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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2023	2022	Change
	RMB'000	*RMB'000*	
Revenue	**4,856,806**	4,329,075	Increased by 12.2%
Loss for the year	**(230,868)**	(2,842,275)	Narrowed by 91.9%
Loss for the year attributable to owners of the Company	**(225,809)**	(2,833,395)	Narrowed by 92.0%
Adjusted net loss (non-IFRS measure)[1]	**(106,618)**	(128,698)	Narrowed by 17.2%
Adjusted net loss margin (non-IFRS measure)[1]	**(2.2%)**	(3.0%)	Improvement of 0.8 pp

Note:

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

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Dingdang Health Technology Group Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company, its subsidiaries and consolidated affiliated entities (collectively, "**Dingdang Health**" or the "**Group**") for the year ended December 31, 2023 together with the comparative figures for the corresponding period in 2022, as follows.

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**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

		Year ended December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Revenue	*3B*	**4,856,806**	4,329,075
Cost of revenue		**(3,346,135)**	(2,879,405)
Gross profit		**1,510,671**	1,449,670
Fulfillment expenses		**(492,066)**	(444,162)
Selling and marketing expenses		**(972,713)**	(908,238)
Research and development expenses		**(64,981)**	(88,951)
General and administrative expenses		**(258,664)**	(334,519)
Fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")		**–**	(2,504,548)
Other gains and losses, net	*5*	**18,064**	27,507
Other income	*6*	**49,142**	28,862
Finance costs	*7*	**(7,879)**	(7,918)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*8*	**(356)**	(1,546)
Listing expenses		**–**	(48,304)
Share of result of an associate		**(2,445)**	–
Loss before income tax	*4*	**(221,227)**	(2,832,147)
Income tax expense	*9*	**(9,641)**	(10,128)
Loss for the year		**(230,868)**	(2,842,275)
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		**(22,621)**	(9,293)
Other comprehensive expense for the year		**(22,621)**	(9,293)
Total comprehensive expense for the year		**(253,489)**	(2,851,568)
Loss for the year attributable to:			
Owners of the Company		**(225,809)**	(2,833,395)
Non-controlling interests		**(5,059)**	(8,880)
		(230,868)	(2,842,275)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(248,430)**	(2,842,688)
Non-controlling interests		**(5,059)**	(8,880)
		(253,489)	(2,851,568)
Loss per share (present in RMB YUAN)			
– Basic and diluted	*10*	**(0.17)**	(3.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2023

	Notes	As of December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**38,564**	42,404
Right-of-use assets		**155,368**	174,956
Goodwill		**255,762**	255,762
Other intangible assets		**133,618**	169,983
Equity instruments at FVTOCI		**93,537**	116,158
Rental deposits	*11*	**14,354**	10,625
Investment in an associate		**1,555**	–
Total non-current assets		**692,758**	769,888
Current assets			
Financial assets at FVTPL		**143,426**	136,798
Inventories		**612,327**	607,950
Trade and other receivables and prepayments	*11*	**365,287**	449,331
Amounts due from related parties		**877**	1,959
Restricted bank deposits and time deposits		**64,195**	120,600
Cash and cash equivalents		**1,185,898**	1,210,949
Total current assets		**2,372,010**	2,527,587
Total assets		**3,064,768**	3,297,475
EQUITY AND LIABILITIES			
Equity			
Share capital		**894**	894
Reserves		**8,132,275**	8,053,494
Accumulated losses		**(6,095,747)**	(5,868,730)
Equity attributable to owners of the Company		**2,037,422**	2,185,658
Non-controlling interests		**(527)**	13,538
Total equity		**2,036,895**	2,199,196

		As of December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Contract liabilities		**2,984**	3,836
Lease liabilities		**84,126**	91,012
Deferred tax liabilities		**28,219**	34,097
Total non-current liabilities		**115,329**	128,945
Current liabilities			
Trade and other payables	*12*	**774,084**	772,817
Amounts due to related parties		**45,898**	29,261
Contract liabilities		**32,366**	90,182
Lease liabilities		**56,084**	72,125
Income tax payable		**4,112**	4,949
Total current liabilities		**912,544**	969,334
Total liabilities		**1,027,873**	1,098,279
Total equity and liabilities		**3,064,768**	3,297,475

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, the "**Group**") are principally engaged in the provision of pharmaceutical and healthcare business in the PRC.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("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 consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to 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

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

2.2 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

- the Group also, as at January 1, 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the consolidated financial statements but has affected the disclosure of the Group's deferred tax.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Standards/Amendments	**Content**	**Effective for annual periods beginning on or after**
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

The directors of the Company anticipate that the application of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3A. 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 year ended December 31, 2023, there is no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2022: none).

3B. REVENUE

Disaggregation of revenue from contracts with customers:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Type of goods or services:		
Product revenue *(note i)*		
Pharmaceutical and healthcare business	**4,717,592**	4,201,618
Others *(note ii)*	**139,214**	127,457
Total revenue from contracts with customers	**4,856,806**	4,329,075
Timing of revenue recognition:		
At point in time	**4,717,592**	4,201,618
Overtime	**139,214**	127,457
Total	**4,856,806**	4,329,075

Notes:

i. The Group primarily sells pharmaceutical and healthcare products through online channels, such as its mobile APP or third-party online platforms, and offline channels, such as its network of physical pharmacies across the PRC. The Group also distributes some of its products to merchant customers. The Group recognizes the product revenue on a gross basis as the Group controls the specified goods before they are transferred to the customer after taking into consideration indicators such as the Group is responsible for fulfilling the promise to provide the specified goods.

   Product revenue is recognized at the point in time when the customer obtains control of the products, net of discounts.

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

   The Group provides marketing services to third parties on its online and offline channels. The Group recognizes revenue overtime from advertising placements based on the Group's advertising schedules confirmed by customers during the advertising period with an output method, as the customer simultaneously receives and consumes the benefits throughout the period.

   Marketplace services revenue primarily consists of commission fees charged to third-party merchants via the Group's online marketplace such as mobile APP or WeChat mini program. The Group generally is acting as an agent and its performance obligation is to present specified goods or services provided by those third-party merchants throughout a certain period. Commission fee revenue is recognized on a net basis over the presenting period with an output method.

4. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Year ended December 31, **2023** *RMB'000*	2022 *RMB'000*
Cost of inventories sold (including write-down of inventories amounting to RMB3,086,000 (2022: RMB149,000))	**3,345,308**	2,873,722
Employee benefit expenses		
– Salaries and bonuses	**324,256**	373,245
– Share-based payments expenses	**124,250**	160,725
– Retirement benefit scheme contributions	**33,576**	34,823
– Welfare, medical and other benefits	**48,333**	50,653
Total employee benefit expenses	**530,415**	619,446
Depreciation of property and equipment	**18,521**	20,181
Depreciation of right-of-use assets	**82,863**	77,890
Amortization of other intangible assets	**38,614**	37,236
Auditor's remuneration*	**5,740**	16,368

* The service fee in connection with IPO for the year ended December 31, 2023 is nil (2022: RMB10,988,000).

5. OTHER GAINS AND LOSSES, NET

	Year ended December 31, **2023** *RMB'000*	2022 *RMB'000*
Net foreign exchange gains	**5,146**	14,369
Loss on disposal of property and equipment	**(73)**	(14)
Gain on fair value changes of financial assets at FVTPL	**9,946**	11,262
(Loss)/gain on early termination of leases	**(424)**	58
Others	**3,469**	1,832
Total	**18,064**	27,507

6. OTHER INCOME

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Interest income		
– Bank deposits	**32,157**	16,730
– Lease deposits	**471**	421
Government grants (Note)	**8,936**	7,678
Rental income – fixed	**3,815**	4,033
Dividends from equity instruments at FVTOCI	**3,763**	–
Total	**49,142**	28,862

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.

7. FINANCE COSTS

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Interest on lease liabilities	**7,879**	7,918

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

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Impairment losses, net of reversal, recognized/(reversed) on:		
– Trade receivables	**493**	220
– Other receivables	**(137)**	1,326
Total	**356**	1,546

9. INCOME TAX EXPENSE

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current income tax		
– Current year	**15,073**	17,302
– Under provision in respect of prior year	**446**	310
Deferred income tax	**(5,878)**	(7,484)
Total	**9,641**	10,128

10. 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:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(225,809)**	(2,833,395)

Number of shares

	Year ended December 31,	
	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share*	**1,338,749,730**	841,076,782

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

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2023, the potential ordinary shares were not included in the calculation of diluted loss per share, as taking into account the exercise of the Company's restricted share units under the 2023 RSU Scheme (as defined in below) would be anti-dilutive (2022: anti-dilutive). Accordingly, diluted loss per share for the year ended December 31, 2023 is the same as basic loss per share.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of December 31, **2023** *RMB'000*	2022 *RMB'000*
Current:		
(a) Trade receivables		
Trade receivables from third parties	**114,438**	106,125
Less: allowance for ECL	**(1,056)**	(563)
Subtotal	**113,382**	105,562
(b) Other receivables and prepayments		
Welfare receivable	**1,918**	1,926
Advance to suppliers	**34,009**	115,212
Prepaid expenses	**28,399**	43,957
Recoverable value-added tax	**33,978**	27,462
Receivable from non-controlling shareholders	**4,790**	3,900
Receivable from third-party online platforms	**116,486**	132,029
Deposits receivables	**12,297**	15,181
Deposit in trustee	**14,349**	–
Others	**8,671**	7,231
Less: allowances for ECL	**(2,992)**	(3,129)
Subtotal	**251,905**	343,769
Total	**365,287**	449,331
Non-current:		
Rental deposits	**14,354**	10,625
	14,354	10,625

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 December 31, **2023** *RMB'000*	2022 *RMB'000*
Within 3 months	**89,937**	100,281
3 to 6 months	**10,340**	1,936
6 to 12 months	**12,268**	2,615
Over 12 months	**1,893**	1,293
Less: allowance for ECL	**(1,056)**	(563)
	113,382	105,562

As of December 31, 2023, included in the Group's trade receivables balance was debtors with aggregate carrying amount of RMB36.0 million (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 credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**384,963**	345,904
Notes payables	**21,223**	7,966
Subtotal	**406,186**	353,870
Salary and welfare payables	**133,815**	159,955
Other tax payable	**5,564**	15,215
Payables for delivery	**50,091**	50,063
Payables for service fee	**28,119**	35,001
Accrued expenses	**86,889**	78,542
Receipt on behalf of third-party merchants	**28,254**	46,890
Dividend payable to a non-controlling shareholder	**8,011**	–
Rental received in advance	**1,135**	757
Accrued listing expenses and issue costs	**–**	12,031
Deposits payable	**21,078**	16,332
Payable for machinery	**1,231**	–
Others	**3,711**	4,161
Subtotal	**367,898**	418,947
Total	**774,084**	772,817

The credit period of trade payables is ranging from 30 to 60 days. An aging analysis of the trade payables and notes payables based on the invoice date as of December 31, 2023 is as follows:

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**293,748**	319,622
3 to 6 months	**45,179**	12,293
6 to 12 months	**49,401**	13,311
Over 12 months	**17,858**	8,644
Total	**406,186**	353,870

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2023 (2022: nil).

During the year ended December 31, 2023, a dividend to the non-controlling interests shareholder of RMB15,108,000 (2022: nil) was declared by certain subsidiaries.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2023 was the first year to fully realize the spirit of the 20th National Congress of the Communist Party of China. It was also an important year for China to vigorously develop digital economy with data as a key element. This year, China further promoted the construction of a healthy China and prioritized the strategic development of people's health protection. With the practical implementation of the *Rules for Regulation of Internet Medical Treatment (Trial)* and the *Measures for the Supervision and Administration of Online Pharmaceuticals Sales*, the high-quality development of the "Internet + medical health" was further promoted. This year, the public's demand for digitalized medical health services continued to increase, and the new model of digital health on-demand service in the response to diseases such as the COVID-19 epidemic, influenza A and influenza B, and Mycoplasma pneumoniae has highlighted the importance of ensuring supply in the fight against the epidemic, vigorously safeguarding the people's needs for medical treatment and medicine. This year, the continuous emergence of new inventions, new technologies and new creations with AI as the core constantly deepened the application of digital technology in the medical and health industry expanding from an auxiliary link to a core link which further activates the extensive potential of digital health and medical care.

As one of the leaders in the digital health on-demand service, Dingdang Health closely follows the guidance of national policies, seizes new opportunities for industry development, and continues to practice its corporate value and concept of "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) to upgrade Dingdang Health's strategies and business layout through "digital strategies" with a focus on the organic growth of core businesses and high-quality improvements in operational efficiency, continuously promote business innovation and technological innovation, vigorously develop "a new type of multi-functional smart pharmacy that deeply integrates digital pharmacies and physical pharmacies", comprehensively promotes the high-quality and in-depth integrated development of the digital economy and the real economy, and provide digital health on-demand service to thousands of households through "internet + medical health", playing the most direct and efficient role in protecting people's health. In putting ourselves in another's position, we create sustainable values for users, Shareholders, the industry and the society.

Since launching the new "five-year plan" in 2023, Dingdang Health has insisted on putting users at the center, providing users with professional, safe, immediate, and efficient medical health on-demand service, promoting digital and intelligent transformation and upgrading, and striving to create "commodity power, channel power, innovation power, professional power and organizational power" to strengthen professional service standards and digital empowerment innovation capabilities. Specific measures include:

- **Deepening digital health services and upgrading the supply chain cooperation system:** Through continuously deepening digital operation capabilities and integrating and analyzing data elements, we provided users with online live broadcast and private domain operation services, created a product matrix and creative content matrix, and offered multiple protections. We also digitally empowered the industry, work with a number of pharmaceutical enterprises to innovate service models and launch products online, and comprehensively upgraded the supply chain strategic cooperation system through professional technology and services.

- **Refining digital disease specialty and remote medical services:** We strengthened the "medical + drug" linkage and established multiple digital disease specialist centers and remote pharmacy service platforms. We also provided special services for upper respiratory tract infection during the seasons with high incidence of respiratory diseases such as influenza A, influenza B, and Mycoplasma pneumoniae, providing users with specialist free consultations, medication guidance, health management, professional knowledge popularization and other health services, and deeply exploring and satisfying users' needs for treatment of existing diseases, pre-disease care, long-term chronic diseases, professional health guidance, etc.

- **Opening up digitally diversified and convenient payment methods:** Through cooperating with payment terminals, we actively promoted and realized online payment for medical insurance in Shanghai, creating a closed loop of medical and health services from drug sales to medical insurance settlement and home delivery. We established direct payment mechanisms with major commercial insurance companies to provide users with convenient payment solutions, establishing an ecological system which perfected "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance".

- **Innovating AI and digitally empowered medical consultation services:** We vigorously promoted the construction of technology capabilities for AI smart medical service and realized the AI upgrade of solutions in corresponding scenarios for doctors, pharmacists and customer service, which greatly improved the service efficiency of doctors, pharmacists and customer service.

- **Professional cold-chain and delivery team building:** We vigorously promoted the construction of professional delivery capabilities for cold-chain drugs, realized on-demand service for cold-chain drugs and created a logistics guarantee system for safety and quality.

- **Consolidating advantageous businesses to lay a solid foundation for medium to long-term scale growth:** We further consolidated and developed health on-demand service in megacities with a focus on the expansion in core cities. We also steadily expanded into new cities while actively promoting the three pillars of "self-operation + franchise + alliance" under our expansion strategy in a bid to support our medium to long-term scale growth.

We continue to emphasize that the industry we are in is closely related to the lives and health of users, and we assume great responsibilities thereon. In all aspects of management and operation, Dingdang Health has fully integrated social responsibility and service concepts into the effective paths for the corporate development strategy and business development, achieving a double harvest of economic and social benefits. In 2023, we further promoted and improved the construction of management system, enhanced product safety and information security levels, and continued to add value to employees, users, partners and the public. With the continuous development of business and the continuous improvement of corporate governance level, we further strengthened the integrated online and offline service performance system and a complete set of traceable quality control system, effectively combining digital medical and health services with innovation, while enabling the long-term and stable development of Dingdang Health's business.

2024 is a critical year for Dingdang Health's "five-year plan". We will continue to practice the corporate value and concept of "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). With adherence to being user-centered, we will continue to promote "digitalization strategy" and embrace digital technology. In close collaboration with ecological partners, we will deepen upstream and downstream strategic cooperation, promote the integrated development of industries with synergy and efficiency to build an in-depth service ecosystem of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance" and further promote the digital transformation and upgrading of the industry. With a continuous focus on our core businesses and core markets, we will improve stock, expand increments, explore variables, seize opportunities, continue to promote business innovation and technological innovation, cultivate "new quality productive forces" and continue to create a new type of "multi-functional smart pharmacy that deeply integrates digital pharmacies and physical pharmacies", comprehensively promoting the high-quality and in-depth integrated development of the digital economy and the real economy. We will continue to expand new categories and new services, build a full supply chain system for goods, expand an all-channel sales system, and promote on-demand retailing of health products and in-hospital medicines to fully meet the differentiated and diversified needs of users, creating a one-stop medical and health management and on-demand pharmaceutical retail system for all scenarios and full life cycles, promoting the Company's digital, professional and diversified development, and continuing create values for users, Shareholders, the industry and the society, better serving the users and repaying the public.

Finally, I would like to thank all Shareholders, partners, users, and community who have been supporting and helping us in moving forward together.

YANG Wenlong
Chairman & President
March 28, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2023 was the first year to fully realize the spirit of the 20th National Congress of the Communist Party of China. In this year, China vigorously developed a digital economy with data as a key element and constantly deepened the application of digital technology in the medical and health industry, expanding from an auxiliary link to a core link. The continuous emergence of new services and applications activated the extensive potential of digital health and medical care. Digital health on-demand service played a direct role in medical consultation and drug purchase and health protection among residents. Since the beginning of 2023, China has issued a series of relevant policies to further clarify the supervision and rules of the industry, meanwhile expressing encouragement and support for digital health services. In February 2023, the *Opinions on Further Deepening Reform to Promote the Healthy Development of the Rural Medical and Health System* proposed vigorous promotion of "Internet + medical health" and construction of a remote rural medical service system. In March 2023, the *Opinions on Further Improving the Medical and Health Service System* proposed the development of "Internet + medical health", building an industrial Internet platform for the medical field, accelerating the promotion of the Internet, blockchain, Internet of Things, artificial intelligence, cloud computing, big data and other technologies in the application in the medical and health fields, and strengthening the construction of a sharing, exchange and guarantee system for health and medical big data. In June 2023, the *Notice on Regulating the Online Sales Information Display of Prescription Drug* put forward detailed requirements for the display of prescription drug information on online drug sales platforms/websites (including applications). In July 2023, the *Measures to Restore and Expand Consumption* pinpointed the development of "Internet + medical health" to further improve the Internet consultation and treatment charging policy and gradually include qualified "Internet +" medical services into the scope of medical insurance payment. In October 2023, a pilot online payment project for medical insurance and drug purchase was conducted in Shanghai.

For the year ended December 31, 2023 (the "**Reporting Period**"), our total revenue increased to RMB4,856.8 million (2022: RMB4,329.1 million), with a year-on-year increase of 12.2%. Registered users and medical consultation services increased simultaneously, with cumulative registered users reaching approximately 41.5 million, and we recorded 8.21 million health and medical consultations in the online medical consultations business. For the year ended December 31, 2023, the net loss of the Company was narrowed down by 91.9%, representing a year-on-year decrease of RMB2,611.4 million. The Company recorded a loss of RMB230.9 million and an adjusted loss ratio of 2.2%, representing a year-on-year decrease of 0.8 percentage point, mainly due to our business strategy of cost reduction and efficiency improvement, which has effectively improved operational efficiency.

Dingdang Health 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 a sound planning and active promotion of business segments including online medical insurance payment, professional pharmaceutical cold-chain on-demand delivery services, AI smart medical services to provide residents with professional, safe, immediate and efficient pharmaceutical and medical services. At the same time, we will further consolidate and develop the on-demand health service in megacities, focusing on the expansion layout in core cities and steadily expanding into new cities in a bid to support our medium-to-long-term growth.

- **Drug Express Business**

  As a service provider in the digital health on-demand business, we always put users at the center, while continuously expand our range of health products and deeply penetrate the covered areas. Through business innovation and technological innovation, we ensure our full-time, full-area, all-scenario and all-weather digital health on-demand service delivered within 28 minutes on a 24/7 basis, allowing users to experience our speed, professionalism and comprehensiveness. For the year ended December 31, 2023, our drug express business has maintained growth. The breakdown of revenue by channel includes: revenue recorded from online direct sales of RMB3,527.9 million (2022: RMB3,091.0 million), representing a year-on-year increase of 14.1%; revenue recorded from business distribution of RMB545.8 million (2022: RMB436.6 million), representing a year-on-year increase of 25.0%; revenue recorded from offline retail of RMB643.9 million (2022: RMB674.0 million), representing a year-on-year decrease of 4.5% and revenue recorded from other business of RMB139.2 million (2022: RMB127.5 million), representing a year-on-year increase of 9.2%.

  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 6,000 pharmaceutical manufacturing and distribution companies, we strove to expand our partnerships to enhance and expand the diversity of our product portfolio. We also established an innovative business platform Yaojiaohui (藥交匯) to provide multi-channel, high-quality health products.

  ➢ **Online Direct Sales**

    In terms of the online direct sales channel, Dingdang Health reached out to its users through its online platform for service and product sales. During the Reporting Period, we recorded a revenue of RMB3,527.9 million (2022: RMB3,091.0 million) from online direct sales channel, representing a year-on-year increase of 14.1%. Through our online-to-offline order fulfillment service model and direct-sales e-commerce service model, we maintained contact with our users through omni-platform channels. Dingdang Health 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 could deliver efficiently and safely through an intelligent scheduling system. In the direct-sales e-commerce model, we could make both regular and scheduled deliveries with the help of third-party carriers, covering major regions and populations across China.

➢ **Business Distribution**

Dingdang Health will further reinforce industrial advantages in the supply chain by radically forging commodity and innovation power to achieve supply chain empowerment and product sales. During the Reporting Period, the business distribution recorded a revenue of RMB545.8 million (2022: RMB436.6 million), representing a year-on-year increase of 25.0%, mainly due to the increase in our product development and sales partners.

➢ **Offline Retail**

In addition to online direct sales and business distribution, users could also purchase our products and services directly from our extensive network of pharmacies in major cities across China. During the Reporting Period, our offline retail recorded a revenue of RMB643.9 million (2022: RMB674.0 million), representing a year-on-year decrease of 4.5%.

➢ **Other Business**

Dingdang Health has cooperated with over 6,000 pharmaceutical manufacturers and pharmaceutical distribution companies in aggregate. While establishing alliance and continuously deepening cooperation with pharmaceutical manufacturers and enterprises, the Company also realized in-depth cooperation in terms of advertisement, promotion, marketing service and research and development for pharmaceutical products. During the Reporting Period, the other business recorded a revenue of RMB139.2 million (2022: RMB127.5 million), representing a year-on-year increase of 9.2%.

- **Online Medical Consultation**

During the Reporting Period, we initiated the Dingdang HealthGPT, and based on which the Company launched two applied pharmaceutical AI products: “Dingdang Pharmacist” and “Nutritionist AI Assistant”. In the future, we will provide the public with more professional, convenient and secure medication, nutrition and healthcare services and other services so as to further realize the “technology inclusiveness” of AI in the pharmaceutical field. “Dingdang Pharmacist” and “Nutritionist AI Assistant” have passed the mock national professional qualification examinations for licensed pharmacists and nutritionists and have been under upgrades and optimizations all the time. “Dingdang Pharmacist” and “Nutritionist AI Assistant” could efficiently deploy and analyze 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 8.21 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 helped users with health portfolio management and DOT medication adherence services. In addition, medical consultation and treatment 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 of chronic diseases, most notably 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 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 contact 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 course 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 our corporate value and concept of "serving the public health" and always insisted on putting the health of users above the core value of corporate development, proactively performing our corporate social responsibility. We have linked public health to our development, continuously serving the public and the society.

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 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 China National Medicines Corporation Ltd. to kick off the national Eye Care Day health education public welfare campaign with the theme of "Care more about your eyes for brightness", providing the public with eye care knowledge and free eye check-up services.

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

In December 2023, various types of respiratory diseases have entered a period of high incidence. We joined hands with Yiling Pharmaceutical to carry out special science popularization on the prevention and treatment of respiratory diseases to help citizens prevent and treat respiratory diseases.

Social Honours

During the Reporting Period, we received the following social honours:

- "2023 China Digital Health List"
- "2023 Environmental, Social and Governance (ESG) Case of the Year" by People's Daily
- "High-Quality Development of the Big Data Health Industry Outstanding Case Release"
- 2023 "Top 100 Pharmaceutical Retail Enterprises in terms of Comprehensive Competitiveness" by CHEO
- Dingdang Health GPT was selected into the list of "Top 70 Chinese Large Models in 2023"
- "Award for Innovation on Operation" by Chinese Drug Store Summit Forum
- "2023 Corporate ESG Outstanding Case of Social Responsibility" by Xinhuanet
- "2023 EDGE AWARDS Medical and Comprehensive Health Consumer Enterprise of the Year"
- CLS ESG Excellence Award – Pioneer Award

Future Prospects

We are of the view that with the iteration and development of new technologies such as AI, vertical and professional application scenarios will also witness reform and bring along new opportunities. Meanwhile, with reform at policy level, such as further implementation of online medical insurance payment pilot points and prescription circulation platform nationwide, the digital medical and health sector is set to embrace another cycle of development opportunities via the integration of online and offline means. Under the guidance of policy reform and technological innovation, Dingdang Health will maintain the competitive advantages of the integrated online and offline service operation model while at the same time enhancing its own technical service level, consistently striving to create a service ecosystem of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance". We will continue to consolidate its current service advantages in major cities such as Beijing, Shanghai and Shenzhen and continue to expand its scale and enhance its service density.

FINANCIAL REVIEW

Revenue

Revenue increased by 12.2% from RMB4,329.1 million for the year ended December 31, 2022 to RMB4,856.8 million for the year ended December 31, 2023. The increase in our total revenue was primarily due to the increase in the revenue from our pharmaceutical and healthcare business by 12.3% from RMB4,201.6 million for the year ended December 31, 2022 to RMB4,717.6 million for the year ended December 31, 2023. The increase in revenue from the pharmaceutical and healthcare business was primarily attributable to the growing user base, growth of the sales orders and the enrichment of product categories.

Cost of Revenue

Cost of revenue increased by 16.2% from RMB2,879.4 million for the year ended December 31, 2022 to RMB3,346.1 million for the year ended December 31, 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 RMB1,510.7 million for the year ended December 31, 2023, representing a gross profit margin of 31.1%; and a gross profit of RMB1,449.7 million for the year ended December 31, 2022, representing a gross profit margin of 33.5%. The decrease in the gross profit margin was mainly due to the change in product sales portfolio.

Fulfillment Expenses

The fulfillment expenses increased by 10.8% from RMB444.2 million for the year ended December 31, 2022 to RMB492.1 million for the year ended December 31, 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 10.3% for the year ended December 31, 2022 to 10.1% for the year ended December 31, 2023.

Selling and Marketing Expenses

The selling and marketing expenses increased by 7.1% from RMB908.2 million for the year ended December 31, 2022 to RMB972.7 million for the year ended December 31, 2023. The increase was primarily attributable to the expansion of the network of our smart pharmacies and the increased selling and marketing activities. The selling and marketing expenses as a percentage of revenue decreased from 21.0% for the year ended December 31, 2022 to 20.0% for the year ended December 31, 2023.

Research and Development Expenses

The research and development expenses decreased by 26.9% from RMB89.0 million for the year ended December 31, 2022 to RMB65.0 million for the year ended December 31, 2023. Research and development expenses as a percentage of revenue decreased from 2.1% for the year ended December 31, 2022 to 1.3% for the year ended December 31, 2023.

General and Administrative Expenses

General and administrative expenses decreased by 22.7% from RMB334.5 million for the year ended December 31, 2022 to RMB258.7 million for the year ended December 31, 2023. The decrease was primarily due to the decrease in staff costs caused by the decrease in the share-based payment, which decreased by 23.4% from RMB157.6 million for the year ended December 31, 2022 to RMB120.8 million for the year ended December 31, 2023.

The general and administrative expenses as a percentage of revenue decreased from 7.7% for the year ended December 31, 2022 to 5.3% for the year ended December 31, 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 4.1% for the year ended December 31, 2022 to 2.8% for the year ended December 31, 2023.

Fair Value Losses on Financial Liabilities at Fair Value Through Profit or Loss ("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 (2022: RMB2,504.5 million).

Other Gains and Losses, Net

Other net gains and losses decreased by 34.3% from RMB27.5 million for the year ended December 31, 2022 to RMB18.1 million for the the year ended December 31, 2023. The decrease was primarily attributable to the decrease in net foreign exchange gains and the decrease in gain on fair value changes of financial assets at FVTPL.

Other Income

Other income increased by 70.3% from RMB28.9 million for the year ended December 31, 2022 to RMB49.1 million for the year ended December 31, 2023. Such increase was primarily attributable to the increase in interest income.

Finance Costs

Our finance costs of RMB7.9 million for the year ended December 31, 2022 was flat when compared with RMB7.9 million for the year ended December 31, 2023.

Listing Expenses

The Company did not incur any further Listing expenses during the Reporting Period (2022: RMB48.3 million).

Income Tax Expenses

Income tax expenses decreased by 4.8% from RMB10.1 million for the year ended December 31, 2022 to RMB9.6 million for the year ended December 31, 2023, which was primarily due to the decrease in our taxable income.

Loss for the Year

As a result of the above, our net loss decreased by 91.9% from RMB2,842.3 million for the year ended December 31, 2022 to RMB230.9 million for the year ended December 31, 2023.

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

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

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

The Company defines adjusted net loss (non-IFRS measure) as net loss for the year 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 defines adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue for the year and multiplied by 100%.

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

Reconciliation of net loss to adjusted net loss:	For the year ended December 31, 2023	2022
	(RMB'000, except for percentages)	
Net loss for the year	**(230,868)**	(2,842,275)
Add		
Fair value losses on financial liabilities at FVTPL	**–**	2,504,548
Share-based payments	**124,250**	160,725
Listing expenses	**–**	48,304
Adjusted net loss for the year (non-IFRS measure)	**(106,618)**	(128,698)
Adjusted net loss margin (non-IFRS measure)	**(2.2%)**	(3.0%)

LIQUIDITY AND CAPITAL RESOURCES

The Group financed its operations through internally generated cash flows and proceeds from the Global Offering and issuance of shares with preferred rights. As at December 31, 2023, we had cash and cash equivalents of RMB1,185.9 million (2022: RMB1,210.9 million). The following table sets forth our cash flows for the years indicated:

	For the year ended December 31, 2023	2022
	RMB'000	*RMB'000*
Operating cash flows before movements in working capital	**5,801**	(64,780)
Changes in working capital	**5,318**	(151,825)
Income taxes paid	**(16,356)**	(21,266)
Net cash used in operating activities	**(5,237)**	(237,871)
Net cash from/(used in) investing activities	**104,324**	(353,416)
Net cash (used in)/from financing activities	**(130,537)**	232,896
Net decrease in cash and cash equivalents	**(31,450)**	(358,391)
Cash and cash equivalents at the beginning of the year	**1,210,949**	1,552,994
Effect of foreign exchange rate changes on cash and cash equivalents	**6,399**	16,346
Cash and cash equivalents at the end of the year, represented by	**1,185,898**	1,210,949

Net Cash Used In Operating Activities

For the year ended December 31, 2023, net cash used in operating activities was RMB5.2 million compared to net cash used in operating activities of RMB237.9 million in the same period last year, which was primarily attributable to the loss before income tax of RMB221.2 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payments expenses of RMB124.3 million and depreciation of right-of-use assets of RMB82.9 million and amortisation of other intangible assets of RMB38.6 million; and (ii) changes in working capital, which primarily resulted from a decrease in trade and other receivables and prepayments of RMB95.6 million and an increase in amounts due to related parties of RMB16.6 million, partially offset by an increase in inventories of RMB7.5 million, an increase in restricted bank deposits of RMB32.9 million, decrease in contract liabilities of RMB58.7 million and decrease in trade and other payables of RMB8.9 million.

Net Cash From Investing Activities

For the year ended December 31, 2023, net cash from investing activities was RMB104.3 million, which was primarily attributable to redemption of financial assets at FVTPL of RMB1,150.2 million and partially offset by purchase of financial assets at FVTPL of RMB1,146.8 million.

Net Cash Used in Financing Activities

For the year ended December 31, 2023, net cash used in financing activities was RMB130.5 million, which was primarily attributable to repayments of lease liabilities of RMB82.1 million, payments to the trustee for share purchase of RMB33.2 million and dividends paid to non-controlling Shareholders of RMB7.1 million.

Borrowings and Gearing

As of December 31, 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 intangible assets. Our capital expenditures were RMB20.6 million for the year ended December 31, 2023 and RMB30.0 million for the year ended December 31, 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 December 31, 2023, we had no material capital commitment.

Pledges of Assets

As of December 31, 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 December 31, 2023) during the year ended December 31, 2023.

Future Plans for Material Investments and Capital Assets

As of December 31, 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 year ended December 31, 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.

As of December 31, 2023, the Group had the following financial assets and financial liabilities, which were cash and cash equivalents, time deposits, rental deposits, lease liabilities and other payables, denominated in currencies other than RMB.

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Assets:		
– HKD	**156,100**	181,855
– USD	**153,241**	153,125
Liabilities:		
– HKD	**1,636**	3,136
– USD	**17,088**	23,593

CONTINGENT LIABILITIES

As of December 31, 2023, we did not have any material contingent liabilities.

EMPLOYEES

As of December 31, 2023, we had 2,615 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 December 31, 2023:

Employee function	Number of employees
Sales, Marketing and Business Development	1,607
Technology, Research and Development	493
Management	315
Administration	200
Total	**2,615**

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 ("**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 December 31, 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 restricted share units scheme (the "RSU Scheme 2023" or "2023 RSU Scheme") which shall continue in effect for a term of ten (10) years since the adoption. The total number of shares subject to the 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 December 31, 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 "**Listing**"). The Company issued a total of 33,537,000 ordinary shares with a nominal value of USD0.0001 in the Global Offering at the offer price of HKD12.00. 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 December 31, 2023:

Purpose	Percentage of total net proceeds	Net proceeds incurred from the Global Offering	Unutilized amount as of January 1, 2023	Amount utilized for the year ended December 31, 2023	Unutilized amount as of December 31, 2023	Expected timeline for full utilization of the remaining net proceeds
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
Business expansion, such as the further development of smart pharmacy network, and enhancement of user growth and engagement	45.0%	153.7	105.0	84.9	20.1	December 31, 2024
Optimizing of our technology systems and operating platforms	15.0%	51.2	41.9	24.7	17.2	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	17.2	–	N/A
Potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate	20.0%	68.3	68.3	20.9	47.4	December 31, 2024
Working capital and other general corporate purpose	10.0%	34.2	–	–	–	N/A
Total	**100.0%**	**341.6**	**232.4**	**147.7**	**84.7**	

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders of the Company (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 C1 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. During the Reporting Period, the Company has complied with the Code Provisions as set out in the CG Code except for the following deviation.

Pursuant to Code 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 independent non-executive Directors out of a total of nine Directors in our Board, there will be sufficient independent opinions 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.

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

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2023, which shall be sent to the Shareholders in due course.

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 C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the securities of the Company.

Having made specific enquiry to all Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the Reporting period.

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

During the year ended December 31, 2023, neither the Company nor any of its subsidiaries has purchased (and, therefore, cancelled), sold or redeemed any of the Company's or its subsidiaries' listed securities.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Director is set out below:

Ms. CAI Li resigned as a non-executive director of Zhaoke Ophthalmology Limited (a company listed on the Stock Exchange (stock code: 06622)) in November 2023.

Save as disclosed above, there was no change in the information of Director since the latest published interim 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.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023.

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events subsequent to December 31, 2023.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on March 28, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 Dr. FAN Zhenhong. Mr. JIANG Shan is the chairman of the Audit Committee. The primary functions of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board, and review and oversee the risk management of the Company.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Group's auditor, Messrs. Deloitte Touche Tohmatsu.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The annual report of the Group for the year ended December 31, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched (if requested) to the Shareholders who have already provided instructions indicating their preference to receive the corporate communications in printed form in due course.

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

Hong Kong, March 28, 2024

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, Dr. FAN Zhenhong and Mr. JIANG Shan.