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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	
Revenue	**4,669,078**	4,856,806	Decreased by 3.9%
Loss for the year	**(379,986)**	(230,868)	Increased by 64.6%
Loss for the year attributable to owners of the Company	**(376,498)**	(225,809)	Increased by 66.7%
Adjusted net loss for the year (non-IFRS measure)[1]	**(57,228)**	(84,173)	Narrowed by 32.0%
Adjusted net loss margin (non-IFRS measure)[1]	**(1.2%)**	(1.7%)	Improvement of 0.5 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 the consolidated affiliated entities (collectively, "**Dingdang Health**" or the "**Group**") for the year ended December 31, 2024 together with the comparative figures for the corresponding period in 2023, 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**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3B*	**4,669,078**	4,856,806
Cost of revenue		**(3,130,729)**	(3,346,135)
Gross profit		**1,538,349**	1,510,671
Fulfillment expenses		**(447,732)**	(492,066)
Selling and marketing expenses		**(1,013,254)**	(972,713)
Research and development expenses		**(61,187)**	(64,981)
General and administrative expenses		**(229,713)**	(258,664)
Other gains and losses, net	*5*	**12,219**	18,064
Other income	*6*	**49,366**	49,142
Finance costs	*7*	**(8,891)**	(7,879)
Impairment losses recognized on goodwill	*11*	**(198,917)**	–
Impairment losses recognized on other intangible assets	*12*	**(6,845)**	–
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*8*	**(1,959)**	(356)
Share of result of an associate		**(1,555)**	(2,445)
Loss before income tax	*4*	**(370,119)**	(221,227)
Income tax expense	*9*	**(9,867)**	(9,641)
Loss for the year		**(379,986)**	(230,868)

	Notes	Year ended December 31, **2024** *RMB'000*	2023 *RMB'000*
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**")		**(33,552)**	(22,621)
Other comprehensive expense for the year		**(33,552)**	(22,621)
Total comprehensive expense for the year		**(413,538)**	(253,489)
Loss for the year attributable to:			
Owners of the Company		**(376,498)**	(225,809)
Non-controlling interests		**(3,488)**	(5,059)
		(379,986)	(230,868)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(410,050)**	(248,430)
Non-controlling interests		**(3,488)**	(5,059)
		(413,538)	(253,489)
Loss per share (present in RMB YUAN)			
– Basic and diluted	*10*	**(0.28)**	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

		As of December 31,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**38,840**	38,564
Right-of-use assets		**167,055**	155,368
Goodwill	*11*	**56,845**	255,762
Other intangible assets	*12*	**92,842**	133,618
Equity instruments at FVTOCI		**59,985**	93,537
Rental deposits	*14*	**15,495**	14,354
Investment in an associate		**–**	1,555
Total non-current assets		**431,062**	692,758
Current assets			
Financial assets at FVTPL	*13*	**–**	143,426
Inventories		**571,246**	612,327
Trade and other receivables and prepayments	*14*	**374,136**	365,287
Amounts due from related parties		**1,651**	877
Restricted bank deposits		**36,626**	64,195
Cash and cash equivalents		**1,217,954**	1,185,898
Total current assets		**2,201,613**	2,372,010
Total assets		**2,632,675**	3,064,768

		As of December 31,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
EQUITY AND LIABILITIES			
Equity			
Share capital		**879**	894
Reserves		**8,141,528**	8,132,275
Accumulated losses		**(6,482,193)**	(6,095,747)
Equity attributable to owners of the Company		**1,660,214**	2,037,422
Non-controlling interests		**20,016**	(527)
Total equity		**1,680,230**	2,036,895
Liabilities			
Non-current liabilities			
Contract liabilities		**3,488**	2,984
Lease liabilities		**97,680**	84,126
Deferred tax liabilities		**19,257**	28,219
Total non-current liabilities		**120,425**	115,329
Current liabilities			
Trade and other payables	*15*	**709,526**	774,084
Amounts due to related parties		**16,645**	45,898
Contract liabilities		**41,380**	32,366
Lease liabilities		**54,929**	56,084
Income tax payable		**5,820**	4,112
Deferred income		**3,720**	–
Total current liabilities		**832,020**	912,544
Total liabilities		**952,445**	1,027,873
Total equity and liabilities		**2,632,675**	3,064,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

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 IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards 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, 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to IRFS Accounting Standards 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.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards 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 9 and IFRS 7	Amendment to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

Except as described below, the directors of the Company anticipate that the application of the above new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

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, 2024, there is no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2023: nil).

3B. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Type of goods or services:		
Product revenue *(note i)*		
Pharmaceutical and healthcare business	**4,539,619**	4,717,592
Others *(note ii)*	**129,459**	139,214
Total revenue from contracts with customers	**4,669,078**	4,856,806
Timing of revenue recognition:		
At point in time	**4,539,619**	4,717,592
Overtime	**129,459**	139,214
Total	**4,669,078**	4,856,806

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,	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold (including (reversal of) write-down of inventories amounting to RMB(550,000) (2023: RMB3,086,000))	**3,130,729**	3,345,308
Employee benefit expenses		
– Salaries and bonuses	**315,455**	324,256
– Share-based payments expenses	**96,828**	124,250
– Retirement benefit scheme contributions	**33,477**	33,576
– Welfare, medical and other benefits	**47,837**	48,333
Total employee benefit expenses	**493,597**	530,415
Depreciation of property and equipment	**17,350**	18,521
Depreciation of right-of-use assets	**84,738**	82,863
Amortization of other intangible assets	**36,234**	38,614
Auditor's remuneration	**4,940**	5,740

5. OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net foreign exchange gains	**7,735**	5,146
Loss on disposal of property and equipment	**(736)**	(73)
Gain on disposal of a subsidiary	**28**	–
Loss on deregistration of subsidiaries	**(710)**	–
Gain on fair value changes of financial assets at FVTPL	**6,136**	9,946
Loss on early termination of leases	**(2,402)**	(424)
Others	**2,168**	3,469
Total	**12,219**	18,064

6. OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest income		
– Bank deposits	**28,190**	32,157
– Lease deposits	**535**	471
Government grants *(Note)*	**12,556**	8,936
Rental income – fixed	**4,221**	3,815
Dividends from equity instruments at FVTOCI	**3,864**	3,763
Total	**49,366**	49,142

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 these grants and the amounts were recognized in profit or loss when these grants were received.

7. FINANCE COSTS

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**8,891**	7,879

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Impairment losses, net of reversal, recognized/(reversed) on:		
– Trade receivables	**1,639**	493
– Other receivables	**320**	(137)
Total	**1,959**	356

9. INCOME TAX EXPENSE

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income		
Tax Current income tax		
– Current year	**18,448**	15,073
– Under provision in respect of prior year	**381**	446
Deferred income tax	**(8,962)**	(5,878)
Total	**9,867**	9,641

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,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(376,498)**	(225,809)

Number of shares

	Year ended December 31,	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share*	**1,322,513,588**	1,338,749,730

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

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, 2024, the potential ordinary shares were not included in the calculation of diluted loss per share, as taking into account the exercise of the Company's RSUs under the 2023 RSU Scheme (as defined in below) would be anti-dilutive (2023: anti-dilutive). Accordingly, diluted loss per share for the year ended December 31, 2024 is the same as basic loss per share.

11. GOODWILL

	RMB'000
COST	
At January 1, 2023, December 31, 2023	255,762
Deregistration of a subsidiary	(38)
At December 31,2024	255,724
IMPAIRMENT	
At January 1,2023, December 31,2023	–
Impairment loss recognized in the year	(198,917)
Eliminated upon deregistration of a subsidiary	38
At December 31,2024	(198,879)
CARRYING AMOUNT	
At December 31, 2024	56,845
At December 31, 2023	255,762

For the purpose of impairment testing, goodwill is allocated to a group of cash-generating units. The carrying amounts of goodwill allocated to significant cash-generating units (the "**Significant CGUs**") are as follows:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Dingdang Smart Pharmacy (Shanghai) Co., Ltd.* (叮噹智慧藥房(上海)有限公司) ("**Shanghai Smart Pharmacy**") and its subsidiaries	**10,978**	10,978
Dingdang Smart Pharmacy (Beijing) Co., Ltd.* (叮噹智慧藥房(北京)有限公司) ("**Beijing Smart Pharmacy**") and its subsidiaries	**4,041**	4,041
Dingdang Smart Pharmacy (Guangdong) Co., Ltd.* (叮噹智慧藥房(廣東)有限公司) ("**Guangdong Smart Pharmacy**")	**22,231**	48,503
Yaofangwang Beijing and its subsidiaries (collectively, the "**Renhe Yaofangwang**")	**18,266**	167,351

The carrying amounts of goodwill allocated to other insignificant cash-generating units are as follows:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Jiangxi Zhongda Pharmacy Co., Ltd.* (江西中達藥業有限公司) ("**Jiangxi Zhongda Pharmacy**")	**1,329**	1,329
Dingdang Smart Pharmacy (Tianjin) Co., Ltd.* (叮噹智慧藥房(天津)有限公司) ("**Tianjin Smart Pharmacy**")	**–**	1,877
Sichuan Dingdang Smart Pharmacy Chain Co., Ltd.* (四川叮噹智慧連鎖藥房有限公司) ("**Sichuan Smart Pharmacy**")	**–**	7,383
Dingdang Smart Pharmacy (Hangzhou) Co., Ltd.* (叮噹智慧藥房(杭州)有限公司) ("**Hangzhou Smart Pharmacy**")	**–**	6,582
Henan Dingdang Smart Pharmacy Co., Ltd.* (河南叮噹智慧藥房有限公司) ("**Henan Smart Pharmacy**")	**–**	5,305
Dingdang Smart Pharmacy (Guangzhou) Co., Ltd.* (叮噹智慧藥房(廣州)有限公司) ("**Guangzhou Smart Pharmacy**")	**–**	1,309
Beijing Dingdang Youpin Technology Co., Ltd.* (北京叮噹優品技術有限公司) ("**Beijing Dingdang Youpin**")	**–**	1,066
Dingdang Good Mood Health Management (Beijing) Co., Ltd* (叮噹好心情健康管理(北京)有限公司) ("**Good Mood Health**")	**–**	38

* *English names are for identification purpose only.*

The impairment review on the goodwill of the Group according to IAS 36 Impairment of Assets were conducted by the management with reference to valuation carried out by an independent qualified professional valuer who has appropriate qualifications and experiences.

For the purpose of impairment review as of December 31, 2024, the recoverable amount of the Significant CGUs containing goodwill is determined based on value-in-use calculations by using the discounted cash flow method, based on the following inputs:

Shanghai Smart Pharmacy and its subsidiaries:

	As of December 31,	
	2024	2023
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**5%**	5%
Forecasted average gross profit margins	**33.0%**	32.4%
Estimated terminal growth rate beyond the projection period extrapolated	**2.1%**	2.2%
Pre-tax discount rate	**21.84%**	22.10%

Beijing Smart Pharmacy and its subsidiaries:

	As of December 31,	
	2024	2023
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**4%**	4%
Forecasted average gross profit margins	**29.4%**	29.4%
Estimated terminal growth rate beyond the projection period extrapolated	**2.1%**	2.2%
Pre-tax discount rate	**22.29%**	21.72%

Guangdong Smart Pharmacy:

	As of December 31,	
	2024	2023
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**9%**	10%
Forecasted average gross profit margins	**30.2%**	31.7%
Estimated terminal growth rate beyond the projection period extrapolated	**2.1%**	2.2%
Pre-tax discount rate	**22.11%**	23.14%

Renhe Yaofangwang:

	As of December 31,	
	2024	2023
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**6%**	13%
Forecasted average gross profit margins	**12.5%**	16.7%
Estimated terminal growth rate beyond the projection period extrapolated	**2.1%**	2.2%
Pre-tax discount rate	**22.23%**	23.11%

The management leveraged their extensive experience in the industry and provided forecast based on past performance and expectation of future business plans and market developments.

The management, together with the Company's valuer, performed impairment test for the goodwill and determined the estimated recoverable amounts of Tianjin Smart Pharmacy, Sichuan Smart Pharmacy, Hangzhou Smart Pharmacy, Henan Smart Pharmacy, Guangdong Smart Pharmacy and Renhe Yaofangwang were below the carrying amounts as at December 31, 2024. Accordingly, during the year ended December 31, 2024, the management of the Company recognized impairment loss of RMB1,877,000, RMB7,383,000, RMB6,582,000, RMB5,305,000, RMB26,272,000 and RMB149,085,000 related to the goodwill associated with acquisition of Tianjin Smart Pharmacy, Sichuan Smart Pharmacy, Hangzhou Smart Pharmacy, Henan Smart Pharmacy, Guangdong Smart Pharmacy and Renhe Yaofangwang, respectively (2023: nil), due to the fact that the business performance failed to meet expectations.

During the year ended December 31, 2024, due to the expected cessation of operations, the management of the Company recognized impairment loss of RMB1,309,000, RMB1,066,000 and RMB38,000 related to the goodwill associated with acquisition of Guangzhou Smart Pharmacy, Beijing Dingdang Youpin and Good Mood Health, respectively (2023: nil).

Except for above, other goodwill was not impaired since the recoverable amount exceeded the carrying amount. And for below two significant cash-generating units, the recoverable amount exceeded the carrying amount are as follows:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Shanghai Smart Pharmacy and its subsidiaries	**13,649**	41,188
Beijing Smart Pharmacy and its subsidiaries	**19,072**	63,647

Management believes that reasonably possible change in any of the aforementioned assumptions of these two significant cash-generating units would not result in impairment.

12. OTHER INTANGIBLE ASSETS

	Software	Trademark and franchise right	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2023	72,650	122,294	60,000	254,944
Additions	2,119	130	–	2,249
At December 31, 2023	74,769	122,424	60,000	257,193
Additions	1,520	783	–	2,303
Disposals	(29)	–	–	(29)
At December 31, 2024	**76,260**	**123,207**	**60,000**	**259,467**
AMORTIZATION				
At January 1, 2023	25,769	35,192	24,000	84,961
Charge for the year	13,245	13,369	12,000	38,614
At December 31, 2023	39,014	48,561	36,000	123,575
Charge for the year	10,774	13,460	12,000	36,234
Eliminated on disposals	(29)	–	–	(29)
At December 31, 2024	**49,759**	**62,021**	**48,000**	**159,780**
IMPAIRMENT				
At January 1, 2023, December 31, 2023	–	–	–	–
Charge for the year	–	6,845	–	6,845
At December 31, 2024	**–**	**6,845**	**–**	**6,845**
CARRYING AMOUNT				
At December 31, 2024	**26,501**	**54,341**	**12,000**	**92,842**
At December 31, 2023	35,755	73,863	24,000	133,618

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

Category	**Estimated useful lives**
Software	3-10 years
Trademark and franchise right	5-9 years
Customer relationship	5 years

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

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

The Group conducted impairment assessment on recoverable amounts of right-of-use assets, property and equipment and other intangible assets of relevant subsidiaries that have indicators of impairment. The Group estimated the recoverable amount of these subsidiaries, each representing an individual cash-generating unit or a group of cash-generating units, where applicable, to which these non-current assets belong when it is not possible to estimate their recoverable amount individually. The recoverable amount of the cash-generating units has been determined based on the estimation of cash flows covering the useful life of the cash-generating units. The calculation uses cash flow projections based on financial budgets approved by the management of the Group with pre-tax discount rates ranging from 19.50% to 22.23% as at December 31, 2024. As at December 31, 2024, the estimated recoverable amounts of the non-current assets were below the carrying amounts, accordingly the management of the Company recognized impairment losses on right-of-use assets, property and equipment and other intangible assets of the cash-generating units amounting to nil, nil and RMB6,845,000 (2023: nil, nil and nil) during the year ended December 31, 2024, respectively.

13. FINANCIAL ASSETS AT FVTPL

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current:		
Investment in a private fund *(Note)*	–	143,426

Note: The Group's investments in a private fund is the financial products issued by a fund company, which are short-term investments with the expected rate of return 4.1% (2023: 1.6% to 4.1%), and the investments were redeemed during the year ended December 31, 2024. The directors of the Company had measured the investments in a private fund as financial assets at FVTPL as they believed that the investments are held for trading purpose.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current:		
(a) Trade receivables		
Trade receivables from third parties	**120,940**	114,438
Less: allowance for ECL	**(2,695)**	(1,056)
Subtotal	**118,245**	113,382
(b) Other receivables and prepayments		
Welfare receivable	**1,800**	1,918
Advance to suppliers	**35,625**	34,009
Prepaid expenses	**39,038**	28,399
Recoverable value-added tax	**37,470**	33,978
Receivable from third-party online platforms	**119,166**	116,486
Deposits receivables	**13,986**	12,297
Deposit in trustee	**102**	14,349
Others	**12,016**	13,461
Less: allowances for ECL	**(3,312)**	(2,992)
Subtotal	**255,891**	251,905
Total	**374,136**	365,287
Non-current:		
Rental deposits	**15,495**	14,354
	15,495	14,354

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,	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**99,516**	89,937
3 to 6 months	**7,784**	10,340
6 to 12 months	**7,396**	12,268
Over 12 months	**6,244**	1,893
Less: allowance for ECL	**(2,695)**	(1,056)
	118,245	113,382

As of December 31, 2024, included in the Group's trade receivables balance was debtors with aggregate carrying amount of RMB27.0 million (2023: RMB36.0 million), which were past due but not impaired as of the reporting date. The Group has not provided an impairment loss as the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

15. TRADE AND OTHER PAYABLES

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**351,191**	384,963
Notes payables	**22,960**	21,223
Subtotal	**374,151**	406,186
Salary and welfare payables	**120,806**	133,815
Other tax payable	**4,572**	5,564
Payables for delivery	**46,643**	50,091
Payables for service fee	**29,494**	28,119
Accrued expenses	**83,877**	86,889
Receipt on behalf of third-party merchants	**25,789**	28,254
Dividend payable to a non-controlling shareholder	**–**	8,011
Rental received in advance	**670**	1,135
Deposits payable	**15,812**	21,078
Payable for property	**2,908**	1,231
Others	**4,804**	3,711
Subtotal	**335,375**	367,898
Total	**709,526**	774,084

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, 2024 is as follows:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**307,142**	293,748
3 to 6 months	**33,299**	45,179
6 to 12 months	**13,531**	49,401
Over 12 months	**20,179**	17,858
Total	**374,151**	406,186

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024 (2023: nil).

During the year ended December 31, 2024, a dividend to the non-controlling interests of RMB7,164,000 (2023: RMB7,097,000) was declared and paid by certain subsidiaries.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, China demonstrated extraordinary vitality and resilience in economic development and technological innovation, particularly in achieving material breakthroughs in core technologies represented by artificial intelligence (AI), driving the nation's continuous pursuit and surpassing in the field of technology. Although still facing numerous challenges, new development opportunities have also emerged, bringing new changes to various industries in our country and injecting confidence and courage into the entire market. In the face of overall insufficient economic consumption and demand, China successively promulgated a series of policies over the past year, such as the Opinions of the State Council on Promoting High-Quality Development of Service Consumption (《國務院關於促進服務消費高質量發展的意見》), to boost economic growth, stabilize consumption, and drive the development of new productive forces. In particular, it proposed to achieve the interconnection of medical data as soon as possible, gradually improve the "Internet +" medical services and national medical insurance payment, and encourage the development of diverse and personalized health services, further expanding and strengthening the role of the pharmaceutical retail sector in nutrition, health care, and health services. Driven by technology and policy, Internet + digital healthcare has accelerated its extension from auxiliary consultation and diagnosis to more precise and intelligent applications, bringing profound changes and vast development potential to the digital health industry in the midst of shocks and transformation.

Dingdang Health has been deeply cultivating in the field of digital medicine and health for consecutive years. Over the past year, we insisted on "focusing on cultivating advantageous regions, comprehensively promoting quality and efficiency improvements" (聚焦深耕優勢區域，全面推進提質增效), and made timely adjustments to optimize layout and pave the way for the new development. Meanwhile, we have also observed and deeply comprehended the rapid evolution from "digital health services" to "intelligent health services" currently taking place. Facing pivotal opportunities and challenges, we adopted the "28-minute home delivery service" (28分鐘到家服務) as an essential "immediate home access service portal" (即時到家的直通服務入口) for user health, aiming to provide thousands of households with digital and smarter health services, as well as to play most efficient and direct protective role in safeguarding residents' health. The digitalized smart pharmacy model and technology network we created will utilize our data resources and technological advantages, strive to expand the boundaries of intelligent applications, and give full play to our professional capabilities in the healthcare field, with the objective of endeavoring to be a "direct portal of intelligent health services" and an "intelligent and professional medical service provider" in the "AI+ new era".

Dingdang Health adhered to a steady and highly efficient development strategy, attached significant importance in building "commodity power, channel power, innovation power, professional power and organizational power", and establishing a complete ecosystem of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance" through in-depth collaboration in the industry chain and digitalization and intelligent empowerment, thereby satisfying the residents' health needs. We closely followed national policy directions, flexibly and steadily adjusted our layout, actively integrated our team, focused on developing core cities, and advanced services including online national medical insurance payments, professional pharmaceutical cold chain immediate home delivery services, and AI smart medical services, providing residents with professional, safe, immediate, and efficient pharmaceutical and medical services. In the future, we will further consolidate and develop our immediate health-to-home business in megacities with a focus on encrypted layout of core cities to assist the Company's medium and long-term development.

As a participant in an industry concerning the life and health of users, we are well aware of the significant responsibilities we bear. Dingdang Health completely integrated social responsibility and service philosophy into its corporate development strategy, realizing sustainable development by virtue of the dual enhancement of economic and social benefits. In 2024, the Company continued to improve its ESG management system, obtained positive progresses in enhancing product safety and information security, and continuously contributed value to its employees, users, partners, and the public. Following the continuous development of the business and the improvement of corporate governance, the Company established an online and offline integrated service fulfillment system and a complete traceable quality control system, which effectively combined digital medical with intelligent health service innovations, thereby strengthening the Company's business sustainability in a long-term and stable manner.

Standing at the new starting point in 2025, the hope for digitalization and intelligence in the medical and pharmaceutical industry shines even brighter. Dingdang Health will maintain its resilience, concentrate its efforts and strive forward. Upholding the corporate value and philosophy 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), we will always persist in a user-centered approach and leverage our strengths in the medical and health professions and Internet technology, embrace the new AI technology to upgrade and optimize the service ecosystem of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance", boosting the industry's upgrade towards a more intelligent, professional, and refined manner. In the "five-year plan", combining regulatory and market changes with its strategic objectives, the Company will also flexibly adjust its layout and structure to enhance its service quality in all aspects.

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

YANG Wenlong
Chairman and President

March 21, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the 2024 fiscal year, China successively promulgated a series of policies, such as the Opinions of the State Council on Promoting High-Quality Development of Service Consumption (《國務院關於促進服務消費高質量發展的意見》), to boost economic growth, stabilize consumption, and drive the development of new productive forces, and accelerated the pilot implementation of online national medical insurance payments in multiple cities. The National Healthcare Security Administration also launched a special campaign, i.e. "go to online stores, check drug prices, compare data, and grasp governance (上網店，查藥價，比數據，抓治理)", which will oversee areas including the scope of payment, prices, and the flow of prescriptions for medical follow-up. Furthermore, the government also continues to improve and refine policies and measures to ensure transparency, fairness, and operability. Such measures will help promote a healthier and more solid development of the industry, but will also result in considerable turbulence to the entire pharmaceutical retail sector in the short term, exacerbating competition among enterprises when overall demand has not stabilized. In the long term, the launching of online national medical insurance payments is a milestone moment for the development of immediate health-to-home business, signifying that the digital health field is an inevitable choice for the future pharmaceutical retail market. Particularly, the smart pharmacy system with localized management will be more conducive to acquiring a competitive edge in the market. Since the beginning of this year, the Company actively responded to new changes and adapted to new market rules in its development planning and strategic execution, as a result that some of its smart pharmacies in Beijing, Shanghai, Shenzhen and Foshan were opened for online national medical insurance purchases, and the layout of smart pharmacies that is in compliance with national medical insurance qualifications substantially increased. At the same time, we also placed greater emphasis on the improvement of quality and efficiency related to regional operations, made adjustment and optimization in the Southwest region and certain cities, as well as temporarily suspended the chain operation of smart pharmacies in cities including Chongqing, Nanjing, Jinan and Fuzhou, and the impact on current income is controllable. The purpose of the adjustment is to allocate resources to core cities possessing more competitive advantages, concentrate on and deeply explore advantageous regions including megacities such as Beijing, Shanghai, and Shenzhen, and intensified the layout of local smart pharmacy networks; continuously strengthen and optimize, precisely implement "tailored digitalization strategy for each store" (數字化一店一策), made solid efforts to increase the proportion of own brands and centralized procurement varieties, further optimizing the logistics system, consolidating the supply chain advantages in the North China, Central China, and South China regions, effectively ensuring the long-term sustainable development of the Company, and consolidating its leading position in the regions. Additionally, with the advent of a new era of comprehensive acceleration relating to online national medical insurance drug purchases, the Company will leverage its integrated online and offline technology and layout advantages, practice the corporate value and belief 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), completely utilize its experience in digital medicine and medical services to better implement national new industry policies, therefore allowing national medical insurance participants to benefit from their national medical insurance rights while also enjoying the convenience of immediate health-to-home business, better fulfilling the health and medical service needs of residents.

For the year ended December 31, 2024 (the "**Reporting Period**"), our total revenue amounted to RMB4,669.1 million (2023: RMB4,856.8 million), with a year-on-year decrease of 3.9%. The year-on-year decrease in total revenue was due to the slowdown in overall market demand and intensified competition in some regions. As a result, the Company proactively adjusted and optimized certain non-core cities and temporarily suspended the chain operation of smart pharmacies in cities including Chongqing, Nanjing, Jinan, and Fuzho. The adjusted resource allocation focused on deepening advantageous regions including megacities such as Beijing, Shanghai, and Shenzhen, also expanding and increasing the density of our local smart pharmacy network, therefore the overall operations remained stable, with a growth in the number of registered users.

For the year ended December 31, 2024, the net loss of the Company was expanded by 64.6%, representing a year-on-year increase of RMB149.1 million, and the Company recorded a loss of RMB380.0 million. The increase in losses during the Reporting Period was mainly due to the challenges in the performance of some of the Company's certain subsidiaries, the Company made a provision for the impairment losses recognized on goodwill of RMB198.9 million and impairment losses recognized on other intangible assets of RMB6.8 million allocated to relevant subsidiaries for the 2024 fiscal year. The aforesaid impairment is a one-time non-cash expense and is not expected to have any material impact on the overall operations of the Group.

- **Drug Express Business**

We have been insisted on providing users with real-time, professional, omni-channel, and data-driven pharmaceutical purchase services. For the year ended December 31, 2024, our drug express business has maintained stable. The breakdown of revenue by channel includes: revenue recorded from online direct sales of RMB3,274.6 million (2023: RMB3,527.9 million), representing a year-on-year decrease of 7.2%; revenue recorded from business distribution of RMB642.8 million (2023: RMB545.8 million), representing a year-on-year increase of 17.8%; revenue recorded from offline retail of RMB622.2 million (2023: RMB643.9 million), representing a year-on-year decrease of 3.4% and revenue recorded from other business of RMB129.5 million (2023: RMB139.2 million), representing a year-on-year decrease of 7.0%.

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.

➢ ***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, as the industrial competition increased and revenue related to the high-incidence period of epidemic diseases was lower than expected, we recorded a revenue of RMB3,274.6 million (2023: RMB3,527.9 million) from online direct sales channel, representing a year-on-year decrease of 7.2%. Through our online-to-offline order fulfillment service model and direct-sales e-commerce model, we accumulated 46.3 million registered users on our own platforms and 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 pharmacies 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 the Company's "commodity and innovation power", integrating supply chain resources for OEM customization and product innovation, and enhancing collaboration with small businesses 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 RMB642.8 million (2023: RMB545.8 million), representing a year-on-year increase of 17.8%, 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 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 business recorded a revenue of RMB622.2 million (2023: RMB643.9 million), representing a year-on-year decrease of 3.4%.

➢ ***Other Business***

Dingdang Health has cooperated with over 7,000 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 RMB129.5 million (2023: RMB139.2 million), representing a year-on-year decrease of 7.0%.

- **Online Medical Consultation**

Based on cooperation with both our own team and third-party medical institutions, in conjunction with Dianding smart diagnosis system, we provided online consultation services for our users' online consultation needs. Our medical team included more than 800 doctors and more than 400 medical professional pharmacists covering our network of smart pharmacies, providing safe and secure health services to our users in accordance with national regulatory requirements.

- **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. 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.

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

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

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

Future Prospects

We are of the view that, with the continuous emergence of new technologies and new policies, intelligent healthcare as well as the accessibility of online national medical insurance drug purchases 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 also 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 Company 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 decreased by 3.9% from RMB4,856.8 million for the year ended December 31, 2023 to RMB4,669.1 million for the year ended December 31, 2024. The decrease in our total revenue was primarily due to the decrease in the revenue from our pharmaceutical and healthcare business by 3.8% from RMB4,717.6 million for the year ended December 31, 2023 to RMB4,539.6 million for the year ended December 31, 2024. The decrease in revenue from the pharmaceutical and healthcare business was primarily attributable to the fact that the industrial competition increased and revenue related to the high-incidence period of epidemic diseases was lower than expected.

Cost of Revenue

Cost of revenue decreased by 6.4% from RMB3,346.1 million for the year ended December 31, 2023 to RMB3,130.7 million for the year ended December 31, 2024. The decrease in cost of revenue was primarily due to the increase in efficiency of procurement system and the change in product sales portfolio.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB1,538.3 million for the year ended December 31, 2024, representing a gross profit margin of 32.9%; and a gross profit of RMB1,510.7 million for the year ended December 31, 2023, representing a gross profit margin of 31.1%. The increase in the gross profit margin was mainly due to the improvement in control measures of the procurement process and the change in product sales portfolio.

Fulfillment Expenses

The fulfillment expenses decreased by 9.0% from RMB492.1 million for the year ended December 31, 2023 to RMB447.7 million for the year ended December 31, 2024. The fulfillment expenses as a percentage of revenue decreased from 10.1% for the year ended December 31, 2023 to 9.6% for the year ended December 31, 2024, mainly due to the continuous optimization of the fulfillment system which improved fulfillment efficiency.

Selling and Marketing Expenses

The selling and marketing expenses increased by 4.2% from RMB972.7 million for the year ended December 31, 2023 to RMB1,013.3 million for the year ended December 31, 2024. The increase was primarily attributable to the costs related to optimization of the network of our smart pharmacies and the increase in selling and marketing activities. The selling and marketing expenses as a percentage of revenue increased from 20.0% for the year ended December 31, 2023 to 21.7% for the year ended December 31, 2024.

Research and Development Expenses

The research and development expenses decreased by 5.8% from RMB65.0 million for the year ended December 31, 2023 to RMB61.2 million for the year ended December 31, 2024. Research and development expenses as a percentage of revenue remained stable of 1.3% for the year ended December 31, 2023 and for the year ended December 31, 2024 respectively.

General and Administrative Expenses

General and administrative expenses decreased by 11.2% from RMB258.7 million for the year ended December 31, 2023 to RMB229.7 million for the year ended December 31, 2024, mainly due to the decrease in share-based payments.

General and administrative expenses as a percentage of revenue decreased from 5.3% for the year ended December 31, 2023 to 4.9% for the year ended December 31, 2024.

Impairment Loss recognised on Goodwill

During the year ended December 31, 2024, the Company identified material challenges in the operational performance of certain subsidiaries acquired between 2018 and 2020. As a result, a total provision of impairment of RMB198.9 million was recognized for goodwill allocated to these subsidiaries (2023: nil). The affected subsidiaries are principally engaged in the online and offline sales of prescription drugs, over-the-counter (OTC) drugs, and healthcare products across specific cities in China.

The carrying amounts of goodwill allocated to these subsidiaries and the impairment are summarized as follows:

	As of January 1, 2024 *RMB'000*	Impairment of goodwill during the year *RMB'000*	As of December 31, 2024 *RMB'000*
Renhe Yaofangwang (Beijing) Medicine Technology Co., Ltd. (仁和藥房網(北京)醫藥科技有限公司) ("**Renhe Yaofangwang**")	167,351	149,085	18,266
Dingdang Smart Pharmacy (Guangdong) Co., Ltd.* (叮噹智慧藥房(廣東)有限公司) ("**Guangdong Smart Pharmacy**")	48,503	26,272	22,231
Dingdang Smart Pharmacy (Tianjin) Co., Ltd.* (叮噹智慧藥房(天津)有限公司) ("**Tianjin Smart Pharmacy**")	1,877	1,877	–
Sichuan Dingdang Smart Pharmacy Chain Co., Ltd.* (四川叮噹智慧連鎖藥房有限公司) ("**Sichuan Smart Pharmacy**")	7,383	7,383	–
Dingdang Smart Pharmacy (Hangzhou) Co., Ltd.* (叮噹智慧藥房(杭州)有限公司) ("**Hangzhou Smart Pharmacy**")	6,582	6,582	–
Henan Dingdang Smart Pharmacy Co., Ltd.* (河南叮噹智慧藥房有限公司) ("**Henan Smart Pharmacy**")	5,305	5,305	–
Dingdang Smart Pharmacy (Guangzhou) Co., Ltd.* (叮噹智慧藥房(廣州)有限公司) ("**Guangzhou Smart Pharmacy**")	1,309	1,309	–
Beijing Dingdang Youpin Technology Co., Ltd.* (北京叮噹優品技術有限公司) ("**Beijing Dingdang Youpin**")	1,066	1,066	–
Dingdang Good Mood Health Management (Beijing) Co., Ltd* (叮噹好心情健康管理(北京)有限公司) ("**Good Mood Health**")	38	38	–
Total	**239,414**	**198,917**	**40,497**

* *English names are for identification purpose only.*

As disclosed in note 11 to the consolidation financial statements, goodwill has been allocated to cash-generating units ("**CGUs**") of these subsidiaries. The CGUs generate their revenue and profits through sales of pharmaceutical and healthcare products. The Group has assessed the carrying amount of goodwill and the impairment of goodwill with reference to valuation carried out by an independent qualified professional valuer. The recoverable amount of the CGUs, to which the goodwill is allocated, is the higher amount of fair value less costs of disposal and the value-in-use calculated by using the discounted cash flow method.

For the year ended December 31, 2024, the management of the Company assessed the carrying value and recoverable amount of the Renhe Yaofangwang, Guangdong Smart Pharmacy, Tianjin Smart Pharmacy, Sichuan Smart Pharmacy, Hangzhou Smart Pharmacy and Henan Smart Pharmacy (the "**Operating CGUs**") and goodwill allocated to the Operating CGUs after considering the following factors:

- In 2024, the launch of online payment with national medical insurance had stimulated the transformation of offline pharmacies to go online, which intensified the competition of O2O business in the regions of the Operating CGUs, negatively affecting their revenue and gross profit margin.

- Revenue related to the high-incidence period of epidemic diseases was lower than expected.

- Specifically, for Renhe Yaofangwang, revenue and gross profit from the E-commence model reduced due to increase in competition of emerging channels such as live streaming platforms. In addition, revenue from direct-to-patient ("**DTP**") products decreased as we restrained in promotion of products with low profit margin.

- The review and comparison of the forecasts of the Operating CGUs prepared for financial year ended December 31, 2024 and the actual revenue and profit generated during the year, from which shortfall from the projected revenue and profit was identified.

The above factors were identified close to the end of the year ended December 31, 2024 and were assessed and considered during the course of the preparation of the annual financial information of the Operating CGUs for the year ended December 31, 2024.

The impairment test for the goodwill indicated the estimated recoverable amounts of the Operating CGUs were below the carrying amounts as at December 31, 2024. Accordingly, during the year ended December 31, 2024, the Company recognized impairment loss of a total of RMB196.5 million (2023: nil) related to the goodwill associated with acquisition of Renhe Yaofangwang, Guangdong Smart Pharmacy, Tianjin Smart Pharmacy, Sichuan Smart Pharmacy, Hangzhou Smart Pharmacy and Henan Smart Pharmacy, due to the fact that their business performance failed to meet expectations.

In addition, the management of the Company recognized impairment loss of a total of RMB2.4 million of Guangzhou Smart Pharmacy, Beijing Dingdang Youpin and Good Mood Health due to the expected cessation of operations.

The method, basis and key assumptions used in determining the amount of the impairment and the recoverable amount

The impairment relied on the assessment based on value-in-use calculated by using the discount cash flow method ("**DCF**"), in which:

(a) the entire carrying amount of the Operating CGUs was tested for impairment in accordance with the IAS 36 by comparing its recoverable amount with its carrying amount;

(b) the recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use in accordance with the IAS 36; and

(c) the Group adopted the DCF method under the income-based approach in arriving at the value in use. According to the IAS 36, measuring value in use of an entity should consider an estimate of the future cash flows the entity expects to derive from the Operating CGUs.

The basis and key assumptions used in the assessment are as follows:

(a) The growth in revenue and gross profit margin will be affected due to the increasingly market competition.

(b) For Renhe Yaofangwang and Guangdong Smart Pharmacy, the expect growth rate in revenue and the gross profit margin will be adjusted downward.

(c) For Tianjin Smart Pharmacy, Sichuan Smart Pharmacy, Hangzhou Smart Pharmacy, and Henan Smart Pharmacy, there are possibility of continued negative operating cashflow during the forecast period.

(d) for the impairment testing, the recoverable amount was determined based on value in use calculation which was performed by the management together with Company's valuer. The cash flow forecast of the Operating CGUs was based on financial projection covering a five-year period. The Group's management estimated that the Operating CGUs' revenue and gross profit margins generated in the forecast periods would decrease after taking into consideration the factors stated above. The key assumption includes the future expected cash flows based on management's view of future business prospects and historical performance of the Operating CGUs and the pre-tax discount rate.

Taking into account the above factors and the reasonable approach of adopting the relevant accounting standard and suitable discount rate when making cash flow forecast, the Board considers that the impairment of goodwill is fair and reasonable. Under the current challenging environment, the Group's management will closely monitor the market situations and will adjust business strategy timely.

Please refer to Note 11 of the consolidation financial statements for more details.

Impairment Loss recognised on Other Intangible Assets

As at December 31, 2024, the estimated recoverable amounts of the non-current assets were below the carrying amounts, accordingly the management of the Company recognized impairment losses on other intangible assets of the cash-generating units amounting to RMB6,845,000 (2023: nil) during the year ended December 31, 2024.

Other Gains and Losses, Net

Other net gains and losses decreased by 32.6% from RMB18.1 million for the year ended December 31, 2023 to RMB12.2 million for the the year ended December 31, 2024. The decrease was primarily attributable to the decrease in gain on fair value changes of financial assets at FVTPL and the increase in loss on early termination of leases.

Other Income

Other income remained stable at RMB49.1 million for the year ended December 31, 2023 and RMB49.4 million for the year ended December 31, 2024.

Finance Costs

Finance costs increased by 12.7% from RMB7.9 million for the year ended December 31, 2023 to RMB8.9 million for the year ended December 31, 2024.

Income Tax Expenses

Income tax expenses increased by 3.1% from RMB9.6 million for the year ended December 31, 2023 to RMB9.9 million for the year ended December 31, 2024, which was primarily due to the increase in our taxable income.

Loss for the Year

As a result of the above, our net loss increased by 64.6% from RMB230.9 million for the year ended December 31, 2023 to RMB380.0 million for the year ended December 31, 2024.

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

According to the Company's latest business operations and financial condition, the Company adjusts its adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back the impairment of goodwill and other intangible assets (net of the income tax effects), amortization of other intangible assets arising from acquisitions (net of the income tax effects) and share-based payments 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:

	For the year ended December 31,	
	2024	2023
Reconciliation of net loss to adjusted net loss:	*(RMB'000, except for percentages)*	
Net loss for the year	**(379,986)**	(230,868)
Add		
Share-based payments	**96,828**	124,250
Impairment losses recognized on goodwill	**198,917**	–
Impairment losses recognized on other intangible assets (net of the income tax effects)	**5,134**	–
Amortization of other intangible assets arising from acquisitions (net of the income tax effects)	**21,879**	22,445
Adjusted net loss for the year (non-IFRS measure)	**(57,228)**	(84,173)
Adjusted net loss margin (non-IFRS measure)	**(1.2%)**	(1.7%)

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, 2024, we had cash and cash equivalents of RMB1,218.0 million (2023: RMB1,185.9 million). The following table sets forth our cash flows for the years indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Operating cash flows before movements in working capital	**40,008**	5,801
Changes in working capital	**(34,239)**	5,318
Income taxes paid	**(17,121)**	(16,356)
Net cash used in operating activities	**(11,352)**	(5,237)
Net cash from investing activities	**156,959**	104,324
Net cash used in financing activities	**(121,370)**	(130,537)
Net increase/(decrease) in cash and cash equivalents	**24,237**	(31,450)
Cash and cash equivalents at the beginning of the year	**1,185,898**	1,210,949
Effect of foreign exchange rate changes on cash and cash equivalents	**7,819**	6,399
Cash and cash equivalents at the end of the year, represented by	**1,217,954**	1,185,898

Net Cash Used In Operating Activities

For the year ended December 31, 2024, net cash used in operating activities was RMB11.4 million compared to net cash used in operating activities of RMB5.2 million in the same period last year, which was primarily attributable to the loss before income tax of RMB370.1 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payments expenses of RMB96.8 million, depreciation of right-of-use assets of RMB84.7 million, impairment losses recognized on goodwill of RMB198.9 million, impairment losses recognized on other intangible assets of RMB6.8 million and amortisation of other intangible assets of RMB36.2 million; and (ii) changes in working capital, which primarily resulted from a decrease in inventories of RMB41.6 million, a decrease in restricted bank deposits of RMB27.6 million, an increase in contract liabilities of RMB9.5 million and an increase in deferred income of RMB3.7 million, partially offset by an increase in trade and other receivables and prepayments of RMB23.9 million, a decrease in amounts due to related parties of RMB29.3 million and a decrease in trade and other payables of RMB62.8 million.

Net Cash From Investing Activities

For the year ended December 31, 2024, net cash from investing activities was RMB157.0 million, which was primarily attributable to redemption of financial assets at FVTPL of RMB1,241.7 million and partially offset by purchase of financial assets at FVTPL of RMB1,092.1 million.

Net Cash Used In Financing Activities

For the year ended December 31, 2024, net cash used in financing activities was RMB121.4 million, which was primarily attributable to repayments of lease liabilities of RMB80.2 million, payments of repurchase and cancellation of ordinary shares of RMB11.9 million and dividends paid to non-controlling Shareholders of RMB15.2 million.

Borrowings and Gearing

As of December 31, 2024, we did not have any bank borrowings and therefore we did not present gearing ratio.

Capital Expenditures

Our capital expenditures primarily consisted of purchases of property and equipment, payments for right-of-use assets and purchases of other intangible assets. Our capital expenditures were RMB25.1 million for the year ended December 31, 2024 and RMB20.6 million for the year ended December 31, 2023.

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

Pledges of Assets

As of December 31, 2024, we did not have any material pledge of asset.

Significant Investments Held

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at December 31, 2024) during the year ended December 31, 2024.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the year ended December 31, 2024.

Foreign Exchange Risk

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

As of December 31, 2024, the Group had the following financial assets and financial liabilities, which were cash and cash equivalents, rental deposits, lease liabilities and other payables, denominated in currencies other than RMB.

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Assets:		
– HKD	**143,989**	156,100
– USD	**313,503**	153,241
Liabilities:		
– HKD	**1,769**	1,636
– USD	**16,978**	17,088

CONTINGENT LIABILITIES

As of December 31, 2024, we did not have any material contingent liabilities.

EMPLOYEES

As of December 31, 2024, we had 2,363 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 and Shanghai.

The following table sets forth the number of our employees by function as of December 31, 2024:

Employee function	**Number of employees**
Sales, Marketing and Business Development	1,472
Technology, Research and Development	402
Management	293
Administration	196
Total	**2,363**

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 6.67% of the total issued share capital of the Company as of December 31, 2024. For details, please refer to "Statutory and General Information – D. ESOP Plans – Share Incentive Schemes" in Appendix IV to the Prospectus. On June 27, 2023, the Company has adopted the restricted share units scheme the ("**2023 RSU Scheme**") which shall continue in effect for a term of ten (10) years since the adoption. The total number of shares subject to the 2023 RSU Scheme shall not be more than 26,829,457 ordinary shares of the Company, representing approximately 2.0% of the total issued share capital of the Company as of December 31, 2024. For details, please refer to the announcement of the Company dated June 27, 2023.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On September 14, 2022, the Shares were successfully listed on The Main Board of The Stock Exchange 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. The unutilised net proceeds amounted to HK$23.5 million as of December 31, 2024.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2024:

Purpose	Percentage of total net proceeds	Net proceeds incurred from the Global Offering	Unutilized amount as of January 1, 2024	Amount utilized for the year ended December 31, 2024	Unutilized amount as of December 31, 2024	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	20.1	20.1	–	N/A
Optimizing of our technology systems and operating platforms	15.0%	51.2	17.2	17.2	–	N/A
Upgrading our services and business, such as building professional structure of full-time doctors and pharmacists	10.0%	34.2	–	–	–	N/A
Potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate	20.0%	68.3	47.4	23.9	23.5	June 30, 2025 *(note)*
Working capital and other general corporate purpose	10.0%	34.2	–	–	–	N/A
Total	**100.0%**	**341.6**	**84.7**	**61.2**	**23.5**	

Note: Since the Company need more time to evaluate and plan for the project implementation, it is expected that the remaining unutilized net proceeds allocated to potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate of approximately HK$23.5 million is expected to be fully utilized by June 30, 2025. The Directors considers that the delay in the use of the unutilized net proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole. The expected timeline of full utilization of the unutilized net proceeds is based on the Directors' best estimation barring any unforeseen circumstances, and may be subject to change based on the market conditions. Should there be any material change or delay in the use of net proceeds, further announcement(s) will be made by the Company as and when appropriate.

Save as disclosed above, as of the date of this announcement, there was no other 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.

COMPLIANCE WITH THE 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, 2024.

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, 2024, the Company repurchased a total of 22,000,000 Shares on the Stock Exchange for an aggregate consideration of approximately HKD13.0 million (including all the relevant expenses). The repurchased Shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of repurchase in 2024	No. of Shares repurchased	Price paid per Share Highest price	Price paid per Share Lowest price	Aggregate consideration paid (including all the relevant expenses)
		HK$	*HK$*	*HK$*
October	6,683,500	0.60	0.55	3,986,562
November	13,296,500	0.60	0.54	7,726,594
December	2,020,000	0.64	0.59	1,242,701
	22,000,000			**12,955,857**

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities (including sale of treasury shares) during the year ended December 31, 2024. As of December 31, 2024, the Company did not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

There was no change in the information of Directors and chief executive officer 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, 2024.

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events subsequent to December 31, 2024.

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, 2024 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 21, 2025. 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, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the 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, 2024 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 21, 2025

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.