

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 relevant periods, there were no transfers among different levels of fair values measurement.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**Determination of fair value and fair value hierarchy** (continued)**Reconciliation of Level 3 fair value measurements:**

	Financial products issued by banks RMB'000	Preferred shares RMB'000
As of January 1, 2022 (Audited)	–	4,650,950
Purchase	3,099,382	–
Redemption	(3,102,877)	–
Changes in fair value	3,495	362,456*
As of June 30, 2022 (Unaudited)	–	5,013,406
As of January 1, 2023 (Audited)	500	–
Purchase	598,161	–
Redemption	(600,087)	–
Changes in fair value	1,426	–
As of June 30, 2023 (Unaudited)	–	–

* Changes in fair value presented in RMB includes effect of exchange on translation from USD balances.

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.

Notes to the Condensed Consolidated Financial Statements

For the Six months Ended June 30, 2023

24. 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 (Shenzhen) Dajiankang Intelligent Technology Co., Ltd.* (仁和(深圳)大健康智能科技有限公司)	
Zhangshu Mingjia Intellectual Property Consulting Co., Ltd.* (樟樹市銘嘉知識產權諮詢服務有限公司)	
Zhuhai Hengqin Renhe Health Culture Development Co., Ltd.* (珠海橫琴仁和養生文化發展有限公司)	
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.

(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,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Product sales	4	6
	Purchase of goods	124,505	114,672
	Brand usage fee	1,515	1,039
Renhe (Group)	Product sales	1	3
	Brand usage fee	939	847
Other related parties	Product sales	9	3
	Purchase of goods	-	4

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.

24. RELATED PARTY TRANSACTIONS (continued)**(c) Balances with related parties:*****Amounts due from related parties***

Name of related parties	Nature of balances/transactions	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade	2,120	1,959
Other related parties	Trade	6	–
Total		2,126	1,959

Amounts due to related parties

Name of related parties	Nature of balances/transactions	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade	84,131	26,416
Renhe (Group)	Non-trade (note i/ii)	3,386	2,811
Other related parties	Trade	24	34
Total		87,541	29,261

Notes:

- i. The amount is unsecured, interest free and repayable on demand.
- ii. 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, 2023

24. RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel compensation

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

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Salaries and bonuses	3,179	2,838
Share-based payments	65,993	135,243
Retirement benefit scheme contributions	161	56
Welfare, medical and other benefits	168	98
	69,501	138,235

25. SUBSEQUENT EVENTS

In accordance with the terms of the 2023 RSU Scheme, the Company instructed the Trustee to purchase 2,277,000 and 2,071,000 ordinary shares of the Company on the Stock Exchange at a total consideration of Hong Kong Dollar 12,264,000 (equivalent to RMB11,202,000) on July 21, 2023 and July 24, 2023, respectively. At the date of issuance of the condensed consolidated financial statements, no RSUs was granted under the 2023 RSU Scheme.