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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		Change
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	
Revenue	2,247,282	1,989,776	Increased by 12.9%
Loss for the period	(117,351)	(585,909)	Narrowed by 80.0%
Loss for the period attributable to owners of the Company	(112,574)	(578,065)	Narrowed by 80.5%
Adjusted net loss (non-IFRS measure) ¹	(44,128)	(65,664)	Narrowed by 32.8%
Adjusted net loss margin (non-IFRS measure) ¹	(2.0%)	(3.3%)	Improvement of 1.3pp

Note:

- 1 The Company defines adjusted net loss (non-IFRS measure) as loss for the period, excluding certain reconciling items as set out in the section headed "Non-IFRS Measures: Adjusted Net Loss and Adjusted Net Margin".

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Dingdang Health Technology Group Ltd. (the "Company") is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and the consolidated affiliated entities (collectively, the "Group") for the six months ended June 30, 2023 together with the comparative figures for the corresponding period in 2022, as follow:

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the prospectus of the Company dated September 1 2022 (the "Prospectus").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
	<i>Notes</i>	
Assets		
Non-current assets		
Property and equipment	41,829	42,404
Right-of-use assets	158,677	174,956
Goodwill	255,762	255,762
Other intangible assets	152,486	169,983
Equity instruments at FVTOCI	96,699	116,158
Investments in an associate	3,766	–
Rental deposits	13 11,041	10,625
	<u>720,260</u>	<u>769,888</u>
Total non-current assets		
Current assets		
Financial assets at FVTPL	143,416	136,798
Inventories	551,407	607,950
Trade and other receivables and prepayments	13 334,194	449,331
Amounts due from related parties	2,126	1,959
Restricted bank deposits and time deposits	7,584	120,600
Cash and cash equivalents	1,478,013	1,210,949
	<u>2,516,740</u>	<u>2,527,587</u>
Total current assets		
Total assets	<u>3,237,000</u>	<u>3,297,475</u>
Equity		
Share capital	894	894
Reserves	8,102,046	8,053,494
Accumulated losses	(5,981,304)	(5,868,730)
	<u>2,121,636</u>	<u>2,185,658</u>
Equity attributable to owners of the Company		
Non-controlling interests	7,766	13,538
	<u>2,129,402</u>	<u>2,199,196</u>
Total equity		

		As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
	<i>Notes</i>		
Liabilities			
Non-current liabilities			
Contract liabilities		2,805	3,836
Lease liabilities		86,105	91,012
Deferred tax liabilities		30,355	34,097
		<hr/>	<hr/>
Total non-current liabilities		119,265	128,945
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>14</i>	795,549	772,817
Amounts due to related parties		87,541	29,261
Contract liabilities		41,127	90,182
Lease liabilities		61,297	72,125
Income tax payable		2,819	4,949
		<hr/>	<hr/>
Total current liabilities		988,333	969,334
		<hr/>	<hr/>
Total liabilities		1,107,598	1,098,279
		<hr/>	<hr/>
Total equity and liabilities		3,237,000	3,297,475
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of new and amendments to IFRSs

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

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

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

4. SEGMENT INFORMATION

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

The Group's chief operating decision maker, who has been identified as the president, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As the Group's non-current assets (excluding equity instruments at FVTOCI) are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented. During the six months ended June 30, 2023, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (six months ended June 30, 2022: nil).

5. REVENUE

Disaggregation of revenue from contracts with customers:

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

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

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

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

7. OTHER GAINS AND LOSSES, NET

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

8. OTHER INCOME

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

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

9. FINANCE COSTS

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

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

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

11. INCOME TAX EXPENSE

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

12. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(112,574)</u>	<u>(578,065)</u>

Number of shares:

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

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

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Within 3 months	102,837	100,281
3 to 6 months	8,693	1,936
6 to 12 months	2,723	2,615
Over 12 months	1,631	1,293
	<hr/>	<hr/>
Less: allowance for ECL	(608)	(563)
	<hr/>	<hr/>
	<u>115,276</u>	<u>105,562</u>

As of June 30, 2023, the Group's trade receivables balance included debtors with aggregate carrying amount of RMB28.6 million (December 31, 2022: RMB39.7 million), which were past due but not impaired as of the reporting date. The Group has not provided an impairment loss as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

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

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

	As of June 30, 2023 (Unaudited) RMB'000	As of December 31, 2022 (Audited) RMB'000
Within 3 months	382,443	319,622
3 to 6 months	47,390	12,293
6 to 12 months	6,547	13,311
Over 12 months	<u>6,803</u>	<u>8,644</u>
Total	<u><u>443,183</u></u>	<u><u>353,870</u></u>

15. DIVIDENDS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of the financial year 2023 (the “**Reporting Period**”), with the in-depth development of the industry’s online and offline integration, the room for development and dimensions of the digital medical industry experienced continuous extension and expansion, enabling the Company to consolidate and achieve long-term development with its online and offline integrated digital competition and operating advantages. During the Reporting Period, with the joint efforts of the Company’s management and all employees, the Company, following its business road map, focused on refined operation and high-quality development, revolving around the building of “commodity power, channel power, innovation power, professional power, and organizational power” to achieve continuous optimization of supply chain and products while continuously building an efficient and unified warehousing network and internet medical service system to continuously enhance user mentality and service efficiency, and strive to maintain long-term sustainable development and high-quality growth in revenue. With the nation’s strong support and promotion of digital industry upgrade and medical system reform, and various measures to promote healthy consumption of residents, the Company will further grasp the trends of technology and policies, giving full play to its own professional advantages and persistently adhering to the advantages of digital medicine and medical services to better meet the increasing demand for health and medical services of residents.

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

The Company will consistently adhere to the user-centric mode and build a comprehensive ecosystem of “Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance” through in-depth cooperation and empowerment of the industry chain, and the Company, centering around residents’ health needs while closely following the national policy guidance and focusing on forward-looking innovation, has made an early and sound planning of business segments including online medical insurance payment, professional pharmaceutical cold-chain on-demand delivery services, AI smart medical services and other business segments to provide residents with professional, safe, immediate and efficient pharmaceutical and healthcare services. At the same time, it will further consolidate and develop the on-demand health service in mega-cities, focusing on the planning of expansion of core cities and steadily exploring new cities in a bid to support the medium-to-long-term growth of the Company.

- **Drug Express Business**

We remain committed to providing an instant, professional, omni-channel and data-driven drug purchase service portfolio to our users. For the six months ended June 30, 2023, our drug express business has maintained growth. The breakdown of revenue by channel includes: Revenue recorded from online direct sales of RMB1,606.0 million (for the six months ended June 30, 2022: RMB1,398.7 million), representing a period-on-period increase of 14.8%; revenue recorded from business distribution of RMB246.0 million (for the six months ended June 30, 2022: RMB183.8 million), representing a period-on-period increase of 33.8%; revenue recorded from offline retail of RMB332.6 million (for the six months ended June 30, 2022: RMB343.7 million), representing a period-on-period decrease of 3.2% and revenue recorded from other business of RMB62.7 million (for the six months ended 30 June 2022: RMB63.5 million), representing a period-on-period decrease of 1.4%.

During the Reporting Period, we bolstered up the development of our supply chain system, including warehousing logistics and cold-chain logistics service capabilities. In specialized fields including diabetes and dermatology, we further enhanced user service capabilities through digitalization and professional logistics to ensure the safe use of drugs for users. Through our partnerships with more than 5,000 drug manufacturing companies, we strove to enhance and expand the diversity of our product portfolio and provide our users with more affordable, high-quality services and products by connecting them with drug manufacturers through an F2C ecosystem.

➤ ***Online Direct Sales***

In terms of the online direct sales channel, the Company reached out to its users through its online platform for service and product sales. During the Reporting Period, the Company recorded a revenue of RMB1,606.0 million (for the six months ended June 30, 2022: RMB1,398.7 million) from online direct sales channel, representing an increase of 14.8% as compared with the corresponding period last year. Through our online-to-offline order fulfillment service model and direct-sales e-commerce service model, we have accumulated 39.2 million registered users on our own platform alone and maintained contact with them through omni-platform channels. The Company focuses on providing express medicine, medical and healthcare services which are empowered by our smart pharmacy and E-zoning technology as well as experienced riders who can deliver efficiently and safely through an intelligent scheduling system. In the direct-sales e-commerce model, we can make both regular and scheduled deliveries with the help of third-party carriers, covering major regions and populations across the country.

➤ ***Business Distribution***

The Company will further reinforce its industrial advantages in the supply chain by radically forging its commodity and innovation power, integrate OEM customization and product innovation through supply chain resources, and strengthen collaboration with small enterprises and distributors to achieve supply chain empowerment and product sales through a multi-channel e-commerce platform. During the Reporting Period, the business distribution recorded a revenue of RMB246.0 million (for the six months ended June 30, 2022: RMB183.8 million), representing a period-on-period increase of 33.8%, mainly due to the increase in the Company's product development and sales partners.

➤ ***Offline Retail***

In addition to online direct sales and business distribution, users can also purchase our products and services directly from our extensive network of pharmacies in major cities across China. During the Reporting Period, our offline retail recorded a revenue of RMB332.6 million (for the six months ended June 30, 2022: RMB343.7 million), which was comparable to that of the same period last year.

➤ ***Other Business***

The Company has cooperated with over 5,000 pharmaceutical manufacturers and pharmaceutical distribution companies in aggregate. While establishing alliance and continuously deepening cooperation with pharmaceutical manufacturers and enterprises, the Company also realized in-depth cooperation in terms of advertisement, promotion, marketing service and research and development for pharmaceutical products. During the Reporting Period, the other business recorded a revenue of RMB62.7 million (for the six months ended June 30, 2022: RMB63.5 million), which was comparable to that of the same period last year.

- **Online Medical Consultation**

During the Reporting Period, the Company activated and released the Dingdang HealthGPT, and based on which the Company launched two applied pharmaceutical AI products: “Dingdang Pharmacist” and “Nutritionist AI Assistant”. In the future, it will provide the public with more professional, convenient and secure medication, nutrition and healthcare services so as to further realize the “technology inclusiveness” of AI in the pharmaceutical field. “Dingdang Pharmacist” and “Nutritionist AI Assistant” have passed the national professional qualification examinations for licensed pharmacist and nutritionist and have been under upgrades and optimizations all the time. “Dingdang Pharmacist” and “Nutritionist AI Assistant” can efficiently make scheduling and analysis of data resources and build interactive thinking capabilities to help pharmacists and nutritionists improve their work efficiency and service quality. Our medical team included more than 800 internal and external doctors and more than 400 medical professional pharmacists covering our network of smart pharmacies, enabling us to provide safe and secure health services to our users in accordance with national regulatory requirements. During the Reporting Period, we provided over 4 million times of online consultation services.

- **Chronic Diseases and Health Management**

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

As our services continue to grow, we are proactively exploring the establishment of patient services and medical services with various medical institutions and leading hospitals to provide patient journey management, remote consultation and health management for different users. We have further developed the management of subspecialties, including respiratory medicine, dermatology, gastroenterology, gynecology, cardiovascular and oncology, etc., and built partnerships with domestically renowned hospitals and specialists, providing users with online medical consultation through online and supplementary services.

Public Welfare and Social Responsibility

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

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

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

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

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

Future Prospects

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

FINANCIAL REVIEW

Revenue

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

Cost of Revenue

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

Gross Profit and Gross Profit Margin

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

Fulfillment Expenses

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

Selling and Marketing Expenses

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

Research and Development Expenses

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

General and Administrative Expenses

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

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

Fair Value Losses on Financial Liabilities at FVTPL

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

Other Gains and Losses, Net

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

Other Income

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

Finance Costs

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

Listing Expenses

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

Income Tax Expenses

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

Loss for the Period

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

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

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

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

The Company defines adjusted net loss (non-IFRS measure) as net loss for the periods adjusted by adding back fair value losses on financial liabilities at FVTPL related to the shares with preferred rights issued to pre-IPO investors, share-based payments and Listing expenses. The Company accounts for the shares with preferred rights as financial liabilities at FVTPL. The shares with preferred rights have been automatically converted into ordinary shares upon the completion of the Company’s Listing, and no further loss or gain on fair value changes has been recognized afterwards. Accordingly, the reconciling item is non-cash and does not result in cash outflow. In addition, the Company accounts for the compensation cost from share-based payment transactions with employees, and the reconciling item is non-cash and does not result in cash outflow. Further, the Company excludes Listing expenses, which arise from activities relating to the Listing and did not recur for the Reporting Period after the Listing. The Company defines adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue for the period and multiplied by 100%.

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

	For the six months ended	
	June 30,	
	2023	2022
	(unaudited)	(unaudited)
	<i>(RMB'000, except for percentages)</i>	
Reconciliation of net loss to adjusted net loss:		
Net loss for the period	(117,351)	(585,909)
Add		
Fair value losses on financial liabilities at FVTPL	–	362,456
Share-based payments	73,223	137,783
Listing expenses	–	20,006
	<u>–</u>	<u>20,006</u>
Adjusted net loss for the period (non-IFRS measure)	<u>(44,128)</u>	<u>(65,664)</u>
Adjusted net loss margin (non-IFRS measure)	<u>(2.0%)</u>	<u>(3.3%)</u>

LIQUIDITY AND CAPITAL RESOURCES

The Group financed its operations through internally generated cash flows and proceeds from the Global Offering and issuance of shares with preferred rights. As at June 30, 2023, we had cash and cash equivalents of RMB1,478.0 million (December 31, 2022: RMB1,210.9 million). The following table sets forth our cash flows for the periods indicated:

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

Net Cash From Operating Activities

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

Net Cash From Investing Activities

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

Net Cash Used in Financing Activities

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

Borrowings and Gearing

As of June 30, 2023, we did not have any bank borrowings and therefore we did not present gearing ratio.

Capital Expenditures

Our capital expenditures primarily consisted of purchases of property and equipment, payments for right-of-use assets and purchases of other intangible assets. Our capital expenditures were RMB7.8 million for the six months ended June 30, 2023 and RMB17.5 million for the six months ended June 30, 2022.

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

Capital Commitments

As of June 30, 2023, we had no material capital commitment.

Pledges of Assets

As of June 30, 2023, we did not have any material pledge of asset.

Significant Investments Held

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

Future Plans for Material Investments and Capital Assets

As of June 30, 2023, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the six months ended June 30, 2023.

Foreign Exchange Risk

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

CONTINGENT LIABILITIES

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

EMPLOYEES

As of June 30, 2023, we had 2,605 full-time employees, most of whom were based in China, mostly in Beijing, with the rest based in major cities across China such as Shenzhen, Zhangshu, Shanghai and Guangzhou.

The following table sets forth the number of our employees by function as of June 30, 2023:

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

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

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

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

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

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On September 14, 2022, the shares were successfully listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company issued a total of 33,537,000 ordinary shares with a nominal value of US\$0.0001 in the Global Offering at the offer price of HK\$12.00. The net proceeds raised from the Company’s Global Offering after deduction of the underwriting commissions and other estimated expenses paid and payable by the Company in connection with the Global Offering were approximately HK\$341.6 million.

As of the date of this announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2023:

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions (the “**Code Provisions**”) as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all Shareholders. Throughout the six months ended June 30, 2023, the Company has complied with the Code Provisions as set out in the CG Code except for the following deviation.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry to all Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code throughout the six months ended June 30, 2023.

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

During the six months ended June 30, 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

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

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

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

Save as disclosed above, there was no change in the Board and the chief executive officer of the Company, and the information of Directors and chief executive officer since the latest published annual report and up to the date of this announcement which was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

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

EVENTS AFTER THE REPORTING DATE

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

AUDIT COMMITTEE

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

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and Messrs, Deloitte Touche Tohmatsu, the auditor of the Company.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2023 have been reviewed by Messrs, Deloitte Touche Tohmatsu, in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Accounting Standards Board.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ddjkt.com.

The interim report of the Group for the six months ended June 30, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By order of the Board
DINGDANG HEALTH TECHNOLOGY GROUP LTD.
YANG WENLONG
Chairman

Hong Kong, August 25, 2023

As of the date of this announcement, the executive Directors are Mr. YANG Wenlong, Mr. XU Ning, Mr. YU Lei, Mr. YU Qinglong and Mr. YANG Yibin, the non-executive Director is Ms. CAI Li, and the independent non-executive Directors are Mr. ZHANG Shouchuan, Mr. FAN Zhenhong and Mr. JIANG Shan.