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

2022
INTERIM REPORT

Contents

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)

Non-executive Directors

Ms. Lian Suping (連素萍)
Ms. Cai Li (蔡俐)

Independent Non-executive Directors

Mr. Zhang Shouchuan (張守川)
(Appointed on September 1, 2022)
Mr. Fan Zhenhong (樊臻宏)
(Appointed on September 1, 2022)
Mr. Jiang Shan (姜山)
(Appointed on September 1, 2022)

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'S WEBSITE

www.ddjkjt.com

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong and U.S. laws:
Clifford Chance

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered Public Interest Entity Auditor

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
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on August 25, 2022 with effect from the Listing Date, as amended and supplemented from time to time
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"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. (江西叮噹健康藥房連鎖有限公司), Dingdang Kuaiyi (Hainan) Medical Technology Co., Ltd. (叮噹快醫(海南)醫療科技有限公司), Hainan Internet Hospital and Hainan Telemedicine Center
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Dingdang Kuaiyao (Beijing) Technology Development Co., Ltd. (叮噹快藥(北京)技術開發有限公司), 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
"Dingdang Medicine Express Technology"	Dingdang Medicine Express Technology Group Ltd. (叮噹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) (珠海叮噹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) (珠海叮噹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) (珠海叮噹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) (珠海叮噹四號投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 26, 2016 and one of the Registered Shareholders
"Director(s)"	the director(s) of the Company
"ESOP Plans"	Pre-IPO Share Option Scheme, Restricted Share Scheme and RSU Scheme adopted on May 1, 2020 and the Restricted Share Agreement dated May 31, 2021
"FRC"	Financial Reporting Council
"Global Offering"	the Hong Kong Public Offering and the International Offering
"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. (叮噹快醫(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. (叮噹快醫(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. (叮噹快醫(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"	Hong Kong dollars, the lawful currency of Hong Kong

"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, FRC transaction levy and the Stock Exchange trading fees)
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"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
"INED(s)"	the independent non-executive director(s) of the Company
"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 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
"Listing"	listing of the Shares on the Main Board of 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 to the Listing Rules
"Nanjing Zhaoyin Gongying"	Nanjing Zhaoyin Gongying Equity Investment Partnership (南京市招銀共赢股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 10, 2019
"Offer Price"	HK$12.00 per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, FRC 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 Overallotment 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
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this report only, the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan
"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
"Reporting Period"	the six months ended June 30, 2022
"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"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit scheme adopted by the Company on May 1, 2020
"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"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"USD"	U.S. dollars, the legal currency of the United States of America
"%"	per cent

BUSINESS REVIEW

In the first half of FY2022, the Company achieved sound business growth and broadened business landscape, as well as significantly improved development quality and competitiveness in the face of new challenges and opportunities. In order to satisfy the increasing demand for online medication and consultation services and facilitate the healthy development of Internet healthcare and medication sector, the State Administration of Market Supervision (SAMR) recently promulgated the Measures for the Supervision and Administration of Online Pharmaceuticals Sales《藥品網絡銷售監督管理辦法》, signifying the state's further recognition of and support for online medication, which guided the industry into an era of regulated development. With the continuous development of our business and improvement in our governance expertise, we are highly confident that under the guidance of the national policy, the innovation in digital medication and healthcare services will go through a long-term and steady development. In the process of seeking sustainable and standardized development, the Company will actively respond to the national policy, prioritize the needs of its users, give full play to its corporate value known as "Serving People's Health and Bringing the Ultimate To-Home Health Service (服務百姓健康，引領極致健康到家服務)", and strive to promote the prosperity of the industry together with its partners while remaining optimistic of the prospects of the Company and the industry.

During the Reporting Period, our revenue and gross profit margin increased steadily. For the six months ended June 30, 2022, leveraging the strength of our online and offline channels built up over the years, our total revenue and gross profit margin increased to RMB1,989.8 million (for the six months ended June 30, 2021: RMB1,643.6 million) and 33.4% (for the six months ended June 30, 2021: 30.6%), representing an increase of 21.1% and 2.8% as compared with the corresponding period last year, respectively. During the same period, the Company's healthcare products, pharmaceutical products and health consultation services continued to grow, with a cumulative total of approximately 35.7 million registered users, and 3.6 million health consultations and visits recorded by our online medical consultation business, bringing constant efficacy and value to our users. In terms of product types, which include OTC drugs, prescription drugs and healthcare products, for each of them we recorded a revenue of RMB555.4 million, RMB644.6 million and RMB726.2 million, accounting for 28.8%, 33.5% and 37.7% of our total sales from pharmaceutical and healthcare business, respectively. We provide our users with a more convenient and professional healthcare service experience by introducing a unique online and offline operating model.

For the Company's "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance" Ecosystem, in terms of product sales, we achieved rapid development in many cities and regions, and in terms of medical services, our Internet hospital and professional teams have been built, while diagnosis and insurance products continued their innovation and exploration, and we were approved to sell COVID-19 antigen testing products online in many cities such as Beijing. In 2022, the Company will remain focusing on multi-channel development, ecological synergy, city expansion, as well as important development initiatives such as "Improving Quality and Increasing Efficiency".

- **Drug Express Business**

As an industry leader and pioneer in the express healthcare service business, we insisted on providing our users with omnichannel and data-driven drug purchase service portfolios that enables them to enjoy professional, convenient and high-quality products and services. By providing a one-stop healthcare service experience, we constantly expanded our business scale to cover more regions and broadened our healthcare product types, which earned great compliments from our users. During the Reporting Period, our 350 self-operated smart pharmacies covered 17 cities. During the Reporting Period, our drug express business maintained its sound growth despite the impact of the COVID-19 prevention and control measures on the supply chain in Shanghai and Shenzhen. For the six months ended June 30, 2022, for a breakdown of revenue by channel, we recorded RMB1,398.7 million (for the six months ended June 30, 2021: RMB1,128.0 million) from our online direct sales business and RMB183.8 million (for the six months ended June 30, 2021: RMB209.3 million) from our distribution business, representing an increase of 24.0% and a decrease of 12.2% as compared with the corresponding period last year, respectively; we also recorded RMB343.7 million (for the six months ended June 30, 2021: RMB268.7 million) from our offline business and RMB63.5 million (for the six months ended June 30, 2021: RMB37.6 million) from other business, representing an increase of 27.9% and 68.9% as compared with the corresponding period last year, respectively.

Among various delivery options, our drug express service strove to provide our users with online drug purchase service within 28 minutes on a 24/7 basis in regions covered by our express delivery service, which efficiently addresses the concerns of our users regarding timeliness, late-night accessibility and privacy. Thanks to our professional delivery team as well as the smart drug boxes featuring constant temperature and humidity that we specifically developed, we have gradually established a fully traceable service system for pharmaceuticals and led and drove the industry to establish a professional order fulfillment system with full traceability in providing the "last-mile service". At the same time, we provide our users with round-the-clock medical consultation and medication guidance offered by medical professionals. In addition, our chronic disease and healthcare management service was further optimized to provide our users with professional and accessible pharmaceuticals and services, including those for chronic diseases such as liver disease, skin disease, cardiovascular disease and diabetes. Through our partnerships with more than 4,800 drug manufacturing and distribution companies, we strove to enhance and expand the diversity of our product portfolio and provide our users with more affordable, high-quality services and products by connecting them with drug manufacturers through an F2C ecosystem.

➢ ***Online Direct Sales***

In terms of the online direct sales channel, the Company reached out to its users through its online platform for service and product sales and recorded a revenue of RMB1,398.7 million (for the six months ended June 30, 2021: RMB1,128.0 million) for the Reporting Period, representing an increase of 24.0% 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 35.7 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.

➢ ***Distribution Business***

The Company boasts sourcing and OEM customization capabilities on the supply chain end, which enables us to establish partnerships with our distributors so as to resell to users through e-commerce platforms. During the Reporting Period, the distribution business recorded a revenue of RMB183.8 million (for the six months ended June 30, 2021: RMB209.3 million). The Company plans to leverage its distribution capabilities to develop partnerships with distributors and gives full play to its end-to-end business capabilities, helping its partners with supply chain empowerment and technology empowerment, and providing services to its users through multiple channels. Revenue from our distribution business decreased by 12.2% as compared with the corresponding period last year, mainly due to the impact of temporary COVID-19 control measures on the demand of distributors.

➢ ***Offline Business***

In addition to online direct sales and 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 business recorded a revenue of RMB343.7 million (for the six months ended June 30, 2021: RMB268.7 million), representing an increase of 27.9% as compared with the corresponding period last year, mainly due to the increase in natural offline traffic in the existing cities.

➢ ***Other Business***

The Company has sold products from more than 4,800 pharmaceutical companies and pharmaceutical distribution companies, and company has established alliances with pharmaceutical companies to continue to deepen cooperation and achieve in-depth cooperation in advertising, promotion, marketing services and R&D of pharmaceutical products. In the first half of 2022, the Company provided marketing services to more than 300 pharmaceutical companies and suppliers. During the Reporting Period, the other business recorded revenue of RMB63.5 million (for the six months ended June 30, 2021: RMB37.6 million), representing an increase of 68.9% as compared with the corresponding period last year.

- **Online Medical Consultation**

Based on our Hainan Internet Hospital and our cooperation with third-party medical institutions, we have established a professional medical team to provide online medical services to our users for their subsequent online medical needs, covering medical conditions such as chronic diseases. During the Reporting Period, our medical team included more than 800 internal and external physicians 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. Through our developed AI system, health mapping, medical dictionary wisdom and other technologies, we help users with health file management and DOT medication adherence services.

As our services continue to grow, we are proactively exploring the establishment of patient services and medical services with various medical institutions 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. Through online and supplementary services, we provide users with online medical consultation and have recorded 3.6 million times of health consultation and inquiry in our online medical consultation business.

- **Chronic Disease and Health Management**

The service fulfillment capabilities and technology platform built through our Drug Express business have enabled us to establish a healthcare service synergy system, form a business linkage model, and enhance our brand image and provide better services to our customers through professional services. During the Reporting Period, we focused on upgrading our DTP business, linking it with our online consultation and real-time appointment system to provide the best medication experience to our customers. Through the professional delivery team established by us, we stored medicines in smart drug boxes with constant temperature and humidity, and carried out logistics and delivery of various medicines and suppositories to ensure the safety of medication use.

During the Reporting Period, we gradually launched a series of health services. Through big data operation and analysis, our professional medical team could provide users with: regular update of follow-up services for patients with chronic diseases, helping patients to refill their medications in a timely manner, and under the professional guidance of doctors and pharmacists, providing patients with timely information on drug side effects, ensuring medication safety and promoting rational use of medications; user compliance management, through the first visit and follow-up records provided by users, urging the user to take medication safely and on time and carry out self-medication and other services; and timely diagnosis and treatment tracking service, arranging regular follow-up visits to the patient to understand his or her health status in a timely manner and other services, which greatly enhanced the user satisfaction.

- **Public Welfare and Social Responsibility**

The Company has always insisted on putting the health of residents and users above the core value of corporate development. Since the prevention and control of social epidemics became normalized and precise, we have organized many times to protect the supply of drugs in the cities and firmly maintain the stability of market prices. In the first half of 2022, the Ministry of Industry and Information Technology, the National Health Commission, the National Healthcare Security Administration and the National Medical Products Administration jointly issued the "Notice on Strengthening the Monitoring of Production and Storage of Medicines That Are in Short Supply and Medicines That Have Been Selected for Centralized Procurement (《關於加強短缺藥品和國家組織藥品集中採購中選藥品生產儲備監測工作的通知》)". We were included in the list of "Key Shortage Drug Reserve Enterprises", in response to the state's demand to enhance the supply guarantee capacity of drugs and meet the health needs of the people. In Beijing, Shanghai, Shenzhen, Zhengzhou, Wuhan and Chongqing, we have launched a "24-hour and no-touch delivery" service to ensure the timely supply of key drugs and epidemic commodities.

Jointly with the famous brand Fenbid under SK&F, the Company launched the "Dream Chasing Action" material donation activity in Fuyang Middle School (donating musical instruments, care bags and small medicine boxes) to help girls in the mountains realize their dreams.

In March 2022, we joined hands with Shenzhen Media Foundation – the First Field Public Welfare Fund (深圳市廣電公益基金會·第一現場公益基金) to quickly donate care materials to the front line of epidemic fighting in Shatou Street, Futian District. After learning that volunteers in Shenzhen's Shang Sha community needed anti-summer medicine, we quickly mobilized supplies and donated a batch of products for a cool summer to the workers on the front line of the epidemic, keeping the workers refreshing who had been fighting against the epidemic under the scorching sun for days.

- **Future Prospects**

  We will continue to improve our performance and market competitiveness, and insist on innovation to build a service ecology of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance". Consumers have gradually built up long-term trust and consumption habits in online medical and pharmaceutical services. With the growing demand in the future, we will become the "health service provider to-home" around the customers with its "integrated online and offline, one-stop service system" to solve people's health problems and needs.

  The development of digital technology will bring sustainable development momentum to the Company. The Company will work with partners in the pharmaceutical and health industry to serve the health of residents and bring more accessible, more diverse, more convenient and more professional products and services to users.

  As the density of smart pharmacies increases, the Company will expand into more cities with extensive development potential. The Company will continue to cover more cities and pharmacies, including the expansion of new cities and the expansion of the number of smart pharmacies in existing cities, to further strengthen the ability to provide user services and cover a wider range of users.

  The Company will build multi-functional smart pharmacies to enable more users to experience better services. The Company will continue to add new technologies and functions to its smart pharmacies, including new business qualifications, more accurate and convenient systems and services, more diagnosis products and in-store convenience, to provide a new business model for healthcare accessibility and expand the range of sales services.

FINANCIAL REVIEW

Revenue

Revenue increased by 21.1% from RMB1,643.6 million for the six months ended June 30, 2021 to RMB1,989.8 million for the six months ended June 30, 2022. The increase in our total revenue was primarily due to the increase in the revenue from our pharmaceutical and healthcare business by 19.9% from RMB1,606.0 million for the six months ended June 30, 2021 to RMB1,926.2 million for the six months ended June 30, 2022. The increase in revenue from the pharmaceutical and healthcare business was primarily attributable to the growing user base, continuous expansion of our smart pharmacy network, growth of the sales orders, and the enrichment of product categories.

Revenue from other business (representing marketing services, market services and other revenues) increased by 68.9% from RMB37.6 million for the six months ended June 30, 2021 to RMB63.5 million for the six months ended June 30, 2022. The growth of revenue from other business is primarily attributable to the expansion of the scale of our business, enhanced cooperation with our marketing services customers, and the increased influence of our platform, which enabled us to acquire more marketing services customers.

Cost of Revenue

Cost of revenue increased by 16.2% from RMB1,139.9 million for the six months ended June 30, 2021 to RMB1,325.1 million for the six months ended June 30, 2022, primarily due to the increase in the sales volume of our pharmaceutical and healthcare business, which was generally in line with the growth of our pharmaceutical and healthcare business revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB664.7 million for the six months ended June 30, 2022, representing a gross profit margin of 33.4%; and a gross profit of RMB503.7 million for the six months ended June 30, 2021, representing a gross profit margin of 30.6%. The increase in the gross profit margin was mainly due to centralized procurement, optimization of product mix, pilot charging of delivery fees in some cities and product price adjustment strategies that we adopted.

Fulfillment Expenses

The fulfillment expenses increased by 7.0% from RMB196.9 million for the six months ended June 30, 2021 to RMB210.7 million for the six months ended June 30, 2022. The increase was primarily due to increased demand 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 12.0% for the six months ended June 30, 2021 to 10.6% for the six months ended June 30, 2022.

Selling and Marketing Expenses

The selling and marketing expenses increased by 18.2% from RMB355.2 million for the six months ended June 30, 2021 to RMB419.9 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in staff costs, which was related to the expansion of the network of our smart pharmacies and the increased number of staff to support smart pharmacy and platform operation; and promotion and advertising expenses resulting from increased selling and marketing activities. The selling and marketing expenses as a percentage of revenue decreased from 21.6% for the six months ended June 30, 2021 to 21.1% for the six months ended June 30, 2022, which remained relatively stable.

Research and Development Expenses

The research and development expenses increased from RMB46.0 million for the six months ended June 30, 2021 to RMB46.2 million for the six months ended June 30, 2022. Research and development expenses as a percentage of revenue decreased from 2.8% for the six months ended June 30, 2021 to 2.3% for the six months ended June 30, 2022, which remained relatively stable.

General and Administrative Expenses

General and administrative expenses increased by 47.7% from RMB139.8 million for the six months ended June 30, 2021 to RMB206.5 million for the six months ended June 30, 2022. The increase is primarily due to the increase in staff costs caused by the increase in the share-based payment, which increased by 99.9% from RMB68.3 million for the six months ended June 30, 2021 to RMB136.5 million for the six months ended June 30, 2022.

The general and administrative expenses as a percentage of revenue increased from 8.5% for the six months ended June 30, 2021 to 10.4% for the six months ended June 30, 2022, which was primarily attributable to the aforementioned increase in share-based payment fees. Excluding the impact of share-based payments, the general and administrative expenses as a percentage of revenue decreased from 4.4% for the six months ended June 30, 2021 to 3.5% for the six months ended June 30, 2022.

Fair Value Losses on Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

Fair value losses on financial liabilities at FVTPL decreased by 57.9% from RMB861.3 million for the six months ended June 30, 2021 to RMB362.5 million for the six months ended June 30, 2022. Such decrease was primarily attributable to the reduced fair value change of the preferred shares of the Company.

Other Net Gains and Losses

Other net gains and losses decreased by 67.6% from RMB30 million for the six months ended June 30, 2021 to RMB9.7 million for the six months ended June 30, 2022. Such decrease was primarily attributable to the decrease in net foreign exchange gains.

Other Income

Other income increased by 79.7% from RMB7.9 million for the six months ended June 30, 2021 to RMB14.2 million for the six months ended June 30, 2022. Such increase was primarily attributable to the increase in interest income.

Finance Costs

Finance costs decreased by 72.9% from RMB14.0 million for the six months ended June 30, 2021 to RMB3.8 million for the six months ended June 30, 2022. Such decrease was primarily attributable to the decrease in interest on other borrowings.

Listing Expenses

Listing expenses decreased by 1.5% from RMB20.3 million for the six months ended June 30, 2021 to RMB20.0 million for the six months ended June 30, 2022, which remained relatively stable.

Income Tax Expense

Listing expenses decreased by 20.0% from RMB5.5 million for the six months ended June 30, 2021 to RMB4.4 million for the six months ended June 30, 2022, which is primarily due to the decrease in our taxable income.

Loss for the Period

As a result of the above, our net loss decreased by 46.7% from RMB1,098.4 million for the six months ended June 30, 2021 to RMB585.9 million for the six months ended June 30, 2022.

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

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) facilitate comparisons of operating performance from period to period and company to company. We believe that adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) has limitations as analytical tools, and shareholders and potential investors should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the periods adjusted by adding back fair value losses/(gain) on financial liabilities at FVTPL, share-based payments and listing expenses. We account for the shares with preferred rights as financial liabilities at fair value through profit or loss. The shares with preferred rights will automatically convert into ordinary shares upon the completion of the Global Offering, and no further loss or gain on fair value changes is expected to be recognized afterwards. We expect our net liabilities position to turn into net assets position. The reconciling item is non-cash and does not result in cash outflow. In addition, we account for the compensation cost from share-based payment transactions with employees. The reconciling item is non-cash and does not result in cash outflow. Further, we exclude listing expense, which arises from activities relating to the Listing. We define adjusted net 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,	
	2022 (unaudited)	2021 (unaudited)
Reconciliation of net loss to adjusted net loss:	*(RMB in thousands, except for percentages)*	
Net loss for the period	**(585,909)**	(1,098,396)
Add		
Fair value losses on financial liabilities at FVTPL	**(362,456)**	(861,297)
Share-based payments	**(137,783)**	(74,529)
Listing expenses	**(20,006)**	(20,314)
Adjusted net loss (non-IFRS measure)	**(65,664)**	(142,256)
Adjusted net loss margin (non-IFRS measure)	**(3.3%)**	(8.7%)

LIQUIDITY AND CAPITAL RESOURCES

The Group financed its operations through internally generated cash flows and proceeds on issue of shares with preferred rights. As at June 30, 2022, we had cash and cash equivalents of RMB1,526 million (December 31, 2021: RMB1,553 million) The decrease of cash and cash equivalents for the period ended June 30, 2022 was mainly due to the repayments of lease liabilities.

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

	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
	(RMB in thousands)	
Operating cash flows before movements in working capital	**(27,610)**	(106,603)
Changes in working capital	**63,267**	75,896
Income taxes paid	**(13,156)**	(14,588)
Net cash from/(used in) operating activities	**22,501**	(45,295)
Net cash (used in)/from investing activities	**(4,560)**	258,695
Net cash (used in)/from financing activities	**(48,982)**	1,316,088
Net (decrease)/increase in cash and cash equivalents	**(31,041)**	1,529,488
Cash and cash equivalents at the beginning of period	**1,552,994**	260,574
Effect of foreign exchange rate changes on cash and cash equivalents	**4,179**	20,268
Cash and cash equivalents at the end of period represented by	**1,526,132**	1,810,330

Net Cash from/(Used in) Operating Activities

In the six months ended June 30, 2022, net cash generated from operating activities was RMB22.5 million compared to net cash used in operating activities of RMB45.3 million in the same period last year, which was primarily attributable to our loss before income tax of RMB581.5 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of loss on fair value changes of financial liabilities at FVTPL of RMB362.5 million, share-based payments expenses of RMB137.8 million and depreciation of right-of-use assets of RMB38.2 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other payables of RMB125.2 million and an increase in amounts due to related parties of RMB42.5 million, partially offset by an increase in inventories of RMB54.5 million. The improvement in the operating cash flow was primarily a result of (i) the improvement in profitability, which we achieved by increasing revenue and gross profit margin, as we dynamically adjusted product mix and made use of economies of scale; and (ii) the improvement in working capital, primarily as a result of our improved trade payable turnover management.

Net Cash (Used in)/from Investing Activities

In the six months ended June 30, 2022, net cash used in investing activities was RMB4.6 million, which was primarily attributable to purchase of financial assets at FVTPL of RMB3,787.2 million and partially offset by redemption of financial assets at FVTPL of RMB3,792.3 million.

Net Cash (Used in)/from Financing Activities

In the six months ended June 30, 2022, net cash used in financing activities was RMB49.0 million, which was primarily attributable to repayments of lease liabilities of RMB34.8 million and dividends paid to non-controlling shareholders of RMB9.5 million.

Borrowings and Gearing

As of June 30, 2022, we did not have any bank borrowings and therefore we did not present gearing ratio.

Financial Liabilities at FVTPL

As of June 30, 2022, our shares with preferred rights had a fair value of RMB5,013.4 million. For further information regarding the shares with preferred rights, see Note 20 of the condensed financial statements. During the period from December 31, 2021 to June 30, 2022, we did not issue or repurchase any preferred shares. All the shares with preferred rights were unsecured and unguaranteed, which would be reclassified to equity as a result of the automatic conversion upon listing.

Capital Expenditures

Our capital expenditures primarily consist of purchases of property and equipment, payments for right-for-use assets and purchases of intangible assets. Our capital expenditures were RMB17.5 million for the six months ended June 30, 2022 and RMB13.8 million for the six months ended June 30, 2021.

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, 2022, we had no material capital commitment.

Pledges of Assets

As of June 30, 2022, we did not have any material pledge of asset.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save for those disclosed in this interim report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. As at June 30, 2022, apart from those disclosed in this interim report, there were no future plans for material investments or additions of capital assets.

Foreign exchange risk

The functional currency of our entities is RMB. Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. In addition, we have assets denominated in foreign currency and have intra-group balances with a subsidiary denominated in foreign currency which also expose us to foreign currency risk.

During the six months ended June 30, 2022, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant.

CONTINGENT LIABILITIES

As of June 30, 2022, we did not have any material contingent liabilities.

EMPLOYEES

As of June 30, 2022, we had 2,933 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, Guangzhou.

The following tables set forth the number of our employees by function as of June 30, 2022:

Employee function	Number of employees
Sales, Marketing and Business Development	2,092
Technology, Research and Development	276
Management	347
Administration	218
Total	2,933

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

We enter into employment contracts and agreements regarding confidentiality, intellectual property ownership and non-competition with our executive officers, managers and core employees. The remuneration package for our employees generally includes salary and bonuses. We determine employee 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 retirement, medical, work-related injury, maternity and unemployment benefits.

We endeavor to hire the best talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. 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 and employees of our 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 and the Restricted Share Agreement on May 31, 2021. For details, please refer to the section headed “ESOP Plans” in this interim report.

Use of net proceeds from Listing

The Shares were listed on the Main Board of the Stock Exchange on September 14, 2022. We received net proceeds of approximately HK$341.6 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 45.0% of the net proceeds, or approximately HK$153.7million, for business expansion, such as the further development of smart pharmacy network, and enhancement of user growth and engagement, the relevant net proceeds are expected to be utilized before December 31, 2024;

- approximately 15.0% of the net proceeds, or approximately HK$51.2 million, for optimizing of our technology systems and operating platforms, the relevant net proceeds are expected to be utilized before December 31, 2024;

- approximately 10.0% of the net proceeds, or approximately HK$34.2 million, for upgrading our services and business, such as building professional structure of full-time doctors and pharmacists, the relevant net proceeds are expected to be utilized before December 31, 2024;

- approximately 20.0% of the net proceeds, or approximately HK$68.3 million, for our potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate, the relevant net proceeds are expected to be utilized before December 31, 2024; and

- approximately 10.0% of the net proceeds, or approximately HK$34.2 million, for working capital and other general corporate purpose, the relevant net proceeds are expected to be utilized before December 31, 2024.

As at the date of this interim report, the proceeds from the Global Offering were not utilised and were held in a bank. Such proceeds are expected to be utilized in accordance with purpose and amount set out in "Future Plans and Use of Proceeds" of the Prospectus.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities.

Compliance with the Corporate Governance Code

As the Shares were not listed on the Stock Exchange as at June 30, 2022, the CG Code were not applicable to the Company during the Reporting Period.

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. The Company has adopted the corporate governance requirements under the CG code and has complied with the code provisions of the CG Code since the Listing Date and up to the date of this interim report, except for the following deviation.

Pursuant to code provision C.2.1 which the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, our Company does not have a separate chairman and president, and the responsibilities of both chairman and president vest in Mr. Yang Wenlong. Our Board believes that vesting the responsibilities of both chairman and president in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning. Besides, with three INEDs out of a total of nine Directors in our Board, there will be sufficient independent voice within our Board to protect the interests of our Company and our Shareholders as a whole. Therefore, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our 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 our Group as a whole.

Compliance with Model Code

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company since the Listing Date.

Pursuant to Rule B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited by the Model Code from dealing as if he/she were a Director.

As the Company was listed on September 14, 2022, it was not required to comply with the Model Code for the Reporting Period.

Updates on information of Directors and chief executive officer

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 date of the Prospectus and up to the date of this interim report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Interests and short positions of the substantial shareholders in the Shares and underlying Shares of the Company

As the Company was not listed on the Stock Exchange as at June 30, 2022, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company as at June 30, 2022.

As at the date of this interim report, so far as the Directors were aware, the following persons have 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) As at the date of this interim report, Delight Health Limited directly holds 276,712,555 Shares in the Company and is wholly owned by Delight Faith Limited.

(2) As at the date of this interim report, 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) As at the date of this interim report, Future Health Limited directly holds 295,499,475 Shares in the Company and is wholly owned by Go Far Limited.

(4) As at the date of this interim report, 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) As at the date of this interim report, Excel Returns Group Limited directly holds 11,760,000 Shares 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) As at the date of this interim report, Mr. Yang Wenlong is indirectly interested in a total of 660,205,360 Shares, 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) As at date of this interim report, 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) As at date of this interim report, 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) As at date of this interim report, 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) As at date of this interim report, 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) As at date of this interim report, TPG Asia VII SF Pte. Ltd. is an affiliate of TPG Capital.

(14) "L" stands for long position.

Save as disclosed above, the Directors were not aware of any other person 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

As the Company was not listed on the Stock Exchange as at June 30, 2022, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO and the Model Code were not applicable to the Company as at June 30, 2022.

As at the date of this interim report, the interests or short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company, 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) Interest in the Shares and underlying Shares of the Company

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares held in the Company[1]	Approximate percentage of relevant Shares in 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) As at the date of this interim report, Mr. Yang was 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) Interest in the Shares and underlying Shares of the associated corporations of the Company

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

Notes:

(1) Dingdang Medicine Express Technology is a Consolidated Affiliated Entity.

(2) As at the date of this interim report, 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 in directly held by them in Dingdang Medicine Express Technology.

(3) All interests stated are long position.

(4) The calculation is based on the registered capital of Dingdang Medicine Express Technology.

Save as set out above, as at the date of this interim report, the Directors are not aware of any of the Directors or chief executives who had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company's 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 will 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.

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 and the Restricted Share Agreement on May 31, 2021. Save as otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Prospectus.

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 Pre-IPO Share Option Scheme, the RSU Scheme and the Restricted Share Scheme 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 interim report.

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.

As at the date of this interim report, 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 the date of this interim report, among which the corresponding options (the "Option(s)") to subscribe for 11,390,000 Shares have been granted to 94 grantees (the "Grantee(s)") under the Pre-IPO Share Option Scheme. 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 of the Listing Rules and the new requirements under Chapter 17 of the Listing Rules which will take effect on January 1, 2023) from time to time; and

(ii) 76,233,330 Shares ("Restricted Shares"), representing approximately 5.68% of the total issued share capital of the Company as at the date of this interim report, issued to the 17 participants of the 2016 ESOP Plan through Go Prosper Enterprise Corporation and Much Premium Investment Limited. The beneficiary interest of all Restricted Shares granted have been entitled by each of the participants, respectively, as the date of this interim report.

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 dilution 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 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 vetting 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 person 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").

1. *Pre-IPO Share Option Scheme*

The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of Options by the Company to subscribe for new Shares.

As at the date of this interim report, the Company had granted Options under the Pre-IPO Share Option Scheme to an aggregate of 94 Grantees to subscribe for a total of 11,390,000 Shares, including 3,840,000 Shares which had granted to common grantees, and the remaining Shares had granted to special grantees. representing 0.85% 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 the date of this interim report under the Pre-IPO Share Option. All of the grantees are employees within the Group. As of the date of this interim report, no Options were granted to any Directors, members of the senior management of the Company or the connected persons of our Group under the Pre-IPO Share Option Scheme.

Details of the Options granted to the Grantees as at the date of this interim report are set out below:

Grantee	Exercise Price *(RMB)*	Dates of grant	Exercise Period	Outstanding as of January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting period	Lapsed during the Reporting Period	Outstanding as of June 30, 2022
Employees other than Directors and Senior Management	0.1	May 30, 2020	10 years from grant date	11,480,000	–	–	–	(90,000)	11,390,000

As at the date of this interim report, 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 and awards at the grant date are as follows:

	Options to common grantees	Options to special grantees
Grant date	30/05/2020	30/05/2020
Fair value as of grant date (per Share)	RMB2.0663	RMB2.0653

The interim Information has been prepared in accordance with accounting policies which conform with IFRSs issued by IASB. 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 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 share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payments reserves will continue to be held in share-based payments reserves. When the share 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 measured 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. The terms of the RSU Scheme are not subject to the provisions of Chapter 17 of the Listing Rules which are currently in effect.

(a). 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 and shall determine the amount of RSUs to be granted.

Each award of RSU shall be evidenced by a RSU 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.

(b). 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.

(c). Form and Timing of Payment of Restricted Share Units

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.

As at the date of this interim report, no RSU has been granted under the RSU Scheme. For the avoidance of doubt, the Company will comply with then applicable Listing Rules in effect (including Chapter 14A of the Listing Rules and the new requirements under Chapter 17 of the Listing Rules which will take effect on January 1, 2023) when granting RSUs to eligible participants from time to time.

3. Restricted Share Scheme

Pursuant to the Restricted Share Scheme, a total of 76,233,330 Restricted Shares, representing approximately 5.68% of the total issued share capital of the Company as at the date of this interim report, have been issued to the 17 participants ("Restricted Share Scheme Participants") of the 2016 ESOP Plan through Go Prosper Enterprise Corporation and Much Premium Investment Limited (the "Restricted Share Scheme Platform"), the beneficiary interest of all Restricted Shares granted have been entitled by each of the Restricted Share Scheme Participants, respectively, as at the date of this interim report, but remain subject to certain unlock conditions as detailed below. The Restricted Share Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Restricted Share Scheme does not involve the grant of options by the Company to subscribe for new Shares.

Among all the Restricted Shares granted, 54,400,000 Restricted Shares have been granted to 15 Restricted Share Scheme Participants subject to time-based unlock conditions being no more than 30%, 30% and 40% of his or her respective vested 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 subject to unlock conditions being no vested Restricted Shares may be disposed within six months after Listing Date and the Company's prior authorization is required for disposal of vested Restricted following the expiry of such six-month period.

Details of the Restricted Shares as at the date of this interim report 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, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting period	Lapsed during the Reporting Period	Outstanding and subject to unlock conditions as of June 30, 2022
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	–	–	–	–	5,000,000
YU Lei (俞雷)	Executive Director and Vice President	September 13, 2016	10,000,000	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	–	–	–	–	8,000,000
XIONG Zhonghua (熊忠華)	Directors and chief executive of the subsidiaries	September 13, 2016	10,916,665	10,916,665	–	–	–	–	10,916,665
HUA Chunguo (化春國)	Directors and chief executive of the subsidiaries	September 13, 2016	5,000,000	5,000,000	–	–	–	–	5,000,000
Feng Gang (馮鋼)	Directors and chief executive of the subsidiaries	September 13, 2016	7,000,000	7,000,000	–	–	–	–	7,000,000
Employees other than the Directors of the Company or the subsidiaries		September 13, 2016	30,316,665	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 the date of this interim report.

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 Shares, representing 9.75% of the total issued share capital of the Company as at the date of this interim report (the "Founder Incentive Shares"), were issued to Future Health Limited.

The Restricted Share Agreement is not subject to the provisions of Chapter 17 of the Listing Rules as the Restricted Share Agreement does not involve the grant of options by our Company to subscribe for new Shares.

The purpose of the Restricted Share Agreement was to recognize and reward the contribution 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 have not yet been vested 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 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").

Review of Financial Statements

The Audit Committee has reviewed the condensed consolidated financial statements for the Reporting Period. The Audit Committee comprises all of the three INEDs, namely Mr. Jiang Shan (Chairman), Mr. Zhang Shouchuan and Mr. Fan Zhenhong.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have also been reviewed by auditor of the Company.

Public Float

Based on the information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this Interim Report as required under the Listing Rules.

Dividends

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

Events after the end of the Reporting Period

On the Listing Date, the Shares were listed on the Main Board of the Stock Exchange. 33,537,000 Shares were issued under the Global Offering at the offer price of HK$12 per Share.

Upon the Listing, all preferred shares including (i) 125,000,000 Series A preferred shares of par value USD0.0001 each, (ii) 147,058,820 Series B preferred shares of par value USD0.0001 each, (iii) 222,709,327 Series B+ preferred shares of par value USD0.0001 each, and (iv) 182,374,160 Series C preferred shares of par value USD0.0001 each, have been converted to 677,142,307 Shares.

Our Company has granted to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 5,030,500 Shares, representing no more than 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any.

Save as disclosed in this interim report, no events after the Reporting Period need to be brought to the attention of the Shareholders.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Dingdang Health Technology Group Ltd. (the "Company") and its subsidiaries set out on pages 34 to 86, which comprise the condensed consolidated statement of financial position as of June 30, 2022 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
September 1, 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30, 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	5	**1,989,776**	1,643,608
Cost of revenue		**(1,325,104)**	(1,139,934)
Gross profit		**664,672**	503,674
Fulfillment expenses		**(210,673)**	(196,931)
Selling and marketing expenses		**(419,911)**	(355,225)
Research and development expenses		**(46,171)**	(46,027)
General and administrative expenses		**(206,522)**	(139,771)
Fair value losses on financial liabilities at fair value through profit or loss ("FVTPL")		**(362,456)**	(861,297)
Other gains and losses, net	7	**9,730**	30,000
Other income	8	**14,197**	7,932
Finance costs	9	**(3,837)**	(14,044)
Impairment losses under expected credit loss ("ECL") model, net of reversal	10	**(538)**	(866)
Listing expenses		**(20,006)**	(20,314)
Loss before income tax	6	**(581,515)**	(1,092,869)
Income tax expense	11	**(4,394)**	(5,527)
Loss and total comprehensive expense for the period		**(585,909)**	(1,098,396)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company*		**(578,065)**	(1,087,504)
Non-controlling interests		**(7,844)**	(10,892)
		(585,909)	(1,098,396)
Loss per share (present in RMB YUAN)			
– Basic	12	**(0.92)**	(3.39)
– Diluted	12	**(0.92)**	(3.39)

* Defined in Note 1

Condensed Consolidated Statement of Financial Position

	Notes	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Assets			
Non-current assets			
Property and equipment	*14*	**45,476**	45,013
Right-of-use assets	*15*	**160,846**	168,518
Goodwill		**255,762**	255,762
Other intangible assets	*13*	**185,310**	199,241
Rental deposits	*17*	**10,434**	9,932
Total non-current assets		**657,828**	678,466
Current assets			
Inventories	*16*	**488,344**	434,022
Trade and other receivables and prepayments	*17*	**314,925**	279,591
Amounts due from related parties	*27*	**789**	1,086
Cash and cash equivalents	*18*	**1,526,132**	1,552,994
Total current assets		**2,330,190**	2,267,693
Total assets		**2,988,018**	2,946,159
Equity			
Share capital	*22*	**403**	403
Reserves		**560,279**	422,496
Accumulated losses		**(3,613,211)**	(3,035,146)
Equity attributable to owners of the Company		**(3,052,529)**	(2,612,247)
Non-controlling interests		**14,574**	22,418
Total equity		**(3,037,955)**	(2,589,829)
Liabilities			
Non-current liabilities			
Contract liabilities	*5*	**4,698**	8,899
Lease liabilities	*15*	**85,815**	95,629
Financial liabilities at FVTPL	*20*	**5,013,406**	4,650,950
Deferred tax liabilities	*21*	**37,839**	41,581
Total non-current liabilities		**5,141,758**	4,797,059
Current liabilities			
Trade and other payables	*19*	**699,267**	586,651
Amounts due to related parties	*27*	**64,951**	22,512
Contract liabilities	*5*	**52,253**	59,780
Lease liabilities	*15*	**64,161**	61,383
Income tax payable		**3,583**	8,603
Total current liabilities		**884,215**	738,929
Total liabilities		**6,025,973**	5,535,988
Total equity and liabilities		**2,988,018**	2,946,159

Condensed Consolidated Statement of Changes in Equity

		Attributable to owners of the Company							
	Notes	Paid-in capital/share capital *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 (the "NCI") *RMB'000*	Total equity *RMB'000*
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	23	–	–	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)**
As of January 1, 2021 (Audited)		50,156	20,266	13,064	15,006	(1,456,907)	(1,358,415)	53,373	(1,305,042)
Loss and total comprehensive expense for the period		–	–	–	–	(1,087,504)	(1,087,504)	(10,892)	(1,098,396)
Issue ordinary shares to shareholders of the Company		378	–	–	–	–	378	–	378
Capital reduction by shareholders of the Company	22	(131)	131	–	–	–	–	–	–
Adjustment arising from the Reorganization* (Note ii)		(50,000)	50,000	–	–	–	–	–	–
Dividends	24	–	–	–	–	–	–	(10,102)	(10,102)
Capital contribution from non-controlling shareholders (Note iii)		–	–	–	–	–	–	2,800	2,800
Disposal of partial interest of subsidiaries without losing control (Note iii)		–	3,306	–	–	–	3,306	(3,306)	–
Acquisition of additional interest of a subsidiary (Note iii)		–	(3,401)	–	–	–	(3,401)	601	(2,800)
Share-based payments expenses	23	–	–	74,529	–	–	74,529	–	74,529
As of June 30, 2021 (Unaudited)		403	70,302	87,593	15,006	(2,544,411)	(2,371,107)	32,474	(2,338,633)

* Defined in Note 2

Notes:

i. 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.

ii. The paid-in capital of Dingdang Medicine Express Technology Group Ltd.* (叮噹快藥科技集團有限公司) of RMB50,000,000 was transferred to other reserves upon the completion of the Reorganization.

iii. On April 19, 2021, Dingdang (Beijing) Health Management Co., Ltd.* (叮噹(北京)健康管理有限公司) ("Dingdang Beijing") was established by Dingdang Medicine Express Technology and an independent third party TD Capital (Hong Kong) Management Company Limited (同道資本(香港)管理有限公司) ("TD HK") by holding 99% and 1% of its equity interest, respectively. The capital contribution from TD HK and the then NCI raised was RMB2,800,000.

After the establishment, Dingdang Medicine Express Technology transferred 8 wholly owned subsidiaries with net liabilities position to Dingdang Beijing, resulting the Group's equity interest in those 8 subsidiaries decreased from 100% to 99%.

On May 26, 2021, the Company's subsidiary Dingdang Kuaiyao (Beijing) Technology Development Co., Ltd.* (叮噹快藥(北京)技術開發公司) (the "WFOE") acquired the 1% NCI in Dingdang Beijing from TD HK at a cash consideration of RMB2,800,000.

* English names are for identification purpose only.

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30, 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Operating activities		
Loss before income tax	**(581,515)**	(1,092,869)
Adjustments for:		
Finance costs	**3,837**	14,044
Interest income	**(7,977)**	(1,650)
Foreign exchange gains	**(4,179)**	(22,468)
Depreciation of property and equipment	**10,326**	11,170
Depreciation of right-of-use assets	**38,158**	33,712
Amortization of other intangible assets	**17,991**	17,600
Impairment loss, net of reversal		
– financial assets under ECL model	**538**	866
– Inventories	**145**	(581)
Share-based payments expenses	**137,783**	74,529
Loss on disposal of property and equipment	**5**	11
(Gain)/loss on early termination of a lease	**(23)**	31
Gain on fair value changes of financial assets at FVTPL	**(5,155)**	(2,295)
Loss on fair value changes of financial liabilities at FVTPL	**362,456**	861,297
Operating cash flows before movements in working capital	**(27,610)**	(106,603)
Increase in inventories	**(54,467)**	(27,062)
Increase in trade and other receivables and prepayments	**(38,520)**	(27,616)
Decrease in amounts due from related parties	**297**	79
Increase in trade and other payables	**125,226**	100,910
(Decrease)/increase in contract liabilities	**(11,728)**	1,752
Decrease in deferred income	**–**	(584)
Increase in amounts due to related parties	**42,459**	28,417
Cash generated from/(used in) operations	**35,657**	(30,707)
Income taxes paid	**(13,156)**	(14,588)
Net cash from/(used in) operating activities	**22,501**	(45,295)

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Investing activities		
Interest received	**7,771**	1,451
Proceeds on disposal of property and equipment	**–**	152
Proceeds on disposal of other intangible assets	**–**	74
Purchases of financial assets at FVTPL	**(3,787,182)**	(1,581,831)
Redemption of financial assets at FVTPL	**3,792,337**	1,852,607
Purchases of property and equipment	**(10,794)**	(8,488)
Payments for right-of-use assets	**(2,632)**	(1,656)
Purchases of other intangible assets	**(4,060)**	(3,630)
Repayments from related parties	**–**	16
Net cash (used in)/from investing activities	**(4,560)**	258,695
Financing activities		
Dividends paid to non-controlling shareholders	**(9,544)**	(1,171)
Advance from related parties	**–**	2,526
Repayments to related parties	**(20)**	(28,756)
Repayments of lease liabilities	**(34,753)**	(39,530)
Interest paid	**(3,837)**	(14,044)
Redemption of shares with preferred rights	**–**	(1,345,000)
Proceeds on issue of Preferred Shares* of the Company	**–**	2,740,275
Capital contributions from non-controlling shareholders of subsidiaries	**–**	3,550
Acquisition of NCI in a subsidiary	**–**	(2,800)
Other borrowing raised	**–**	1,270,000
Repayment of other borrowing	**–**	(1,267,800)
Payments of share issuing costs	**(828)**	(1,540)
Share issuance to shareholders of the Company	**–**	378
Net cash (used in)/from financing activities	**(48,982)**	1,316,088
Net (decrease)/increase in cash and cash equivalents	**(31,041)**	1,529,488
Cash and cash equivalents at the beginning of the period	**1,552,994**	260,574
Effect of foreign exchange rate changes on cash and cash equivalents	**4,179**	20,268
Cash and cash equivalents at the end of the period, represented by	**1,526,132**	1,810,330

* Defined in Note 20.

1. GENERAL INFORMATION

Dingdang Health Technology Group Ltd. (formerly known as Dingdang Medicine Express Ltd.) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on August 20, 2014. Upon incorporation, one subscriber share was issued and allotted to the initial subscriber, Sertus Nominees (Cayman) Limited, who subsequently transferred such share to Alliance Flow Limited (互益有限公司) on the same date. The Company also allotted one share to Golden Mission Group Limited on the same date. On November 12, 2014, the shares held by Alliance Flow Limited and Golden Mission Group Limited were transferred to Delight Faith Limited (興信有限公司) and Go Far Limited (金發有限公司), respectively, both of which are controlled by Mr. Yang Wenlong (the "Controlling Shareholder"). On April 30, 2015, the Company issued 127,499,999 shares to each of Delight Faith Limited and Go Far Limited. The Company was owned by Delight Faith Limited and Go Far Limited as to 50% and 50%, respectively, as of December 31, 2019. The addresses of the Company's registered office and the principal place of business are disclosed in the section "Corporate Information" in the prospectus of the Company dated September 1, 2022 (the "Prospectus"). The Company is an investment holding company and its subsidiaries (together with the Company, the "Group") are principally engaged in the provision of pharmaceutical and healthcare business in the PRC.

On September 11, 2014, Dingdang Health Technology Group (HK) Limited (叮噹健康科技集團(香港)有限公司) was incorporated under the laws of Hong Kong as a wholly owned subsidiary of the Company. Dingdang Health Technology Group (HK) Limited further incorporated the WFOE under the laws of PRC as its wholly-owned foreign enterprise in the PRC on September 30, 2016.

The condensed consolidated financial statements are presented in the currency of RMB, which is also the functional currency of the Company.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the current interim period, the main operating activities of the Group were carried out by Dingdang Medicine Express Technology and its subsidiaries, which were principally engaged in the pharmaceutical and healthcare business. All of these entities were established and operated in the PRC (collectively, the "PRC Operating Entities").

Dingdang Medicine Express Technology was established as a company with limited liability by Mr. Yang Yibin and Mr. Yang Xiao in the PRC in September 2014. In March 2015, the Controlling Shareholder, being the father of Mr. Yang Yibin and Mr. Yang Xiao, subscribed paid-in capital in Dingdang Medicine Express Technology, since when the Controlling Shareholder has historically and throughout the current interim period been controlling the entities now comprising the Group.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

In preparation for the initial listing of shares (the "IPO") of the Company on the Stock Exchange, the entities comprising the Group underwent a group reorganization (the "Reorganization") as described below, pursuant to which the Company became the holding company and listing vehicle of the Group.

Prior to the Reorganization, Dingdang Medicine Express Technology was held by the Controlling Shareholder, Zhuhai Dingdang No. 1 Enterprise Management Consulting Center (Limited Partnership)* (珠海叮噹一號企業管理諮詢中心(有限合夥)) ("Dingdang No. 1"), Zhuhai Dingdang No. 2 Enterprise Management Consulting Center (Limited Partnership)* (珠海叮噹二號企業管理諮詢中心(有限合夥)) ("Dingdang No. 2"), Zhuhai Dingdang No. 3 Enterprise Management Consulting Center (Limited Partnership)* (珠海叮噹三號企業管理諮詢中心(有限合夥)), ("Dingdang No. 3"), Zhuhai Dingdang No. 4 Investment Center (Limited Partnership)* (珠海叮噹四號投資中心(有限合夥)) ("Dingdang No. 4") and a group of independent investors (the "Pre-IPO Investors").

Dingdang No. 1, Dingdang No. 2, Dingdang No. 3, and Dingdang No. 4 are managed by the same general partner, Beijing Dingdang Wisdom Business Consulting Co., Ltd.* (北京叮噹智慧商務諮詢有限公司), which is owned by the Controlling Shareholder and Mr. Yang Yibin. Besides, each limited partners of Dingdang No. 1, Dingdang No. 2 and Dingdang No. 3 has entrusted the Controlling Shareholder to exercise the voting rights held by them in Dingdang No. 1, Dingdang No. 2 and Dingdang No. 3.

The Reorganization comprised the following steps:

1. On December 31, 2020, Delight Faith Limited and Go Far Limited transferred all the shares held by them in the Company to their respective wholly owned subsidiaries, being Delight Health Limited (健興有限公司) and Future Health Limited (健發有限公司). After the completion of the transfer, the Company is owned by Delight Health Limited and Future Health Limited as to 50% and 50%, respectively, as of December 31, 2020.

2. On December 31, 2020, Dingdang Health Limited (叮噹健康有限公司) was established under the laws of British Virgin Islands as a wholly owned subsidiary of the Company. The shares held by the Company in Dingdang Health Technology Group (HK) Limited were fully transferred to Dingdang Health Limited and thus Dingdang Health Technology Group (HK) Limited became the wholly owned subsidiary of Dingdang Health Limited.

3. Pursuant to the written resolution of the shareholders of Dingdang Medicine Express Technology dated March 1, 2021, the Pre-IPO Investors would reduce and withdraw their paid-in capital in Dingdang Medicine Express Technology (the "Capital Reduction") afterwards. Upon completion of the Capital Reduction on May 20, 2021, such Pre-IPO Investors ceased to be the shareholders of Dingdang Medicine Express Technology, and Dingdang Medicine Express Technology is owned by the Controlling Shareholder, Dingdang No. 1, Dingdang No. 2, Dingdang No. 3, and Dingdang No. 4.

4. On April 19, 2021, Dingdang (Beijing) was established under the laws of the PRC as a sino-foreign joint venture enterprise, Dingdang Beijing was held by Dingdang Medicine Express Technology and TD HK, as to 99% and 1% of its equity interest, respectively.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Dingdang Medicine Express Technology and Dingdang Beijing entered into a share transfer agreement, pursuant to which Dingdang Medicine Express Technology agreed to transfer and Dingdang Beijing agreed to acquire the following subsidiaries (the "Non-restricted Subsidiaries"):

   (i) 70% of the equity interest in Dingdang Good Health Technology (Beijing) Co., Ltd.* (叮噹好健康科技(北京)有限公司) ("Dingdang Good Health") on April 28, 2021;

   (ii) 70% of the equity interest in Beijing Dingdang Youpin Technology Co., Ltd.* (北京叮噹優品技術有限公司) ("Dingdang Youpin") on April 28, 2021;

   (iii) 60% of the equity interest in Dingdang Good Mood Health Management (Beijing) Co., Ltd.* (叮噹好心情健康管理(北京)有限公司) ("Dingdang Good Mood") on April 28, 2021;

   (iv) 52% of the equity interest in Renhe Yaofangwang (Beijing) Medicine Technology Co., Ltd.* (仁和藥房網(北京)醫藥科技有限公司) ("Renhe Yaofangwang") on May 11, 2021;

   (v) 75% of the equity interest in Jiangxi Dingdangyun Big Data Management Co., Ltd.* (江西叮噹雲大數據管理有限公司) ("Jiangxi Dingdangyun") on May 11, 2021;

   (vi) 85% of the equity interest in Jiangxi Renhetang Pharmaceutical Chain Co., Ltd.* (江西仁和堂醫藥連鎖有限公司) ("Jiangxi Renhetang") on May 11, 2021;

   (vii) 100% of the equity interest in Jiangxi Dingdang E-Commerce Co., Ltd.* (江西叮噹電子商務有限公司) ("Jiangxi Dingdang E-Commerce") on May 11, 2021; and

   (viii) 51% of the equity interest in Jiangxi Dingdang Lexiang E-Commerce Co., Ltd.* (江西叮噹樂享電子商務有限公司) ("Dingdang Lexiang") on May 12, 2021.

6. On May 25, 2021, the WFOE, Dingdang Medicine Express Technology, the Controlling Shareholder, Dingdang No. 1, Dingdang No. 2, Dingdang No. 3, and Dingdang No. 4 entered into a series of contractual arrangements (collectively, the "Contractual Arrangements"), which allows the Company to exercise control over the business operation of Dingdang Medicine Express Technology and certain of its subsidiaries (collectively, the "Restricted Subsidiaries") and enjoy all the economic interests derived therefrom. See the section headed "Contractual Arrangements" below for further details.

7. On May 25, 2021, the Company, Dingdang Medicine Express Technology and the Pre-IPO Investors investing in Dingdang Medicine Express Technology (including their respective offshore investment vehicles, where applicable), entered into a share purchase agreement, pursuant to which the Pre-IPO Investors agreed to subscribe for certain number of shares of the Company as the case may be, to reflected the rights, obligations and shareholding in Dingdang Medicine Express Technology held by the Pre-IPO Investors immediately preceding the Capital Reduction.

* English names are for identification purpose only.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. On May 26, 2021, the WFOE acquired 99% of the equity interest in Dingdang Beijing held by Dingdang Medicine Express Technology and 1% of the equity interest in Dingdang Beijing held by TD HK. Upon completion of such acquisitions, Dingdang Beijing became a wholly-owned subsidiary of the WFOE.

Upon the completion of the Reorganization, the Company became the holding Company of the PRC Operating Entities. Prior to the completion of Reorganization, the Company and its subsidiaries does not involve in any other business and the Reorganization has not resulted in any change of economic substance and the Company and its subsidiaries' operations do not meet the definition of a business. The Group resulting from the Reorganization is regarded as a continuation of the Company and its subsidiaries and Dingdang Medicine Express Technology and its subsidiaries. The condensed consolidated financial statements has been prepared on the basis as if the Company had always been the holding company of Dingdang Medicine Express Technology. For the purpose of this report, the condensed consolidated financial statements has been prepared and presented using the carrying value of the Company and its subsidiaries and Dingdang Medicine Express Technology and its subsidiaries for all periods presented as if the Reorganization had been completed before January 1, 2021.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended June 30, 2022 and 2021 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence and Dingdang Medicine Express Technology and its subsidiaries had been operated by the Company and its subsidiaries throughout the six months ended June 30, 2022 and 2021, or since their respective dates of incorporation or acquisition, where there is a shorter period.

The condensed consolidated statement of financial position of the Group as of June 30, 2022 and December 31, 2021 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the relevant entities, as if the current group structure had been in existence and Dingdang Medicine Express Technology and its subsidiaries had been operated by the Company and its subsidiaries at those dates taking into account their respective dates of incorporation or acquisition.

Contractual Arrangements

On May 25, 2021, the Contractual Arrangements were signed to comply with the relevant laws and regulations in the PRC which restrict foreign ownership of the companies engaged in business of value-added telecommunication service and the online hospital service carried out by the Group, which included exclusive business cooperation agreement, exclusive purchase option agreement, equity pledge agreement, proxy agreement, loan agreement, LP undertaking and spouse undertaking. These Contractual Arrangements can be extended at WFOE's options prior to the expiration date.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Contractual Arrangements (continued)

The Contractual Arrangements enable the WFOE to control the Restricted Subsidiaries by:

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

As of June 30, 2022, the Group had net liabilities of RMB3,038 million (December 31, 2021: RMB2,590 million) and accumulated losses of RMB3,613 million (December 31, 2021: RMB3,035 million), primarily due to the significant fair value changes of the Preferred Shares. The definition and details of these Preferred Shares are set out in Note 20. Under any circumstances, no significant cash flow impact is expected in the next twelve months from the date of the report for the Preferred Shares. In addition, the Group has performed a working capital forecast for the next twelve months. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of the report. The directors of the Company consider that it is appropriate that the condensed consolidated financial statements are prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are consistent with those followed in the preparation of the accountants' report included in Appendix I to the Prospectus.

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 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, 2022, 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, 2021: nil).

5. REVENUE

(a) Disaggregation of revenue from contracts with customers:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services:		
Product revenue:		
Pharmaceutical and healthcare business	**1,926,245**	1,606,004
Others*	**63,531**	37,604
Total revenue from contracts with customers	**1,989,776**	1,643,608
Timing of revenue recognition:		
A point in time	**1,926,245**	1,606,004
Overtime	**63,531**	37,604
Total	**1,989,776**	1,643,608

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

5. REVENUE (continued)

(b) Contract liabilities

The Group collected payments in advance from customers primarily for sales of pharmaceutical and healthcare products, marketplace service fees and unearned revenue awards to customers. The Group has recognized the following liabilities related to contracts with customers under "contract liabilities":

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Advance from sales of products	**45,082**	43,973
Advance service income	**676**	7,024
Unearned revenue awards to customers	**11,193**	17,682
Total	**56,951**	68,679

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Current	**52,253**	59,780
Non-current	**4,698**	8,899
	56,951	68,679

The Group has recognized the transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of June 30, 2022, as contract liabilities. The directors of the Company expect that the current contract liabilities will be recognized as revenue within one year, while the non-current contract liabilities will be recognized as revenue over one year but within two years.

5. REVENUE (continued)

(c) Revenue recognized in relation to contract liabilities

The following table shows the amount of the revenue recognized during the relevant periods relates to carried-forward contract liabilities:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the period:	**59,380**	48,162

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**1,324,903**	1,137,472
Provision for/(reversal of) impairment of inventories	**145**	(581)
Technical service expense	**70,193**	68,417
Promotion and advertising expenses	**105,138**	91,314
Employee benefit expenses		
– Salaries and bonuses	**183,057**	159,510
– Share-based payments expenses (Note 23)	**137,783**	74,529
– Welfare, medical and other benefits	**58,855**	49,014
Total employee benefit expenses	**379,695**	283,053
Depreciation of property and equipment	**10,326**	11,170
Depreciation of right-of-use assets	**38,158**	33,712
Amortization of other intangible assets	**17,991**	17,600
Auditor's remuneration	**7,768**	4,241

7. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net foreign exchange gains	**4,179**	22,468
Loss on disposal of property and equipment	**(5)**	(11)
Gain on fair value changes of financial assets at FVTPL	**5,155**	2,295
Gain/(loss) on early termination of a lease (Note)	**23**	(31)
Others	**378**	5,279
Total	**9,730**	30,000

Note: During the six months ended June 30, 2022, gain on early termination of a lease represented net difference of RMB137,000 comprising a RMB2,762,000 decrease in right-of-use assets and a RMB2,899,000 decrease in lease liabilities, excluding the RMB114,000 compensation to the lessor as the Group breached the contract. During the six months ended June 30, 2021, loss on early termination of a lease represented the RMB38,000 compensation to the lessor as the Group breached the contract, excluding net difference of RMB7,000 comprising a RMB494,000 decrease in right-of-use assets and a RMB501,000 decrease in lease liabilities.

8. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest income		
– Bank deposits	**7,771**	1,451
– Lease deposits	**206**	199
Government grants (Note)	**3,961**	4,831
Rental income – fixed	**2,259**	1,451
Total	**14,197**	7,932

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, except for certain government grants, the Group recorded in deferred income first as specific conditions were to meet before the government grants could be recognized in profit or loss.

9. FINANCE COSTS

	Six months ended June 30, 2022 (Unaudited) RMB'000	Six months ended June 30, 2021 (Unaudited) RMB'000
Interest on lease liabilities	**3,837**	3,875
Interest on other borrowing	**–**	10,169
Total	**3,837**	14,044

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

	Six months ended June 30, 2022 (Unaudited) RMB'000	Six months ended June 30, 2021 (Unaudited) RMB'000
Impairment losses, net of reversals, recognised on:		
– Trade receivables	**171**	(797)
– Other receivables	**367**	1,663
Total	**538**	866

11. INCOME TAX EXPENSE

Income tax

Cayman Islands

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

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

11. INCOME TAX EXPENSE (continued)

Income tax (continued)

Hong Kong

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard enterprise income tax rate for PRC Operating Entities is 25% during the relevant periods.

Dingdang Medicine Express Technology was subject to a preferential income tax rate of 15%, as Dingdang Medicine Express Technology was qualified as a High-New Technology Enterprises (the "HNTE") and the HNTE qualification was, approved on December 17, 2021 and valid for 3 years from January 1, 2021 to December 31, 2023.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5%, 5% or 10% as of June 30, 2022 and 2021.

Withholding tax on undistributed dividends

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise (the "FIE") to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE) if the Hong Kong holding company qualifies for the beneficial owner criteria. The Company has not recorded any withholding tax on any profits generated by the PRC Operating Entities before completion of the Reorganization. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB103,287,000 as at June 30, 2022 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

11. INCOME TAX EXPENSE (continued)

Income tax (continued)

Withholding tax on undistributed dividends (continued)

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

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current income tax		
– Current period	**7,826**	9,128
– Under provision in respect of prior period	**310**	141
Deferred income tax (Note 21)	**(3,742)**	(3,742)
Total	**4,394**	5,527

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,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(578,065)**	(1,087,504)

Number of shares:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**630,793,590**	320,661,958

12. LOSS PER SHARE (continued)

The weighted average number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Reorganization as disclosed in Note 2 and the shares subdivision and consolidation in Note 22 had been effected since January 1, 2021.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had potential ordinary shares of shares with preferred rights/Preferred Shares (Note 20). For the six months ended June 30, 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2022 and 2021 are the same as basic loss per share of the respective period.

13. OTHER INTANGIBLE ASSETS

	Software	Trademark and franchise right	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2021 (Audited)	60,439	122,294	60,000	242,733
Additions	4,479	–	–	4,479
Disposals	(197)	–	–	(197)
At December 31, 2021 (Audited)	64,721	122,294	60,000	247,015
Additions	4,060	–	–	4,060
At June 30, 2022 (Unaudited)	**68,781**	**122,294**	**60,000**	**251,075**
AMORTIZATION				
At January 1, 2021 (Audited)	4,209	8,456	–	12,665
Charge for the year	9,864	13,368	12,000	35,232
Eliminated on disposals	(123)	–	–	(123)
At December 31, 2021 (Audited)	13,950	21,824	12,000	47,774
Charge for the period	5,307	6,684	6,000	17,991
At June 30, 2022 (Unaudited)	**19,257**	**28,508**	**18,000**	**65,765**
CARRYING AMOUNT				
At December 31, 2021 (Audited)	50,771	100,470	48,000	199,241
At June 30, 2022 (Unaudited)	**49,524**	**93,786**	**42,000**	**185,310**

13. OTHER INTANGIBLE ASSETS (continued)

The estimated useful lives of other intangible assets are as follows:

Category	Estimated useful lives
Software	2-10 years
Trademark and franchise right	5-9 years
Customer relationship	5 years

The above other intangible assets were acquired from third parties or purchased as part of business combination during the relevant periods.

The trademark acquired from third party is related to three trademark registration certificates granted by Trademark Office of the State Administration for Industry and Commerce of China. The management of the Group considered the trademark would be able to apply on the Company's online medicine trading service or technologies for 9 years with reference to the remaining valid period of such trademark registration certificates.

The franchise rights acquired in the business combinations were related to franchise right contracts. The management of the Group considered the franchise rights would be able to apply on the Group's online medicine trading service or technologies for 5-9 years with reference to the franchise right contracts.

14. PROPERTY AND EQUIPMENT

	Leasehold improvement *RMB'000*	Electronic equipment *RMB'000*	Motor vehicle *RMB'000*	Machinery *RMB'000*	Furniture and fixtures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST							
At January 1, 2021 (Audited)	67,296	19,551	2,228	243	6,497	–	95,815
Additions	8,507	6,229	1,692	210	3,828	–	20,466
Disposals	–	(155)	(401)	(11)	(171)	–	(738)
At December 31, 2021 (Audited)	75,803	25,625	3,519	442	10,154	–	115,543
Additions	1,995	1,471	54	5	1,508	5,761	10,794
Disposals	–	(61)	(2)	(7)	(18)	–	(88)
At June 30, 2022 (Unaudited)	**77,798**	**27,035**	**3,571**	**440**	**11,644**	**5,761**	**126,249**
DEPRECIATION							
At January 1, 2021 (Audited)	41,930	5,002	613	54	1,786	–	49,385
Charge for the year	13,621	5,618	741	42	1,628	–	21,650
Eliminated on disposals	–	(144)	(279)	–*	(82)	–	(505)
At December 31, 2021 (Audited)	55,551	10,476	1,075	96	3,332	–	70,530
Charge for the period	5,529	3,298	420	28	1,051	–	10,326
Eliminated on disposals	–	(57)	(2)	(7)	(17)	–	(83)
At June 30, 2022 (Unaudited)	**61,080**	**13,717**	**1,493**	**117**	**4,366**	**–**	**80,773**
CARRYING AMOUNT							
At December 31, 2021 (Audited)	20,252	15,149	2,444	346	6,822	–	45,013
At June 30, 2022 (Unaudited)	**16,718**	**13,318**	**2,078**	**323**	**7,278**	**5,761**	**45,476**

* less than RMB1,000.

14. PROPERTY AND EQUIPMENT (continued)

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

Leasehold improvement	Over the shorter of the expected life of leasehold improvement or the lease term
Electronic equipment	19.00%-31.67%
Motor vehicle	23.75%
Machinery	9.50%
Furniture and fixtures	19.00%

15. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the relevant periods are as follows:

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Carrying amount at the beginning of the period/year	**168,518**	151,383
Additions	**33,248**	96,747
Depreciation charge	**(38,158)**	(78,404)
Disposals of subsidiaries	**–**	(714)
Early termination	**(2,762)**	(494)
Carrying amount at the end of the period/year	**160,846**	168,518

The carrying amounts of right-of-use assets at end of each reporting period and the depreciation by classes of rights-of-use assets are all buildings during the relevant periods.

	Six months ended June 30,	
	2022 (Unaudited) ***RMB'000***	2021 (Unaudited) *RMB'000*
Expense relating to short-term leases	**1,421**	1,539
Total cash outflow for leases	**42,643**	46,600

15. LEASES (continued)

(a) Right-of-use assets (continued)

The Group leases certain of its offline pharmacies, offices, warehouses and staff quarters which are negotiated for terms ranging from 1 to 20 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group regularly entered into short-term leases for offline pharmacies, offices, warehouses and staff quarters. As of June 30, 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the relevant periods are as follows:

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Carrying amount at the beginning of the period/year	**157,012**	141,253
New leases	**30,616**	92,380
Accretion of interest recognized	**3,837**	7,607
Payments	**(38,590)**	(82,814)
Disposal of subsidiaries	**–**	(913)
Early termination	**(2,899)**	(501)
Carrying amount at the end of the period/year	**149,976**	157,012
Analyzed as:		
Non-current	**85,815**	95,629
Current	**64,161**	61,383
	149,976	157,012

15. LEASES (continued)

(b) Lease liabilities (continued)

	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Present value of lease liability		
– within one year	**64,161**	61,383
– between 1 and 2 years	**47,068**	48,018
– between 2 and 5 years	**36,318**	44,908
– over 5 years	**2,429**	2,703
	149,976	157,012

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	Six months ended June 30, 2022 (Unaudited) %	Year ended December 31, 2021 (Audited) %
Incremental borrowing rate	**3.81~6.39**	3.83~6.39

All leases are entered at fixed rates.

As of June 30, 2022, lease liabilities are mainly denominated in RMB.

16. INVENTORIES

Inventories consist of the following:

	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Products	**488,338**	434,013
Others	**6**	9
	488,344	434,022

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Current:		
(a) Trade receivables		
Trade receivables from third parties	**88,732**	91,351
Less: allowance for credit losses	**(514)**	(343)
Subtotal	**88,218**	91,008
(b) Other receivables and prepayments		
Staff advances	**2,184**	60
Welfare receivable	**1,641**	1,534
Advance to suppliers	**51,137**	41,378
Prepaid expenses	**41,462**	34,280
Recoverable value-added tax	**25,577**	32,238
Receivable from non-controlling shareholders	**3,900**	3,900
Receivable from third-party online platforms	**81,226**	53,769
Deposits receivables	**12,518**	11,455
Deferred issue costs	**3,100**	5,338
Others	**6,132**	6,434
Less: allowances for credit losses	**(2,170)**	(1,803)
Subtotal	**226,707**	188,583
Total	**314,925**	279,591
Non-current:		
Rental deposits	**10,434**	9,932
	10,434	9,932

17. 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, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Within 3 months	**79,782**	87,298
3 to 6 months	**5,399**	2,231
6 to 12 months	**2,553**	1,570
Over 12 months	**998**	252
Less: allowance for ECL	**(514)**	(343)
	88,218	91,008

As of June 30, 2022, included in the Group's trade receivables balance were debtors with aggregate carrying amount of RMB23.99 million (December 31, 2021: RMB28.41 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.

18. CASH AND CASH EQUIVALENTS

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Cash and bank balances	**1,526,132**	1,552,994

Bank balances

During the current interim period, bank balances carry interest at market rates which range from 0.001% to 2.100% (December 31, 2021: 0.001% to 2.100%). There is no restricted bank balance as of June 30, 2022 (December 31, 2021: nil).

19. TRADE AND OTHER PAYABLES

	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Trade payables	**382,861**	285,940
Salary and welfare payables	**144,810**	140,164
Other tax payable	**8,941**	10,262
Payables for delivery	**32,791**	34,441
Payables for service fee	**7,699**	7,770
Accrued expenses	**74,688**	56,237
Receipt on behalf of third-party merchants	**15,768**	11,758
Dividend payable	**558**	10,102
Rental received in advance	**682**	771
Accrued listing expenses and issue costs	**11,398**	10,060
Deposits payable	**17,376**	16,323
Others	**1,695**	2,823
Subtotal	**316,406**	300,711
Total	**699,267**	586,651

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, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Within 3 months	**341,568**	259,166
3 to 6 months	**24,247**	8,235
6 to 12 months	**5,627**	6,330
Over 12 months	**11,419**	12,209
Total	**382,861**	285,940

20. FINANCIAL LIABILITIES AT FVTPL

Dingdang Medicine Express Technology entered into share subscription agreement with independent investors and issued four series (the "Series A", "Series A+", "Series B" and "Series B+", respectively) of shares with preferred rights from year 2016 to 2020. Dingdang Medicine Express Technology had received the consideration of RMB100 million, RMB100 million, RMB400 million and RMB825 million, respectively. On May 25, 2021, as part of Reorganization, Dingdang Medicine Express Technology redeemed shares with preferred rights by way of capital reductions and the Company issued certain number of preferred shares. The beneficial interests of the Series A, Series A+, Series B and Series B+ remained unchanged after this exercise and before issue of Series C shares. On the same day, the Company entered into share subscription agreement with independent investors and issued Series C preferred shares (the Series C,together with Series A, Series A+, Series B and Series B+ preferred shares, known as "Preferred Shares") and received the total consideration of USD429 million (equivalent to RMB2,740,275,000).

As of June 30, 2022, the authorized share capital of the Company consisted of (i) 4,322,857,693 ordinary shares of par value USD0.0001 each, (ii) 125,000,000 Series A preferred shares of par value USD0.0001 each, (iii) 147,058,820 Series B preferred shares of par value USD0.0001 each, (iv) 222,709,327 Series B+ preferred shares of par value USD0.0001 each, and (v) 182,374,160 Series C preferred shares of par value USD0.0001 each. Fair value for each series at the end of each relevant periods are as follows:

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Non-current liabilities		
Series A	**429,956**	386,953
Series A+	**429,956**	386,953
Series B	**1,050,013**	956,860
Series B+	**1,628,897**	1,503,977
Series C	**1,474,584**	1,416,207
Total	**5,013,406**	4,650,950

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology

Series A

In December 2016, Dingdang Medicine Express Technology entered into Series A share subscription agreement with a third-party investor. Dingdang Medicine Express Technology issued 5,555,555.55 shares with preferred rights at RMB1.00 per share for a total cash proceed of RMB100 million, representing 10.00% of the ownership of Dingdang Medicine Express Technology on a fully diluted basis.

The rights, preferences and privileges of Series A shares with preferred rights are as follows:

(a) Preemptive rights

When Dingdang Medicine Express Technology increases capital/issuance of new shares, it should first notify the Series A investor in writing of the proposed conditions, commercial terms and related terms of the capital increase/new share issuance, including but not limited to the number of capital increase/issuance of new shares, pricing standards, estimated completion time, etc., the Series A investor shall have the same priority to subscribe for capital increase/subscribe for newly issued shares based on its shareholding ratio under the same terms and conditions as the existing shareholders.

(b) Right of first refusal

When Dingdang Medicine Express Technology's existing shareholders intend to sell, transfer or otherwise dispose of all or part of Dingdang Medicine Express Technology's equity held by them, the proposed conditions for the transfer or disposal should be the first to notify in writing to the Series A investor, including but not limited to the number of transfers and disposals of equity, pricing standards, proposed transferees and estimated completion time, and other information. The Series A investor shall have the same preemptive right to purchase the equity to be transferred based on its shareholding ratio under the same terms and conditions as other existing shareholders.

(c) Dividend rights

When Dingdang Medicine Express Technology decides to distribute dividends, the Series A investor has a veto right at the decision-making level of the board of directors. When Dingdang Medicine Express Technology's board of directors decides to distribute dividends, it shall not distribute dividends or bonuses to other shareholders until the Series A investor has fully received the dividends.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series A (continued)

(d) *Rights of co-sale*

When the Controlling Shareholder intends to sell, transfer or otherwise dispose of all or part of Dingdang Medicine Express Technology's equity held by him, a notice of transfer with proposed conditions, commercial terms and any related terms should be provided to the Series A investor. The Series A investor have the right to transfer the equity based on the shareholding ratio on the same terms and conditions in the transfer notice.

The Series A shares with preferred rights were classified as equity instrument as there is no contractual obligations for Dingdang Medicine Express Technology to deliver cash or other financial assets.

Series A+

In November 2017, Dingdang Medicine Express Technology entered into Series A+ share subscription agreement with a third-party investor, Dingdang Medicine Express Technology issued 6,250,000.00 shares with preferred rights at RMB1.00 per share for a total cash proceed of RMB100 million, representing 10.00% of the ownership of Dingdang Medicine Express Technology on a fully diluted basis. Upon pre-investment adjustment, the quantity of Series A investor's shares have been increased from 5,555,555.55 to 6,250,000.00.

The key terms of Series A+ shares with preferred rights and modification of Series A shares with preferred rights are set as below:

(a) *Anti-dilution rights*

When Dingdang Medicine Express Technology intends to increase its registered capital through capital increase and share expansion, issuance of new shares or issuance of convertible bonds, if the subscription price for each RMB registered capital of such subsequent capital increased is lower than the subscription price corresponding to each RMB of registered capital invested by Series A and A+ investors in Dingdang Medicine Express Technology, Series A and A+ investors have the rights to require the Controlling Shareholder to jointly and severally transfer a certain proportion of Dingdang Medicine Express Technology's shares to Series A and A+ investors free of charge to adjust Series A and A+ investors' proportion of shares held equal to a specific proportion.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series A+ (continued)

(b) Liquidation preference

In the event of any liquidation, dissolution, bankruptcy, winding up of Dingdang Medicine Express Technology, all assets and funds of Dingdang Medicine Express Technology legally available for distribution to the shareholders shall be distributed to the shareholders of Dingdang Medicine Express Technology as follows:

- Investors of Series A and A+ shares with preferred rights;
- Other shareholders of Dingdang Medicine Express Technology except investors of Series A and A+ shares with preferred rights

(c) Dividend rights

All of the shareholders of Dingdang Medicine Express Technology shall be entitled to receive dividends, out of no more than 10% of the net profit after tax if there is still a surplus after making up the loss and drawing the statutory surplus reserve. Each shareholder has the right to receive dividends with the basis of the proportion of paid in capital.

(d) Redemption Rights

The Series A+ investor has the right to require the Controlling Shareholder to jointly and severally purchase the shares of Dingdang Medicine Express Technology held by the Series A+ investor if the investment agreement is terminated due to the provisions as follows:

- If Dingdang Medicine Express Technology fails to complete the registration and filing procedures, the Series A+ investor can terminate the agreement;
- If Dingdang Medicine Express Technology and/or the Controlling Shareholder violate or fail to fulfill any of their commitments and cause significant adverse effects on Dingdang Medicine Express Technology and/or the Series A+ investor, the Series A+ investor may terminate agreement;
- If all the statements and warranties made by Dingdang Medicine Express Technology and/or the Controlling Shareholder are false, inaccurate, omission or misleading and lead to significant adverse effect to Dingdang Medicine Express Technology and/or the Series A+ investor, the Series A+ investor can terminate the agreement accordingly;
- If any non-performing party fails to properly perform other obligations under the agreement and has not been fulfilled or rectified within 45 days after receipt of the notice from other observant investors, any observant investors can terminate the agreement accordingly.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series A+ (continued)

(d) *Redemption Rights* (continued)

The redemption price for Series A+ shares with preferred rights shall be 100% of the issue price plus 8% simple annual interest of the issue price commencing from the issue date minus all the distributed dividends.

Series A+ investors are also entitled to the right of co-sale, preemptive rights and rights of first refused as Series A investors.

As the Series A+ shares with preferred rights are contingently redeemable by the holders under certain events and the share numbers are variable due to the potential adjustments aforementioned under certain circumstances which are not purely "anti-dilutive" in nature. The Series A+ shares with preferred rights are initially recognized at fair value. The Group designates the entire Series A+ shares with preferred rights as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss.

The modifications to the Series A shares with preferred rights, i.e. the anti-dilution rights granted to holders of Series A shares with preferred rights, results to derecognition of the equity and financial liability is recognized at its fair value at modification date with reference to IAS 32.16(b), with the difference is recognized as an adjustment within equity. The Group also designates Series A shares with preferred rights as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss.

Series B

In January 2019, Dingdang Medicine Express Technology entered into Series B share subscription agreement with third-party investors. Dingdang Medicine Express Technology issued 14,705,882 shares at RMB1.00 per share for a total cash proceed of RMB400 million, representing 19.05% of the ownership of Dingdang Medicine Express Technology on a fully diluted basis.

The key terms of Series B shares with preferred rights and modification of Series A and A+ shares with preferred rights are set as below:

(a) *Anti-dilution rights*

When Dingdang Medicine Express Technology intends to increase its registered capital through capital increase and share expansion, issuance of new shares or issuance of convertible bonds, if the subscription price for each RMB registered capital of such subsequent capital increased is lower than the subscription price corresponding to each RMB of registered capital invested by Series A, A+ and B investors in Dingdang Medicine Express Technology, Series A, A+ and B investors have the rights to require the Controlling Shareholder to jointly and severally transfer a certain proportion of Dingdang Medicine Express Technology's shares to Series A, A+ and B investors free of charge to adjust Series A, A+ and B investors' subscription price of each RMB registered capital equal to a specific amount calculated by a generalized weighted average formula which would lead to a different shares compensation quantity with the formula used in Series A+.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series B (continued)

(b) *Liquidation preference*

In the event of any liquidation, dissolution, bankruptcy, winding up of Dingdang Medicine Express Technology, Dingdang Medicine Express Technology's property should first be used to pay social insurance fees, statutory compensation, taxes owed, and debt. The remaining property (if any) shall be distributed in the following order:

- Investors of Series B shares with preferred rights;
- Investors of Series A and A+ shares with preferred rights;
- Other shareholders of Dingdang Medicine Express Technology except investors of Series A, A+ and B shares with preferred rights.

(c) *Redemption rights*

The Series A+ and B investor have the right to require Dingdang Medicine Express Technology and the Controlling Shareholder to jointly and severally purchase all or part of the shares of Dingdang Medicine Express Technology held by the Series A+ and B investors due to the provisions as follow:

- If an IPO has not been consummated on the stock exchange market before March 31, 2024 after the date of the signed Series B share subscription agreement or after the Company submitted its listing application materials, it has been rejected or voluntarily withdrawn due to the existence of horizontal competition with Renhe (Group) Development Co., Ltd.* (仁和(集團)發展有限公司) ("Renhe (Group)") and cannot eliminate such obstacles through rectification;
- There is a material breach of any of the transaction documents or material violation of applicable laws by any companies comprising in Dingdang Medicine Express Technology and the Controlling Shareholder or violation has caused a material adverse effect to the Group or the investors;
- Other serious breaches of the contract occurred, and failed to correct after 30 days from the date of written notice of any series B investor's requesting;

* English names are for identification purpose only.

The redemption price for Series A+ and Series B shares with preferred rights shall be the amount of paid in capital held multiply by Series A+ and Series B subscription price respectively, plus 8% simple annual interest of the issue price commencing from the issue date minus all the distributed dividends per share with preferred rights then held by such shareholder.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series B (continued)

(c) *Redemption rights* (continued)

Series B investors are also entitled to the preemptive rights, dividend rights, rights of co-sale and rights of first refusal as Series A and A+ investors.

As the Series B shares with preferred rights are contingently redeemable by the holders under certain events and the share numbers are variable due to the potential adjustments aforementioned under certain circumstances which are not purely "anti-dilutive" in nature. The Series B shares with preferred rights are initially recognized at fair value. The Group designates the entire Series B shares with preferred rights as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss.

For the modification of Series A and A+ shares with preferred rights contractual terms, the revised terms did not result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. Series A and A+ shares with preferred rights are still recognized as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

Series B+

In May 2020, Dingdang Medicine Express Technology entered into Series B+ share subscription agreement with third-party investors. Dingdang Medicine Express Technology issued 22,270,933 shares at RMB1.00 per share for a total cash proceed of RMB825 million, representing 22.39% of the ownership of Dingdang Medicine Express Technology on a fully diluted basis.

The key terms of Series B+ shares with preferred rights and modification of Series A, A+ and B shares with preferred rights are set as below:

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series B+ (continued)

(a) Liquidation preference

In the event of any liquidation, dissolution, bankruptcy, winding up or sale of Dingdang Medicine Express Technology, all assets and funds of Dingdang Medicine Express Technology legally available for distribution to the shareholders (after satisfaction of all creditors' claims and claims that may be preferred by applicable laws) shall be distributed to the shareholders of Dingdang Medicine Express Technology as follows:

- Investors of Series B+ shares with preferred rights;
- Investors of Series B shares with preferred rights;
- Investors of Series A+ shares with preferred rights;
- Investors of Series A shares with preferred rights;
- Other shareholders of Dingdang Medicine Express Technology except investors of Series A, A+, B and B+ shares with preferred rights;

(b) Redemption rights

The Series A+, Series B and Series B+ shares with preferred rights shall be redeemable at the option to purchase all or part of Dingdang Medicine Express Technology's equity held by the Series A+ and Series B investors as provided below:

- If an IPO has not been consummated on the Stock Exchange market before March 31, 2024 after the date of signed Series B+ share subscription agreement or after the Company submitted its listing application materials, it has been rejected or voluntarily withdrawn due to the existence of horizontal competition with Renhe (Group) and cannot eliminate such obstacles through rectification;
- There is a material breach of any of the transaction documents or material violation of applicable laws by any companies comprising in Dingdang Medicine Express Technology and the Controlling Shareholder or violation has caused a material adverse effect to the Group or the investors;
- Other serious breaches of the contract occurred, and failed to correct after 30 days from the date of written notice of any series B+ investor's requesting;

The redemption price for Series A+, Series B and Series B+ shares with preferred rights shall be the amount of paid in capital held multiply by Series A+, Series B and Series B+ subscription price respectively, plus 8% simple annual interest of the issue price commencing from the issue date minus all the distributed dividends per share with preferred rights then held by such shareholder.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Series B+ (continued)

(b) *Redemption rights* (continued)

Series B+ investors are also entitled to the preemptive rights, dividend rights, rights of co-sale, rights of first refusal and anti-dilution rights as Series A, A+ and B investors.

As the Series B+ shares with preferred rights are contingently redeemable by the holders under certain events and the share numbers are variable due to the potential adjustments aforementioned under certain circumstances which are not purely "anti-dilutive" in nature. The Series B+ shares with preferred rights are initially recognized at fair value. The Group designates the entire Series B+ shares with preferred rights as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss.

For the modification of Series A, A+ and B shares with preferred rights contractual terms, the revised terms not result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. Series A, A+ and B shares with preferred rights are still recognized as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities at FVTPL" in profit or loss. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

Preferred Shares issued by the Company

In May 2021, as part of Reorganization, the Company entered into a share subscription agreement with independent investors of Series A, Series A+, Series B and Series B+ to issue certain number of preferred shares of the Company to these investors to reflect their rights obligations and shareholding in Dingdang Medicine Express Technology. The directors of the Company measured the fair value of the derecognised Series A, Series A+, Series B and Series B+ shares with preferred rights in Dingdang Medicine Express Technology and that of the newly issued preferred shares, assisted by an independent qualified professional valuer and determined that there was no significant differences. On the same day, the Company issued 182,374,160 Series C preferred shares with par value of USD0.0001 per share for a total cash proceeds of RMB1,404 million, representing 13.94% ownership of the Company.

Upon the completion of Reorganization, the key terms of Preferred Shares are set as below:

(a) *Preemptive rights*

When the Company increases capital/issuance of new shares, it should first notify the Preferred Shares investor in writing of the proposed conditions, commercial terms and related terms of the capital increase/new share issuance, including but not limited to the number of capital increase/issuance of new shares, pricing standards, estimated completion time, etc., the Preferred Shares investor shall have the same priority to subscribe for capital increase/subscribe for newly issued shares based on its shareholding ratio under the same terms and conditions as the existing shareholders.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Preferred Shares issued by the Company (continued)

(b) *Right of first refusal*

When the Company's existing shareholders intend to sell, transfer or otherwise dispose of all or part of the Company's equity held by them, the proposed conditions for the transfer or disposal should be the first to notify in writing to the Preferred Shares investor, including but not limited to the number of transfers and disposals of equity, pricing standards, proposed transferees and estimated completion time, and other information. The Preferred Shares investor shall have the same preemptive right to purchase the equity to be transferred based on its shareholding ratio under the same terms and conditions as other existing shareholders.

(c) *Dividend rights*

The board of directors may from time to time declare dividends and distributions on shares of the Company outstanding and authorize payment of the same out of the funds of the Company lawfully available therefore. When the Company's board of directors decides to distribute dividends, it shall not distribute dividends or bonuses to other shareholders until the Preferred Shares investor has fully received the dividends.

(d) *Rights of co-sale*

When the Controlling Shareholder intends to sell, transfer or otherwise dispose of all or part of the Company's equity held by him, a notice of transfer with proposed conditions, commercial terms and any related terms should be provided to the Preferred Shares investor. The Preferred Shares investor have the right to transfer the equity based on the shareholding ratio on the same terms and conditions in the transfer notice.

(e) *Liquidation preference*

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

- Investors of Series C preferred shares;
- Investors of Series B+ preferred shares;
- Investors of Series B preferred shares;
- Investors of Series A and A+ preferred shares;
- Other shareholders of the Company except investors of Preferred Shares;

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Preferred Shares issued by the Company (continued)

(f) *Redemption rights*

The Preferred Shares shall be redeemable at the option to purchase all or part of the Company's equity held by the Preferred Shares investors as provided below:

- If an IPO has not been consummated on the Stock Exchange market before March 31, 2024; it has been rejected or voluntarily withdrawn due to the existence of horizontal competition with Renhe (Group) and cannot eliminate such obstacles through rectification;
- Any holder of the Preferred Shares has exercised its redemption rights pursuant;
- There is a material breach of any of the transaction documents or material violation of applicable laws by any companies comprising in the Company's and the Controlling Shareholder or violation has caused a material adverse effect to the Group or the investors;
- Other serious breaches of the contract occurred, and failed to correct after 30 days from the date of written notice of any investor' s requesting;

The redemption price of Series A, Series A+, Series B and Series B+ preferred shares shall be the greater of (i) (A) one hundred percent (100%) of issue price of each round plus (B) eight percent (8%) simple annual interest of the corresponding issue price commencing from issue date minus (C) all the distributed dividends with respect to per series preferred share then held by such preferred share shareholders and (ii) the net asset value in respect of such series preferred share based on the latest audited financial statements of the Company.

The redemption price of Series C preferred shares shall be the greater of (i) the sum of (A) one hundred percent (100%) of the Series C issue price, (B) eight percent (8%) compound annual interest of the Series C issue price commencing from Series C issue date and (C) all dividends declared and unpaid with respect to per Series C preferred share then held by such Series C shareholder and (ii) the net asset value in respect of such Series C preferred share based on the latest audited financial statements of the Company.

(g) *Conversion Rights*

Each Preferred Share shall be convertible, at the option of the holder thereof, into such number of fully paid and non-assessable ordinary shares as determined by dividing the relevant deemed issue price by the then-effective relevant conversion price. The conversion price for the Preferred Shares shall initially be equal to issue price of each round of preferred shares, resulting in an initial conversion ratio of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Preferred Shares issued by the Company (continued)

(g) *Conversion Rights* (continued)

Each Preferred Share shall automatically be converted, based on the then-effective conversion price for such Preferred Share, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of an IPO, or (ii) with respect to any class of shares, the written notice signed by the holders representing more than 50% of the voting power of the outstanding shares of such class, voting as a separate class and calculated on an as-converted basis. If the Company shall at any time, or from time to time, effect a subdivision of the outstanding ordinary shares, the conversion price then in effect immediately prior to such subdivision with respect to each preferred share shall be proportionately decreased.

Conversely, if the Company shall at any time, or from time to time, combine the outstanding ordinary shares into a smaller number of shares, the conversion price then in effect immediately prior to such combination with respect to each preferred share shall be proportionately increased. Any adjustment shall become effective at the close of business on the date the subdivision or combination becomes effective.

Dingdang Medicine Express Technology derecognized financial liabilities at FVTPL of Series A, A+, B, B+ shares with preferred rights due to the Capital Reduction and the Company designated the Preferred Shares as financial liabilities at FVTPL as they are contingently redeemable by the holders of these Preferred Shares under certain events out of control of the Company and will be settled other than by the exchange of a fixed amount of cash for a fixed number of the Company's shares.

20. FINANCIAL LIABILITIES AT FVTPL (continued)

Shares with preferred rights issued by Dingdang Medicine Express Technology (continued)

Presentation and Classification

The Preferred Shares were valued by the directors of the Company with reference to valuation carried out by independent qualified professional valuer, ValueLink Management Consultants Limited. The Company used the discounted cash flow method as of June 30, 2022 (December 31, 2021: discounted cash flow method) to determine the underlying share value of the Company and performed an equity allocation based on option pricing model to arrive the fair value of the Preferred Shares as of the dates of issuance and June 30, 2022.

Key valuation assumptions are set out as below:

	As of June 30, 2022 (Unaudited)	As of December 31, 2021 (Audited)
Risk-free interest rate	**2.89%**	0.79%
Expected volatility value	**43.41%**	45.26%
Discount rate	**15.00%**	15.00%
DLOM under liquidation scenario	**13.00%**	15.00%
DLOM under redemption scenario	**13.00%**	15.00%
DLOM under listing scenario	**4.50%**	7.50%
Possibilities under liquidation scenario	**12.50%**	15.00%
Possibilities under redemption scenario	**12.50%**	15.00%
Possibilities under listing scenario	**75.00%**	70.00%

Movement of financial liabilities at FVTPL during the relevant periods is set out in Note 26.

The directors of the Company estimated the risk free interest rate based on the yield of the American treasury bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates as of June 30, 2022 and December 31, 2021. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Discount rate was estimated by weighted average cost of capital as of each valuation date. The discount for lack of marketability (the "DLOM") was estimated based on the option-pricing method.

21. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognized and movements thereon during the relevant periods:

	Revaluation in acquisitions *RMB'000*
At January 1, 2021 (Audited)	49,065
Credit to profit or loss	(7,484)
At December 31, 2021 (Audited)	41,581
Credit to profit or loss	(3,742)
At June 30, 2022 (Unaudited)	**37,839**

As of June 30, 2022, the Group had unused tax losses of RMB701,288,000 (December 31, 2021: RMB634,775,000) available for offset against future profits. Due to the unpredictability of future profit streams, no deferred tax asset had been recognized for these unused tax losses. The tax losses with expiry dates as disclosed in the following table.

	Six months ended June 30, 2022 (Unaudited) *RMB'000*	Year ended December 31, 2021 (Audited) *RMB'000*
2022	**1,113**	12,290
2023	**20,468**	45,832
2024	**74,230**	74,347
2025	**152,657**	154,015
2026	**248,975**	251,265
2027	**81,786**	–
2028	**–**	–
2029	**11,106**	11,106
2030	**46,854**	46,854
2031	**39,066**	39,066
2032	**25,033**	–
	701,288	634,775

As of June 30, 2022, the Group had deductible temporary differences of RMB793,401,000 (December 31, 2021: RMB633,336,000) from certain PRC entities. No deferred tax assets have been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

22. SHARE CAPITAL

The share capital of the Group as of June 30, 2022 represented the share capital of the Company as the Reorganization was completed in May 2021.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 20, 2014.The initial authorized share capital of the Company was United States Dollar (the "USD") 50,000 divided into 500,000,000 shares with a par value of USD0.0001. Upon incorporation, one subscriber share was issued and allotted to the initial subscriber, Sertus Nominees (Cayman) Limited, who subsequently transferred such share to Alliance Flow Limited on the same date. The Company also allotted one share to Golden Mission Group Limited on the same date. On November 12, 2014, the shares held by Alliance Flow Limited and Golden Mission Group Limited were transferred to Delight Faith Limited and Go Far Limited, respectively. On April 30, 2015, the Company issued 127,499,999 shares to each of Delight Faith Limited and Go Far Limited.

On December 31, 2020, the 127,500,000 shares held by Delight Faith Limited and Go Far Limited were transferred to Delight Health Limited and Future Health Limited, respectively.

	Number of ordinary shares	**Nominal value of ordinary shares** *USD*
Authorized		
As of January 1, 2021 of USD0.0001 each (Audited)	500,000,000	50,000
Subdivision (Note i)	4,500,000,000	–
Consolidation (Note iii)	(4,500,000,000)	–
Creation of additional ordinary shares of USD0.0001 each (Note iii)	4,500,000,000	450,000
As of June 30, 2021 (Unaudited) of USD0.0001 each	5,000,000,000	500,000
As of January 1, 2022 (Audited) and June 30, 2022 (Unaudited) of USD0.0001 each	**5,000,000,000**	**500,000**

22. SHARE CAPITAL (continued)

	Number of ordinary shares	Paid in capital *USD*
Issued and fully paid		
As of January 1, 2021 of USD0.0001 each (Audited)	255,000,000	25,500
Subdivision (Note i)	2,295,000,000	–
Surrender of USD0.00001 each (Note ii)	(2,137,943,330)	(21,379)
Issue ordinary shares of USD0.00001 each (Note ii)	11,710,000	117
Consolidation (Note iii)	(381,390,003)	–
Issue ordinary shares of USD0.0001 each (Note iv)	457,623,333	45,762
Issue ordinary shares of USD0.0001 each (Note v)	130,793,590	13,079
As of June 30, 2021 (Unaudited) of USD0.0001 each	630,793,590	63,079
As of January 1, 2022 (Audited) and June 30, 2022 (Unaudited) of USD0.0001 each	**630,793,590**	**63,079**

	As of June 30, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Presented as	**403**	403

22. SHARE CAPITAL (continued)

Notes:

i. On April 20, 2021, the Company conducted a share subdivision and the authorized ordinary shares were subdivided from USD50,000 consisting of 500,000,000 ordinary shares of a par value of USD0.0001 each to USD50,000 consisting of 5,000,000,000 ordinary shares of a par value of USD0.00001 each. Thus the issued and fully paid shares increased by 2,295,000,000 ordinary shares from USD25,500 consisting of 255,000,000 ordinary shares of a par value of USD0.0001 each to USD25,500 consisting of 2,550,000,000 ordinary shares of a par value of USD0.00001 each.

ii. On April 28, 2021, Delight Health Limited and Future Health Limited irrevocably surrendered to the Company for cancellation of total 2,137,943,330 ordinary shares of USD0.00001 par value each for nil consideration. The issued share capital of the Company diminished by USD21,379.4333 (equivalent to RMB131,000). The Company also issued 11,710,000 ordinary shares to Excel Returns Group Limited (致盈集團有限公司) on the same day.

iii. On May 12, 2021, every ten ordinary shares with a par value of USD0.00001 each in the Company's issued and unissued ordinary shares were consolidated into one ordinary share with par value of USD0.0001 each. Immediately following the share consolidation, the authorized share capital of the Company was consolidated from USD50,000 consisting of 5,000,000,000 ordinary shares with a par value of USD0.00001 each to USD50,000 consisting of 500,000,000 ordinary shares with a par value of USD0.0001 each. The issued and fully paid ordinary shares of the Company decreased by 381,390,003 ordinary shares from 423,766,670 ordinary shares with a par value of USD0.00001 each to 42,376,667 ordinary shares with a par value of USD0.0001 each.

   On the same day, the authorized share capital of the Company increased from USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each, by the creation of additional 4,500,000,000 ordinary shares with a par value of USD0.0001 each, to USD500,000 divided into 5,000,000,000 ordinary shares with a par value of USD0.0001 each.

iv. During May 2021, the Company issued 457,623,333 ordinary shares with a par value of USD0.0001 to Excel Returns Group Limited, Go Prosper Enterprises Corporation (致盛企業有限公司), Much Premium Investment Limited (創基投資有限公司), Delight Health Limited and Future Health Limited, resulting in a total of 500,000,000 issued and fully paid ordinary shares with a par value of USD0.0001 each in total.

v. On May 31, 2021, pursuant to a Founder Incentive Scheme, as defined in Note 23, 130,793,590 ordinary shares of USD0.0001 each were issued to the Controlling Shareholder.

23. SHARE-BASED PAYMENTS

The employees were granted share options and restricted share units (the "RSUs") under the Share Incentive Plan. 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. No expense will be recognized unless and until the IPO is probable.

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

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Share options	**1,999**	5,802
RSUs	**135,784**	68,727
	137,783	74,529

23. SHARE-BASED PAYMENTS (continued)

(a) 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.

Details of the employees' share option is as follow:

Date of grant	**Number of ordinary shares**	**Exercise price** *RMB*
As of 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** ***RMB***	**Weighted average remaining term** ***Year***
Outstanding as of January 1, 2021 (Audited)	11,710,000	0.1	9.42
Outstanding as of June 30, 2021 (Unaudited)	11,710,000	0.1	8.92
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**

There were no exercisable share options during the relevant periods.

As of June 30, 2022, the number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of 2.73% (December 31, 2021: 1.96%) of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. As of June 30, 2022, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share-based payments reserve.

A share-based compensation expenses of RMB1,999,000 (Unaudited) (six months ended June 30, 2021: RMB5,802,000 (Unaudited)) for share options has been recognized in profit or loss for six months ended June 30, 2022.

23. SHARE-BASED PAYMENTS (continued)

(b) Details of the RSUs

A RSUs plan of Dingdang Medicine Express Technology (the "2016 RSUs 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 RSUs 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 vested 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 vested shares can be disposed within six month after listing date. After six months, vested shares cannot be disposed without the authorization of the Company. The fair value of each RSUs under 2016 RSUs Plan for common grantees and special grantees were RMB0.5012 and RMB0.5100, respectively, on September 13, 2016.

On May 30, 2020, a supplementary agreement (the "2020 RSUs Plan") was adopted by the Company. Considering the RSUs under both plans have been granted to same participants with same quantity, the fair value of the RSUs granted under 2016 RSUs Plan is broadly consistent with the fair value of the RSUs granted under 2020 RSUs Plan on May 30, 2020. The fair value of each RSUs granted under both plans were RMB2.3027 and RMB2.0334, respectively, on May 30, 2020. Accordingly, the 2016 RSUs Plan, was replaced as a result of the adoption of the 2020 RSUs 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 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 a qualified IPO of the Company. The time-based condition for the Controlling Shareholder is that 10%, 10%, 10% and 10% in sequence of vested shares can be disposed 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 vested shares can be disposed 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 financial statements. The fair value of the RSU under Founder Incentive Scheme was RMB5.3197 per share on May 31, 2021.

23. SHARE-BASED PAYMENTS (continued)

(b) Details of the RSUs (continued)

A summary of the RSUs is as follows:

	Number of RSUs for common grantees	Number of RSUs for special grantees	Number of RSUs for the Controlling Shareholder	Total	Weighted-average grant date fair value
				RMB	*RMB*
Unvested as of January 1, 2021 (Audited) (Note i)	54,400,000	21,833,330	–	76,233,330	0.50
Grant	–	–	130,793,590	130,793,590	5.32
Unvested as of June 30, 2021 (Unaudited)	54,400,000	21,833,330	130,793,590	207,026,920	3.55
Unvested as of January 1, 2022 (Audited) and June 30, 2022 (Unaudited)	**54,400,000**	**21,833,330**	**130,793,590**	**207,026,920**	**3.55**

Note:

i. From September 13, 2016 to January 1, 2021, 9,100,000 RSUs cancelled as a result of 9 grantees resigned. The remaining quantity of RSUs is 76,233,330 at January 1, 2021;

Details of the RSUs for directors, which has been included in common grantees and the Controlling Shareholder as shown above, is as follows:

	Number of RSUs for directors	Weighted-average grant date fair value
		RMB
Unvested as of January 1, 2021 (Audited)	23,000,000	0.50
Grant	130,793,590	5.32
Unvested as of June 30, 2021 (Unaudited)	153,793,590	4.60
Unvested as of January 1, 2022 (Audited) and June 30, 2022 (Unaudited)	**153,793,590**	**4.60**

A share-based compensation expenses of RMB135,784,000 (Unaudited) (June 30, 2021: RMB68,727,000 (Unaudited)) for RSUs have been recognized in profit or loss for six months ended June 30, 2022.

24. DIVIDENDS

During the six months ended June 30, 2022, RMB9,544,000 was paid for the dividend declared to the non-controlling interests during the six months ended June 30, 2021.

During the six months ended June 30, 2021, a final dividend to the non-controlling interests of RMB10,102,000 was declared for the year ended December 31, 2020 by certain subsidiaries of the Company and RMB1,171,000 was paid for the dividend declared in 2020.

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

25. 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, 2022 (Unaudited) ***RMB'000***	As of December 31, 2021 (Audited) *RMB'000*
Within one year	**2,241**	2,544
In the second year	**1,013**	1,131
In the third year	**96**	519
In the fourth year	**65**	65
In the fifth year	**16**	49
	3,431	4,308

26. 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.

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

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
As of June 30, 2022 (Unaudited)				
Liabilities:				
Financial liabilities at FVTPL	**–**	**–**	**5,013,406**	**5,013,406**
As of December 31, 2021 (Audited)				
Liabilities:				
Financial liabilities at FVTPL	–	–	4,650,950	4,650,950

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

Financial liabilities at FVTPL of Preferred Shares are not traded in an active market, its fair values have been determined by using discounted cash flow method. Major assumptions used in the valuation for the Preferred Shares are presented in Note 20.

Fair value of the shares with preferred rights/Preferred Shares is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 5% with all other variables held constant, the loss before income tax for the six months ended June 30, 2022 would have been approximately RMB20,600,000 (Unaudited) (six months ended June 30, 2021: RMB185,258,000 (Unaudited)) higher/lower, respectively.

For liabilities 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.

Reconciliation of Level 3 fair value measurements:

	Financial products issued by banks *RMB'000*	**Shares with preferred rights/ Preferred Shares** *RMB'000*
As of January 1, 2021 (Audited)	17,770	2,343,474
Issue of Preferred Shares	–	4,476,585
Redemption of shares with preferred rights	–	(3,081,310)
Purchase	1,275,521	–
Redemption	(1,250,990)	–
Changes in fair value	678	861,297
As of June 30, 2021 (Unaudited)	42,979	4,600,046
As of January 1, 2022 (Audited)	**–**	**4,650,950**
Purchase	**3,099,382**	**–**
Redemption	**(3,102,877)**	**–**
Changes in fair value (Note)	**3,495**	**362,456**
As of June 30, 2022 (Unaudited)	**–**	**5,013,406**

Note: Change in fair value presented in RMB includes effect of exchange on translation from USD balances.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

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

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

27. 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)	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)	
Shenzhen Sanpu Natural Cosmetics Co., Ltd.* (深圳市三浦天然化妝品有限公司) (Note ii)	
Shenzhen Yaodu Bencao Biotechnology Co., Ltd.* (深圳市藥都本草生物科技有限公司) (Note i)	
Hainan Sanpu Biotechnology Co., Ltd.* (海南三浦生物科技有限公司) (Note ii)	
Jiangxi Sanpu Medical Instrument Co., Ltd.* (江西三浦醫療器械有限公司) (Note ii)	
Jiangxi Yaodu Renhe Technology Co., Ltd.* (江西藥都仁和科技有限公司)	
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. and its subsidiaries	Related company significantly influenced by the Controlling Shareholder

Notes

i: Shenzhen Yaodu Bencao Biotechnology Co., Ltd. was no longer a related party since April 2021 as it was disposed to an independent third party.

ii: Shenzhen Sanpu Natural Cosmetics Co., Ltd., Hainan Sanpu Biotechnology Co., Ltd. and Jiangxi Sanpu Medical Instrument Co., Ltd. were acquired by Renhe Pharmacy Co., Ltd. since August 2021.

* English names are for identification purpose only.

27. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

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

Name of related parties	Nature of balances/transactions	Six months ended June 30, 2022 (Unaudited) *RMB'000*	Six months ended June 30, 2021 (Unaudited) *RMB'000*
Renhe Pharmacy Co., Ltd. and its subsidiaries	Product sales	**6**	7
	Purchase of goods	**114,672**	65,106
	Brand usage fee	**1,039**	2,336
Renhe (Group)	Product sales	**3**	4
	Brand usage fee	**847**	4,374
Shenzhen Sanpu Natural Cosmetics Co., Ltd.	Purchase of goods	**–**	26,693
Shenzhen Yaodu Bencao Biotechnology Co., Ltd.	Purchase of goods	**–**	1,434
Hainan Sanpu Biotechnology Co., Ltd.	Purchase of goods	**–**	3,214
Jiangxi Sanpu Medical Instrument Co., Ltd	Purchase of goods	**–**	4,640
Other related parties	Product sales	**3**	–
	Purchase of goods	**4**	7

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.

27. 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, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade	**785**	1,086
Other related parties	Trade	**4**	–
Total		**789**	1,086

Amounts due to related parties

Name of related parties	Nature of balances/transactions	As of June 30, 2022 (Unaudited) *RMB'000*	As of December 31, 2021 (Audited) *RMB'000*
Renhe Pharmacy Co., Ltd. and its subsidiaries	Trade (note iii)	**61,282**	20,047
	Non-trade (note i/ii)	**464**	2
Renhe (Group)	Non-trade (note i/ii)	**2,903**	2,145
Other related parties	Trade (note iii)	**94**	90
	Loans (note i)	**208**	228
Total		**64,951**	22,512

Notes:

i. The amount is unsecured, interest free and repayable on demand. In the opinion of the directors, the amounts due to related parties of non-trade nature will be settled before the completion of IPO, except for those payables arising from the normal course of business which will be typically settled periodically.

ii. The amount primarily included brand usage fee payables, which was recognized as amounts due to related parties of non-trade nature.

iii. The amounts due to related parties of trade nature were resulting from purchase of goods.

27. 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,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Salaries and bonuses	**2,838**	2,747
Share-based payments	**135,243**	61,280
Welfare, medical and other benefits	**154**	120
	138,235	64,147

28. SUBSEQUENT EVENTS

There are no significant subsequent events subsequent to June 30, 2022.