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DINGDANG HEALTH TECHNOLOGY GROUP LTD.

叮噹健康科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 09886)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**2,409,142**	2,326,907	Increased by 3.5%
Loss for the period	**(64,898)**	(52,021)	Increased by 24.8%
Loss for the period attributable to owners of the Company	**(64,371)**	(51,671)	Increased by 24.6%
Adjusted net loss (non-IFRS measure)[1]	**(1,008)**	(5,759)	Narrowed by 82.5%
Adjusted net loss margin (non-IFRS measure)[1]	**(0.04%)**	(0.24%)	Improvement of 0.20 pp

Note:

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Dingdang Health Technology Group Ltd. (the "**Company**") is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and the consolidated affiliated entities (collectively, "**Dingdang Health**" or the "**Group**") for the six months ended June 30, 2026 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2025, 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**").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, our total revenue was RMB2,409.1 million (for the six months ended June 30, 2025: RMB2,326.9 million), representing a period-on-period increase of 3.5%. Despite intensified industry competition posing certain challenges to the Company's operations, total revenue still recorded a period-on-period increase, primarily attributable to the improvement in overall business efficiency, optimization of product structure, and enhancement of supply chain service capabilities.

For the six months ended June 30, 2026, the net loss of the Company expanded to RMB64.9 million (for the six months ended June 30, 2025: RMB52.0 million), and the adjusted net loss decreased to RMB1.0 million (for the six months ended June 30, 2025: RMB5.8 million). The increase in loss during the Reporting Period was primarily attributable to the fact that, considering the challenges in the performance of certain subsidiaries of the Company, the Company made a provision for impairment losses recognized on goodwill of RMB51.5 million and impairment losses recognized on other intangible assets of RMB9.4 million allocated to the relevant subsidiaries during the Reporting Period. The aforesaid impairment is a one-off non-cash expense and is not expected to have any material impact on the overall operations of the Group.

In the first half of 2026, China continued to promote steady growth of the macro economy and introduced a number of industrial policies placing equal emphasis on guidance and regulation concerning residents' health consumption and the pharmaceutical retail sector, including the Opinions on Promoting the High-quality Development of the Pharmaceutical Retail Sector (《關於促進藥品零售行業高質量發展的意見》) issued by nine departments including the Ministry of Commerce, the National Development and Reform Commission, and the National Health Commission, to further guide the transformation of retail pharmacies into community health service stations, encourage chain pharmacies to expand professional services such as chronic disease management and medication guidance, and optimize and densify the layout of smart pharmacy networks. In addition, relevant authorities continued to optimize the medical insurance payment mechanism and strengthen industry supervision. Relevant promulgated policies including the Guidelines for Compliance of Online Retail of Prescription Drugs (《處方藥網絡零售合規指南》) leveraged digital supervision tools and standardized institutional constraints to continuously drive the pharmaceutical retail industry to improve quality, enhance efficiency and pursue sound development.

Looking back at the past six months, Dingdang Health has actively cooperated with relevant departments in regulating pharmaceutical distribution and medical insurance fund supervision in the implementation of the above-mentioned policies, including traceability codes and online medical insurance systems integration, and thereby promoted the healthy and sustainable development of the pharmaceutical retail industry. We have focused on strengthening the presence of smart pharmacies in core cities such as Beijing, Shanghai, and Shenzhen, and continued to improve the capabilities of instant pharmaceutical and retail services, better meeting the pharmaceutical and health needs of the people.

- **Drug Express Business**

  We remain committed to providing an instant, professional, omni-channel and data-driven drug purchase service portfolio to our users. For the six months ended June 30, 2026, our drug express business maintained steady growth. The breakdown of revenue by channel includes: revenue recorded from online direct sales of RMB1,741.5 million (for the six months ended June 30, 2025: RMB1,688.5 million), representing a period-on-period increase of 3.1%; revenue recorded from business distribution of RMB265.9 million (for the six months ended June 30, 2025: RMB266.7 million), representing a period-on-period decrease of 0.3%; revenue recorded from offline retail of RMB337.7 million (for the six months ended June 30, 2025: RMB305.0 million), representing a period-on-period increase of 10.7%, and revenue recorded from other business of RMB64.0 million (for the six months ended June 30, 2025: RMB66.7 million), representing a period-on-period decrease of 4.0%.

  During the Reporting Period, we continuously optimized our supply chain and product structure, and deepened ecological collaboration with third-party platforms. Relying on our mature smart pharmacy network, we jointly operated medical device flagship stores and launched innovative medicines via exclusive channel debuts. Meanwhile, we further upgraded our cold chain home delivery services capabilities, consistently delivering premium to-home health services to users and ensuring 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 platforms for service and product sales. During the Reporting Period, we recorded revenue of RMB1,741.5 million (for the six months ended June 30, 2025: RMB1,688.5 million) from the online direct sales channel, representing a period-on-period increase of 3.1%. We maintained contact with users through our online-to-offline order fulfillment service model and direct-sales e-commerce service model, as well as 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 can deliver efficiently and safely through an intelligent scheduling system. In the direct sales e-commerce model, we can make both regular and scheduled deliveries with the help of third-party carriers, covering major regions and populations across the country.

➢ ***Business Distribution***

Dingdang Health will further reinforce its industrial advantages in the supply chain by actively forging its commodity and innovation power, integrate OEM customization and product innovation through supply chain resources, and strengthen collaboration with small enterprises and distributors to achieve supply chain empowerment and product sales via multi-channel e-commerce platforms. During the Reporting Period, business distribution recorded revenue of RMB265.9 million (for the six months ended June 30, 2025: RMB266.7 million), representing a period-on-period decrease of 0.3%.

➢ ***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 revenue of RMB337.7 million (for the six months ended June 30, 2025: RMB305.0 million), representing a period-on-period increase of 10.7%.

➢ ***Other Business***

As the go-to online O2O launch platform for pharmaceutical companies' new products, Dingdang Health innovates marketing approaches through its O2O business model, accelerating pan-regional sales expansion for novel drugs. We have 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 revenue of RMB64.0 million (for the six months ended June 30, 2025: RMB66.7 million), representing a period-on-period decrease of 4.0%.

- **Online Medical Consultation**

  Based on our own team and our cooperation with third-party medical institutions, we provided online medical consultation services for users' needs with the aid of the Dingdang smart medical consultation system. Our medical team included more than 800 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.

- **Chronic Disease 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. Relying on our partnerships with domestically renowned hospitals and specialists, we provide 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 2026, Dingdang Health launched the "Ringing Care Plan" (響鈴計劃), upgrading the health pods at hundreds of smart pharmacies across 10 cities including Beijing, Shanghai, and Shenzhen into health stations. These stations provide public welfare services to outdoor workers nationwide, including warm beverages, emergency first-aid kits, 24-hour hot water, sheltered rest areas, blood pressure and temperature monitoring, and free online pharmacist consultations. The Company also joined the Beijing Association of STD & AIDS Prevention and Control (北京性病艾滋病防治協會) as a corporate member, leveraging its on-demand delivery network to provide PEP (post-exposure prophylaxis) delivery and health education, thereby enhancing the accessibility and privacy of specialized medications.

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

Future Prospects

Looking ahead, we will continue to deepen our presence in the digital healthcare sector, reinforcing our foundation for high-quality growth through core city business optimization, smart pharmacy network upgrades, and enhanced supply chain logistics efficiency. With the introduction of the 15th Five-Year Plan for National Health (《國民健康"十五五"規劃》), the pharmaceutical retail industry is poised for a strategic transformation toward community-based health stations. We will further advance the integration of online and offline methods, capitalizing on policy catalysts such as the cross-province sharing of personal medical insurance accounts and the implementation of online drug purchasing under national medical insurance, thereby unlocking new dimensions of business growth. Building on our pan-regional instant retail business model, we will focus on whole health lifecycle management and full-course disease management for our users, drive the next-generation upgrade of on-demand medical device retail, enhance our fulfillment network comprising "smart pharmacies and smart vending terminals", deepen collaborative synergies with third-party platforms, and iterate our AI technology applications to build an integrated service ecosystem of "Treatment, Diagnosis, Pharmaceutical Products and Medical Insurance (醫、檢、藥、險)". Concurrently, we will adhere to a disciplined operational approach, consolidating our competitive strengths in core cities such as Beijing, Shanghai, and Shenzhen. We will reinforce our merchandise power and sales power, improve the warehousing and distribution system and the front-end service system, and refine the unit economics of our store operations. Our priority is to pursue superiority and strength in core regions, delivering a more professional, convenient, and diversified healthcare service experience to our users.

FINANCIAL REVIEW

Revenue

Revenue increased by 3.5% from RMB2,326.9 million for the six months ended June 30, 2025 to RMB2,409.1 million for the six months ended June 30, 2026. The increase in our total revenue was primarily due to the increase in the revenue from our pharmaceutical and healthcare business by 3.8% from RMB2,260.2 million for the six months ended June 30, 2025 to RMB2,345.1 million for the six months ended June 30, 2026. The increase in revenue from the pharmaceutical and healthcare business was primarily attributable to the improved network of smart pharmacies and the enrichment of product categories.

Cost of Revenue

Cost of revenue increased by 1.2% from RMB1,511.1 million for the six months ended June 30, 2025 to RMB1,529.8 million for the six months ended June 30, 2026. The increase in cost of revenue was 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 RMB879.3 million for the six months ended June 30, 2026, representing a gross profit margin of 36.5%; and a gross profit of RMB815.8 million for the six months ended June 30, 2025, representing a gross profit margin of 35.0%. The increase in the gross profit margin was mainly due to the improvement of operational efficiency and the change in product sales portfolio.

Fulfillment Expenses

The fulfillment expenses decreased by 3.4% from RMB222.0 million for the six months ended June 30, 2025 to RMB214.5 million for the six months ended June 30, 2026. The fulfillment expenses as a percentage of revenue decreased from 9.5% for the six months ended June 30, 2025 to 8.9% for the six months ended June 30, 2026, 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 8.3% from RMB525.9 million for the six months ended June 30, 2025 to RMB569.7 million for the six months ended June 30, 2026. The increase was primarily attributable to the increase in selling and marketing activities. The selling and marketing expenses as a percentage of revenue increased from 22.6% for the six months ended June 30, 2025 to 23.6% for the six months ended June 30, 2026.

Research and Development Expenses

The research and development expenses decreased by 8.0% from RMB25.0 million for the six months ended June 30, 2025 to RMB23.0 million for the six months ended June 30, 2026. The research and development expenses as a percentage of revenue decreased from 1.1% for the six months ended June 30, 2025 to 1.0% for the six months ended June 30, 2026.

General and Administrative Expenses

The general and administrative expenses decreased by 34.6% from RMB101.7 million for the six months ended June 30, 2025 to RMB66.5 million for the six months ended June 30, 2026, mainly due to the decrease in share-based payment.

The general and administrative expenses as a percentage of revenue decreased from 4.4% for the six months ended June 30, 2025 to 2.8% for the six months ended June 30, 2026.

Other Gains and Losses, Net

The other net loss increased by 260.0% from RMB3.5 million for the six months ended June 30, 2025 to RMB12.6 million for the six months ended June 30, 2026. The increase was primarily attributable to the increase in net foreign exchange losses.

Other Income

Other income decreased by 25.9% from RMB24.3 million for the six months ended June 30, 2025 to RMB18.0 million for the six months ended June 30, 2026. Such decrease was primarily attributable to the decrease in interest income in bank deposits.

Finance Costs

Finance costs increased by 21.8% from RMB5.5 million for the six months ended June 30, 2025 to RMB6.7 million for the six months ended June 30, 2026. The increase was primarily attributable to the increase in interest on lease liabilities.

Impairment Loss recognized on Goodwill

1. Circumstance that led to the impairment

For the six months ended June 30, 2026, 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 RMB51.5 million was recognized for goodwill allocated to these subsidiaries (2025: 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, 2026 *RMB'000*	Impairment of goodwill during the period *RMB'000*	As of June 30, 2026 *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**")	18,266	18,266	–
Dingdang Smart Pharmacy (Guangdong) Co., Ltd.* (叮噹智慧藥房(廣東)有限公司) ("**Guangdong Smart Pharmacy**")	22,231	22,231	–
Dingdang Smart Pharmacy (Shanghai) Co., Ltd.* (叮噹智慧藥房(上海)有限公司) ("**Shanghai Smart Pharmacy**")	10,978	10,978	–
Total	51,475	51,475	–

* *English names are for identification purposes only.*

As disclosed in note 13 to the condensed consolidated 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 a 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 (FVLCD) and the value-in-use (VIU) calculated by using the discounted cash flow method.

For the six months ended June 30, 2026, the management of the Company assessed the carrying value and recoverable amount of the Renhe Yaofangwang, Guangdong Smart Pharmacy and Shanghai Smart Pharmacy (the "**Impairing CGUs**") and goodwill allocated to the Impairing CGUs after considering the following factors:

- During the first half of 2026, particularly in the second quarter, competition in the instant medicine purchasing sector intensified, exacerbating competition of O2O business in the regions of the Impairing CGUs, which had a negative impact on gross profit margins; at the same time, operating costs across the various CGUs also rose relatively.

- For Renhe Yaofangwang, revenue from E-commerce business and direct-to-patient ("**DTP**") products declined more sharply than expected.

- The management has reviewed the financial performance of the Impairing CGUs for the six months ended June 30, 2026 and expected that projected cash flows for the forecast period would decline.

The above factors were identified close to the end of the six months ended June 30, 2026 and were assessed and considered during the course of the preparation of the interim financial information of the Impairing CGUs for the relevant period.

The impairment test for the goodwill indicated the estimated recoverable amounts of Renhe Yaofangwang, Guangdong Smart Pharmacy and Shanghai Smart Pharmacy were below the carrying amounts as at June 30, 2026. Accordingly, during the period ended June 30, 2026, the Company recognized impairment loss of a total of RMB51.5 million (2025: nil) related to the goodwill associated with the acquisition of Renhe Yaofangwang, Guangdong Smart Pharmacy and Shanghai Smart Pharmacy, due to the fact that their business performance failed to meet expectations.

2. Valuation method and reason for using that method

The Company adopted the discount cash flow method ("**DCF**") for valuation of the CGUs and the reasons are as follows:

(a) IAS 36 requires the entire carrying amount of the CGUs to be tested for impairment by comparing its recoverable amount with the carrying amount;

(b) the recoverable amount of an asset or a CGU is the higher of its FVLCD and its VIU in accordance with the IAS 36.6; and

(c) the Group adopted the DCF method under the income-based approach in arriving at the VIU. According to the IAS 36.31, estimating the value in use of an asset involves the following steps: (a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and (b) applying the appropriate discount rate to those future cash flows.

3. Details of values of inputs used together with basis and assumptions

Values of inputs:

According to the valuation report, the key value of inputs are as follows:

(i) The projected cash flows within the projection period;

(ii) The discount rate; and

(iii) The estimated terminal growth rate beyond the projection period extrapolated.

The details of which are summarised as follows:

(i) The project cash flow within the projection period

The projected cash flow ("**CF**") of the CGUs was based on financial projections covering a five-year period from the financial year ending December 31, 2026 to the financial year ending December 31, 2030, (the "**Forecast Period**") and was calculated using the following formula:

CF = NI + DEPR – CAPEX – NWC

Where:

- ***NI* =** Loss/Profit for the year, which is determined by revenue, gross profit margin, operating expenses, other expenses and corporate income tax ("**CIT**"). Other expenses during the Forecast Period are estimated according to historical operating experience. CIT is calculated by multiplying profit/loss before tax by applicable tax rate.

- ***DEPR* =** depreciation and amortization expenses, which are calculated according to the ending balance of property and equipment and other intangible assets as of June 30, 2026, together with corresponding depreciation/amortization schedule.

- ***CAPEX* =** capital expenditures, which are necessary maintenance expenses to keep CGUs operation during the Forecast Period, e.g. upgrading of electronic devices. The amount of capital expenditures is not material during the Forecast Period.

- ***NWC* =** investment in net working capital (current assets net of current liabilities), where net working capital is calculated based on turnover days, while turnover days are forecasted according to historical turnover from the financial year ended December 31, 2024 to the six months ended June 30, 2026.

Set out below are the analysis of bases and assumptions adopted for the key parameters used in the projected cash flow, which are revenue, gross profit margin and operating expenses for CGUs.

1) Renhe Yaofangwang

Revenue

The forecasted average annual revenue growth rate of Renhe Yaofangwang is expected to be -1% during the Forecast Period.

Revenue of Renhe Yaofangwang consists of four components: (1) Smart Pharmacies (which mainly generates revenue from Online-to-Offline ("**O2O**") model), (2) E-commerce model, (3) DTP Pharmacies, and (4) Business Distribution.

During the Forecast Period, revenue from Smart Pharmacies is expected to increase driven by expansion of smart pharmacies network. Revenue from E-commerce model is expected to decrease due to increase in competition of emerging channels.

The Group plans to restrain the promotion of retail products with low profit margin; revenue from DTP Pharmacies for the financial year ending December 31, 2026 ("**FY2026**") is expected to be lower than that for the financial year ended December 31, 2025 ("**FY2025**").

Revenue from Business Distribution for FY2026 is expected to be lower than that for FY2025.

Gross Profit Margin

The forecasted average gross profit margins of Renhe Yaofangwang is expected to be 11.1% during the Forecast Period, primarily due to intensified competition, which has led to a decline in gross profit of Renhe Yaofangwang during the Forecast Period.

Operating Expenses

The operating expenses are projected to decline due to a corresponding reduction in variable costs, such as fulfillment expenses, during the Forecast Period, in line with the projected decline in revenue.

2) Guangdong Smart Pharmacy

Revenue

Revenue of Guangdong Smart Pharmacy consists of two components: (1) Smart Pharmacies, which mainly generates revenue from Online-to-Offline model, and (2) E-commerce model.

The forecasted average annual revenue growth rate of Guangdong Smart Pharmacy is expected to be 5% during the Forecast Period primarily driven by the expansion of the smart pharmacies network in Shenzhen. The revenue from E-commerce model is expected to remain at a level similar to that of FY2026 during the Forecast Period.

Gross Profit Margin

The forecasted average gross profit margins of Guangdong Smart Pharmacy is expected to be 30.6% during the Forecast Period, primarily due to intensified competition in the instant medicine purchasing sector, which is expected to lead to a decline in gross profit of Guangdong Smart Pharmacy during the Forecast Period.

Operating Expenses

Operating expenses from the CGU is expected to increase by 3% on average during the Forecast Period.

3) Shanghai Smart Pharmacy

Revenue

Revenue of Shanghai Smart Pharmacy consists of two components: (1) Smart Pharmacies, which mainly generates revenue from Online-to-Offline model, and (2) E-commerce model.

The forecasted average annual revenue growth rate of Shanghai Smart Pharmacy is expected to be 5% during the Forecast Period primarily driven by the expansion of the smart pharmacies network. The revenue from E-commerce model is expected to remain at a level similar to that of FY2026 during the Forecast Period.

Gross Profit Margin

The forecasted average gross profit margins of Shanghai Smart Pharmacy is expected to be 31.0% during the Forecast Period, primarily due to intensified competition in the instant medicine purchasing sector, which is expected to lead to a decline in gross profit of Shanghai Smart Pharmacy during the Forecast Period.

Operating Expenses

Operating expenses from the CGU is expected to increase by 4% on average during the Forecast Period.

(ii) The discount rate

The post-tax discount rate and pre-tax discount rate per annum adopted in the valuations for the CGUs were as follows:

CGUs	Post-tax discount rate	Pre-tax discount rate
Renhe Yaofangwang	19.00%	23.39%
Guangdong Smart Pharmacy	19.00%	23.72%
Shanghai Smart Pharmacy	19.00%	22.51%

The Capital Assets Pricing Model was used to determine appropriate expected rate of return of equity, which is 5.8% derived from the average of the cost of equity for China and U.S. (based on comparable companies), with the addition of company size and specific risk premium of a total as shown in the table below to account for the effect of company size of the CGUs (in comparison with comparable public companies) and the specific risks of the CGUs that are independent of the general market.

	company size and specific risk premium
Renhe Yaofangwang	13.1%
Guangdong Smart Pharmacy	13.1%
Shanghai Smart Pharmacy	13.1%

The cost of equity for China is 7.1%, which is the sum of the risk-free rate of 2.2% (based on Chinese government bond yield), the equity risk premium of 5.1% (China's market risk premium) multiplied by estimated beta of the business of 0.97 (based on Chinese comparable companies) required by investors to compensate for the market risk assumed.

The cost of equity for U.S. is 4.5%, which is the sum of the risk-free rate of 4.9% (based on U.S. government bond yields), the equity risk premium of 4.5% (U.S.'s market risk premium) multiplied by the estimated beta of the business at 0.37 (based on U.S. comparable companies), adjusted for the interest rate differential between China and the U.S. of -2.7% and the country risk differential of 0.6%.

The weighted average of the cost of equity (as shown in the table below) and the cost of debt (post-tax RMB Loan Prime Rate of 2.6%) based on expected debt-to-equity ratio of 0% (post-tax basis) were used to arrive at the weighted average cost of capital, which represents the post-tax discount rate. Tax effects are then removed to arrive at the pre-tax discount rate.

	The weighted average of the cost of equity (Note)
Renhe Yaofangwang	18.9%
Guangdong Smart Pharmacy	18.9%
Shanghai Smart Pharmacy	18.9%

Note: The WACC used in the impairment test is rounded to the nearest multiple of 0.5%

The discount rate as at June 30, 2026 was arrived at in a manner similar to and consistent to that of the year ended December 31, 2025.

(iii) The estimated terminal growth rate beyond the projection period extrapolated

Cash flows for all CGUs beyond the five-year period are extrapolated using an estimated terminal growth rate of 1.2%. The projected long-term inflation rates of China were adopted as the proxy for the terminal growth rate. It is reasonable to assume that the long-term growth rate of the cash flows would be in line with the long-term inflation rate of the overall economy.

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 increasing market competition.

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

(c) For the impairment testing, the recoverable amount was determined based on value in use calculation which was performed by the management together with the Company's valuer. The cash flow forecast of the Impairing CGUs was based on financial projection covering a five-year period. The Group's management estimated that the Impairing CGUs' cash flows generated in the Forecast Period 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 Impairing CGUs and the pre-tax discount rate.

4. *Changes in the inputs or assumptions from those previously adopted*

Save as disclosed below, there were no significant changes in the value of inputs or assumptions from those previously adopted.

1 Renhe Yaofangwang

For Renhe Yaofangwang, the summary of certain key changes is as follows:

	Forecasted average annual revenue growth rate		Forecasted average gross profit margins	
	As of June 30, 2026	As of December 31, 2025	**As of June 30, 2026**	As of December 31, 2025
Renhe Yaofangwang	**-1%**	6%	**11.1%**	12.5%

With reference to the assumptions adopted in the impairment test undertaken by the Group with record date being December 31, 2025 (the "**2025 Impairment Test**"), set out below are the key changes in the value of inputs and assumptions of Renhe Yaofangwang. After review and comparison of the financial forecast of Renhe Yaofangwang CGUs in the 2025 Impairment Test and the actual revenue and profit generated by Renhe Yaofangwang for the first half of 2026, shortfalls in revenue and profit were identified.

The growth rate of revenue of Renhe Yaofangwang for FY2026 is expected to be lower than the projected growth rate in the 2025 Impairment Test which was mainly due to shortfalls in revenue from the E-commerce model, DTP Pharmacies and Business Distribution.

As a result, the forecasted average annual revenue growth rate during the Forecast Period decreased from 6% as projected in the 2025 Impairment Test to -1% as adopted in the impairment test undertaken by the Group with a record date being June 30, 2026.

The actual gross profit margin as at June 30, 2026 was lower than the figure projected in the 2025 Impairment Test due to intensified competition in the instant medicine purchasing sector, which led to a decline in gross profit at Renhe Yaofangwang during the Forecast Period. As a result, the forecasted average gross profit margins during the Forecast Period decreased from 12.5% as projected in the 2025 Impairment Test to 11.1% as adopted in the impairment test undertaken by the Group with a record date being June 30, 2026.

The downward revisions to both the revenue growth rate and the gross profit margin have collectively led to a significant reduction in forecast cash inflows, thereby resulting in the impairment assessment outcome as at June 30, 2026.

2 *Guangdong Smart Pharmacy*

For Guangdong Smart Pharmacy, the summary of certain key changes is as follows:

	Forecasted average annual revenue growth rate		Forecasted average gross profit margins	
	As of June 30, 2026	As of December 31, 2025	**As of June 30, 2026**	As of December 31, 2025
Guangdong Smart Pharmacy	**5%**	6%	**30.6%**	30.8%

After review and comparison of the financial forecast of Guangdong Smart Pharmacy CGUs in the 2025 Impairment Test and the actual revenue and profit generated by Guangdong Smart Pharmacy as at June 30, 2026, shortfalls in profit were identified.

The forecasted average annual revenue growth rate during the Forecast Period was adjusted downward from 6% as adopted in the 2025 Impairment Test to 5% as adopted in the impairment test undertaken with a record date being June 30, 2026. Furthermore, the actual gross profit margin as at June 30, 2026 was lower than the figure projected in the 2025 Impairment Test. As a result, the forecasted average gross profit margins for the Forecast Period were adjusted downward from 30.8% as adopted in the 2025 Impairment Test to 30.6% as projected in the impairment test undertaken by the Group with a record date being June 30, 2026, reflecting the decline in gross profit of Guangdong Smart Pharmacy for the Forecast Period due to intensified competition in the instant medicine purchase sector within the region of the CGU.

The actual expense ratio as at June 30, 2026 was higher than the forecast data used in the 2025 impairment test; consequently, the forecasted average expense ratio for the Forecast Period was adjusted upward from 27.6% as adopted in the 2025 Impairment Test to 28.9% as projected in the impairment test undertaken by the Group with a record date being June 30, 2026.

The downward adjustments on both revenue and gross profit margin and the upward adjustments on actual expense ratio, together, significantly decreased the projected cash in-flows, which results in the impaired valuation results as at June 30, 2026.

3 Shanghai Smart Pharmacy

For Shanghai Smart Pharmacy, the summary of certain key changes is as follows:

	Forecasted average annual revenue growth rate		Forecasted average gross profit margins	
	As of June 30, 2026	As of December 31, 2025	**As of June 30, 2026**	As of December 31, 2025
Shanghai Smart Pharmacy	**5%**	5%	**31.0%**	31.9%

After review and comparison of the financial forecast of Shanghai Smart Pharmacy CGUs in the 2025 Impairment Test and the actual revenue and profit generated by Shanghai Smart Pharmacy as at June 30, 2026, shortfalls in profit were identified.

Owing to the expansion of the sales network, the forecasted average annual revenue growth rate is maintained at 5%. However, the actual gross profit margin as at June 30, 2026 was lower than the figure projected in the 2025 Impairment Test. As a result, the forecasted average gross profit margins for the Forecast Period were adjusted downward from 31.9% as adopted in the 2025 Impairment Test to 31.0% as projected in the impairment test undertaken by the Group with a record date being June 30, 2026, reflecting the decline in gross profit of Shanghai Smart Pharmacy for the Forecast Period due to intensified competition in the instant medicine purchase sector within the region of the CGU.

The actual expense ratio as at June 30, 2026 was higher than the forecast data used in the 2025 Impairment Test; consequently, the forecasted average expense ratio for the Forecast Period was adjusted upward from 30.2% as adopted in the 2025 Impairment Test to 31.2% as projected in the impairment test undertaken by the Group with a record date being June 30, 2026.

The downward adjustments on gross profit margin and the upward adjustments on actual expense ratio, together, significantly decreased the projected cash in-flows, which results in the impaired valuation results as at June 30, 2026.

There is no change in the valuation method used in the impairment test as compared to those conducted in previous years.

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.

Impairment Losses Recognized on Other Intangible Assets

As at June 30, 2026, the estimated recoverable amounts of non-current assets of certain Impairing CGUs 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 RMB9.4 million (six months ended June 30, 2025: nil) during the Reporting Period.

Income Tax Expenses

Income tax expenses decreased by 19.2% from RMB7.8 million for the six months ended June 30, 2025 to RMB6.3 million for the six months ended June 30, 2026.

Loss for the Period

As a result of the above, our net loss increased by 24.8% from RMB52.0 million for the six months ended June 30, 2025 to RMB64.9 million for the six months ended June 30, 2026.

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

The adjusted net loss (non-IFRS measure) and the adjusted net loss margin (non-IFRS measure) are provided by the Company as additional financial indicators to supplement the condensed consolidated financial statements prepared in accordance with IFRS. These measures are not required by, nor presented in accordance with, IFRS. According to the Company's latest business operations and financial condition, the adjusted net loss (non-IFRS measure) for the Reporting Period is calculated by taking the net loss for the Reporting Period and adding back the impairment of goodwill (if any) and other intangible assets (net of income tax effects) (if any), amortization of other intangible assets arising from acquisitions (net of 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 period and multiplied by 100%. The Company believes that the adjusted net loss (non-IFRS measure) and 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 adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) have limitations as analytical tools, and the shareholders of the Company (the "**Shareholders**") and potential investors should not consider them in isolation from, or as substitutes for an analysis of, results of operations or financial conditions of the Company as reported under IFRS.

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

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	(RMB'000, except for percentages)	
Reconciliation of net loss to adjusted net loss:		
Net loss for the period	**(64,898)**	(52,021)
Add		
Share-based payments	**1,007**	36,961
Impairment losses recognized on goodwill	**51,475**	–
Impairment losses recognized on other intangible assets (net of the income tax effects)	**7,043**	–
Amortization of other intangible assets arising from acquisitions (net of the income tax effects)	**4,365**	9,301
Adjusted net loss for the period (non-IFRS measure)	**(1,008)**	(5,759)
Adjusted net loss margin (non-IFRS measure)	**(0.04%)**	(0.24%)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended June 30, 2026

		Six months ended June 30,	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*5*	**2,409,142**	2,326,907
Cost of revenue		**(1,529,808)**	(1,511,098)
Gross profit		**879,334**	815,809
Fulfillment expenses		**(214,489)**	(222,034)
Selling and marketing expenses		**(569,671)**	(525,884)
Research and development expenses		**(23,021)**	(24,993)
General and administrative expenses		**(66,453)**	(101,737)
Other gains and losses, net	*7*	**(12,610)**	(3,515)
Other income	*8*	**17,974**	24,301
Finance costs	*9*	**(6,744)**	(5,516)
Impairment losses recognized on goodwill		**(51,475)**	–
Impairment losses recognized on other intangible assets		**(9,391)**	–
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	*10*	**(2,073)**	(677)
Loss before income tax	*6*	**(58,619)**	(44,246)
Income tax expense	*11*	**(6,279)**	(7,775)
Loss for the period		**(64,898)**	(52,021)

	Notes	Six months ended June 30, **2026** **(Unaudited)** ***RMB'000***	2025 (Unaudited) *RMB'000*
Other comprehensive (expense)/income			
Item that will not be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(13,079)**	10,346
Other comprehensive (expense)/income for the period		**(13,079)**	10,346
Total comprehensive expense for the period		**(77,977)**	(41,675)
Loss for the period attributable to:			
Owners of the Company		**(64,371)**	(51,671)
Non-controlling interests		**(527)**	(350)
		(64,898)	(52,021)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(77,450)**	(41,325)
Non-controlling interests		**(527)**	(350)
		(77,977)	(41,675)
Loss per share (present in RMB YUAN)			
– Basic and diluted	*12*	**(0.05)**	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2026

	Notes	**As of June 30, 2026 (Unaudited)** *RMB'000*	As of December 31, 2025 (Audited) *RMB'000*
Assets			
Non-current assets			
Property and equipment		**50,860**	48,368
Right-of-use assets		**267,182**	290,634
Goodwill	*13*	**5,370**	56,845
Other intangible assets	*14*	**43,947**	61,511
Equity instruments at FVTOCI		**70,076**	83,155
Rental deposits	*15*	**13,792**	16,905
Time deposits		**136,218**	140,769
Total non-current assets		**587,445**	698,187
Current assets			
Financial assets at fair value through profit or loss ("**FVTPL**")		**6,460**	244,536
Inventories		**678,822**	647,733
Trade and other receivables and prepayments	*15*	**379,870**	370,216
Amounts due from related parties		**1,445**	1,748
Restricted bank deposits		**65,057**	27,150
Time deposits		**183,251**	415,278
Cash and cash equivalents		**939,044**	429,323
Total current assets		**2,253,949**	2,135,984
Total assets		**2,841,394**	2,834,171

	Notes	As of June 30, 2026 (Unaudited) *RMB'000*	As of December 31, 2025 (Audited) *RMB'000*
Equity			
Share capital		**834**	879
Reserves		**8,123,050**	8,196,938
Accumulated losses		**(6,598,745)**	(6,534,374)
Equity attributable to owners of the Company		**1,525,139**	1,663,443
Non-controlling interests		**10,212**	11,466
Total equity		**1,535,351**	1,674,909
Liabilities			
Non-current liabilities			
Contract liabilities		**4,174**	3,987
Lease liabilities		**186,039**	205,368
Deferred tax liabilities		**8,724**	12,753
Total non-current liabilities		**198,937**	222,108
Current liabilities			
Trade and other payables	*16*	**958,613**	808,570
Amounts due to related parties		**41,391**	11,867
Contract liabilities		**25,023**	28,715
Lease liabilities		**70,885**	71,788
Income tax payable		**6,324**	11,563
Bank borrowings		**4,870**	4,651
Total current liabilities		**1,107,106**	937,154
Total liabilities		**1,306,043**	1,159,262
Total equity and liabilities		**2,841,394**	2,834,171

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2026

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2026 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2025.

3. ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments	**Content**
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

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

4. SEGMENT INFORMATION

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

The Group's chief operating decision maker, who has been identified as the president, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As the Group's non-current assets (excluding equity instruments at FVTOCI) are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented. During the six months ended June 30, 2026, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (six months ended June 30, 2025: nil).

5. REVENUE

Disaggregation of revenue from contracts with customers:

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services:		
Product revenue:		
Pharmaceutical and healthcare business	**2,345,079**	2,260,218
Others*	**64,063**	66,689
Total revenue from contracts with customers	**2,409,142**	2,326,907
Timing of revenue recognition:		
A point in time	**2,345,079**	2,260,218
Over time	**64,063**	66,689
Total	**2,409,142**	2,326,907

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

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold (including (reversal of) write-down of inventories amounting to RMB(1,950,000) (six months ended June 30, 2025: RMB3,555,000))	**1,529,808**	1,511,098
Employee benefit expenses		
– Salaries and bonuses	**147,038**	152,075
– Share-based payments expenses	**1,007**	36,961
– Retirement benefit scheme contributions	**16,166**	11,857
– Welfare, medical and other benefits	**22,946**	20,698
Total employee benefit expenses	**187,157**	221,591
Depreciation of property and equipment	**7,090**	7,475
Depreciation of right-of-use assets	**52,232**	44,056
Amortization of other intangible assets	**8,667**	15,095
Auditor's remuneration	**900**	940

7. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net foreign exchange losses	**(14,955)**	(4,086)
Loss on disposal of property and equipment	**(159)**	(408)
Gain on fair value changes of financial assets at FVTPL	**2,526**	1,982
Loss on early termination of leases	**(1,359)**	(1,271)
Others	**1,337**	268
Total	**(12,610)**	(3,515)

8. OTHER INCOME

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest income		
– Bank deposits	**10,024**	15,002
– Lease deposits	**327**	262
Government grants (Note)	**2,879**	3,921
Rental income – fixed	**683**	1,060
Dividends from equity instruments at FVTOCI		
– relating to investments held at the end of the reporting period	**4,061**	4,056
Total	**17,974**	24,301

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

9. FINANCE COSTS

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on lease liabilities	**6,744**	5,516

10. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES OR IMPAIRMENT GAINS) ON FINANCIAL ASSETS

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Impairment losses, net of reversals, recognized/ (reversed) on:		
– Trade receivables	**1,265**	1,107
– Other receivables	**808**	(430)
Total	**2,073**	677

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax	**10,308**	10,528
Deferred income tax	**(4,029)**	(2,753)
Total	**6,279**	7,775

12. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(64,371)**	(51,671)

Number of shares:

	Six months ended June 30,	
	2026	2025
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share*	**1,257,238,807**	1,299,372,897

* 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 six months ended June 30, 2026, 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 would be anti-dilutive (six months ended June 30, 2025: anti-dilutive). Accordingly, diluted loss per share for the six months ended June 30, 2026 is the same as basic loss per share.

13. GOODWILL

	RMB'000
COST	
At December 31, 2025 (Audited) and June 30, 2026 (Unaudited)	255,724
IMPAIRMENT	
At December 31, 2025 (Audited)	(198,879)
Impairment loss recognized during the period	(51,475)
At June 30, 2026 (Unaudited)	(250,354)
CARRYING AMOUNT	
At June 30, 2026 (Unaudited)	5,370
At December 31, 2025 (Audited)	56,845

For the purpose of impairment testing, goodwill is allocated to a group of cash-generating units. The carrying amounts of goodwill allocated to the cash-generating units are as follows:

	As of June 30, 2026 (Unaudited) ***RMB'000***	As of December 31, 2025 (Audited) 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
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
Yaofangwang Beijing and its subsidiaries (collectively, the "Renhe Yaofangwang")	**–**	18,266
Jiangxi Zhongda Pharmacy Co., Ltd.* (江西中達藥業有限公司)	**1,329**	1,329
Total	**5,370**	56,845

13. GOODWILL (CONTINUED)

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 June 30, 2026, the recoverable amount of the Shanghai Smart Pharmacy and its subsidiaries, Beijing Smart Pharmacy and its subsidiaries, Guangdong Smart Pharmacy and Renhe Yaofangwang 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 June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**5%**	5%
Forecasted average gross profit margins	**31.0%**	31.9%
Estimated terminal growth rate beyond the projection period extrapolated	**1.2%**	1.2%
Pre-tax discount rate	**22.51%**	23.35%

Beijing Smart Pharmacy and its subsidiaries:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**2%**	4%
Forecasted average gross profit margins	**30.8%**	30.4%
Estimated terminal growth rate beyond the projection period extrapolated	**1.2%**	1.2%
Pre-tax discount rate	**23.62%**	24.93%

13. GOODWILL (CONTINUED)

Guangdong Smart Pharmacy:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**5%**	6%
Forecasted average gross profit margins	**30.6%**	30.8%
Estimated terminal growth rate beyond the projection period extrapolated	**1.2%**	1.2%
Pre-tax discount rate	**23.72%**	23.84%

Renhe Yaofangwang:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Financial projection period	**5-year**	5-year
Forecasted average annual revenue growth rate	**-1%**	6%
Forecasted average gross profit margins	**11.1%**	12.5%
Estimated terminal growth rate beyond the projection period extrapolated	**1.2%**	1.2%
Pre-tax discount rate	**23.39%**	23.22%

13. GOODWILL (CONTINUED)

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 Shanghai Smart Pharmacy and its subsidiaries, Guangdong Smart Pharmacy and Renhe Yaofangwang were below the carrying amounts as at June 30, 2026. Accordingly, during the six months ended June 30, 2026, the management of the Company recognized impairment loss of RMB10,978,000, RMB22,231,000 and RMB18,266,000 related to the goodwill associated with acquisition of Shanghai Smart Pharmacy and its subsidiaries, Guangdong Smart Pharmacy and Renhe Yaofangwang, respectively (2025: nil), due to the fact that the business performance failed to meet expectations.

Except for above, other goodwill was not impaired since the recoverable amount exceeded the carrying amount. And for Beijing Smart Pharmacy and its subsidiaries, the recoverable amount exceeded the carrying amount is as follows:

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
	RMB'000	*RMB'000*
Beijing Smart Pharmacy and its subsidiaries	**7,165**	34,655

14. OTHER INTANGIBLE ASSETS

The Group acquired additional other intangible assets of RMB494,000 in relation to its operation during the current interim period (six months ended June 30, 2025: acquired additional software of RMB418,000 in relation to its other intangible assets renewal).

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 22.51% to 23.72% as at June 30, 2026. As at June 30, 2026, the estimated recoverable amounts of certain 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 RMB9,391,000 (six months ended June 30, 2025: nil, nil and nil) during the current interim period, respectively.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of June 30, 2026 (Unaudited) *RMB'000*	As of December 31, 2025 (Audited) *RMB'000*
Current:		
(a) Trade receivables		
Trade receivables from third parties	**168,264**	123,305
Less: allowance for expected credit loss ("**ECL**")	**(3,814)**	(2,589)
Subtotal	**164,450**	120,716
(b) Other receivables and prepayments		
Welfare receivable	**1,390**	1,441
Advance to suppliers	**40,054**	38,242
Prepaid expenses	**20,873**	47,356
Recoverable value-added tax	**27,835**	42,743
Receivable from third-party online platforms	**100,007**	102,535
Deposits receivables	**15,105**	10,835
Dividend receivables	**4,054**	–
Others	**9,151**	8,691
Less: allowances for ECL	**(3,049)**	(2,343)
Subtotal	**215,420**	249,500
Total	**379,870**	370,216
Non-current:		
Rental deposits	**13,792**	16,905
	13,792	16,905

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

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

	As of June 30, 2026 (Unaudited) *RMB'000*	As of December 31, 2025 (Audited) *RMB'000*
Within 3 months	**140,490**	106,132
3 to 6 months	**17,176**	8,456
6 to 12 months	**6,399**	4,323
Over 12 months	**4,199**	4,394
Less: allowance for ECL	**(3,814)**	(2,589)
	164,450	120,716

As of June 30, 2026, the Group's trade receivables balance included debtors with aggregate carrying amount of RMB33.7 million (December 31, 2025: RMB17.2 million), which were past due but not impaired as of the reporting date. The Group has not provided an impairment loss as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

16. TRADE AND OTHER PAYABLES

	As of June 30, 2026 (Unaudited)	As of December 31, 2025 (Audited)
	RMB'000	*RMB'000*
Trade payables	**639,919**	462,670
Notes payables	**61,048**	22,073
Subtotal	**700,967**	484,743
Salary and welfare payables	**76,643**	101,754
Other tax payable	**3,618**	9,069
Payables for delivery	**32,906**	44,043
Payables for service fee	**21,189**	40,207
Accrued expenses	**81,923**	86,005
Receipt on behalf of third-party merchants	**17,650**	18,411
Rental received in advance	**533**	744
Deposits payable	**16,519**	16,482
Payable for property and equipment	**50**	1,231
Others	**6,615**	5,881
Subtotal	**257,646**	323,827
Total	**958,613**	808,570

16. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As of June 30, 2026 (Unaudited) ***RMB'000***	As of December 31, 2025 (Audited) *RMB'000*
Within 3 months	**592,841**	427,620
3 to 6 months	**65,999**	38,591
6 to 12 months	**33,398**	9,892
Over 12 months	**8,729**	8,640
Total	**700,967**	484,743

17. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

LIQUIDITY AND CAPITAL RESOURCES

The Group financed its operations through cash reserves and internally generated cash flows. As at June 30, 2026, we had cash and cash equivalents of RMB939.0 million (December 31, 2025: RMB429.3 million). The following table sets forth our cash flows for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Operating cash flows before movements in working capital	**77,645**	52,716
Changes in working capital	**105,894**	147,117
Income taxes paid	**(15,547)**	(11,662)
Net cash from operating activities	**167,992**	188,171
Net cash from/(used in) investing activities	**469,163**	(778,922)
Net cash used in financing activities	**(115,796)**	(46,826)
Net increase/(decrease) in cash and cash equivalents	**521,359**	(637,577)
Cash and cash equivalents at the beginning of the period	**429,323**	1,217,954
Effect of foreign exchange rate changes on cash and cash equivalents	**(11,638)**	(4,103)
Cash and cash equivalents at the end of the period	**939,044**	576,274

Net Cash From Operating Activities

For the six months ended June 30, 2026, net cash from operating activities was RMB168.0 million compared to net cash from operating activities of RMB188.2 million in the same period last year, which was primarily attributable to the loss before income tax of RMB58.6 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of share-based payments expenses of RMB1.0 million, depreciation of right-of-use assets of RMB52.2 million, impairment losses recognized on goodwill of RMB51.5 million, impairment losses recognized on other intangible assets of RMB9.4 million and amortisation of other intangible assets of RMB8.7 million; and (ii) changes in working capital, which primarily resulted from an increase in amounts due to related parties of RMB29.5 million and an increase in trade and other payables of RMB152.1 million, partially offset by an increase in inventories of RMB29.1 million and an increase in restricted bank deposits of RMB37.9 million.

Net Cash From Investing Activities

For the six months ended June 30, 2026, net cash from investing activities was RMB469.2 million, which was primarily attributable to redemption of financial assets at FVTPL of RMB1,208.4 million and redemption of time deposits of RMB415.5 million and partially offset by purchases of financial assets at FVTPL of RMB967.8 million and placement of time deposits of RMB178.3 million.

Net Cash Used in Financing Activities

For the six months ended June 30, 2026, net cash used in financing activities was RMB115.8 million, which was primarily attributable to repayments of lease liabilities of RMB47.4 million, interest paid of RMB6.7 million, payments of repurchase and cancellation of ordinary shares of RMB61.9 million, repayments of bank borrowings of RMB34.9 million and partially offset by new bank borrowings raised of RMB35.1 million.

Borrowings and Gearing

As of June 30, 2026, bank borrowings were amounted to RMB4.9 million (December 31, 2025: RMB4.7 million). The Group's gearing ratio (calculated as total interest-bearing bank borrowings divided by total equity) was approximately 0.3% as of June 30, 2026 (December 31 2025: approximately 0.3%).

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 RMB13.8 million for the six months ended June 30, 2026 and RMB13.4 million for the six months ended June 30, 2025.

Capital Commitments

As of June 30, 2026, we had no material capital commitment.

Pledges of Assets

As of June 30, 2026, we did not have any material pledge of asset.

Significant Investments Held

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at June 30, 2026) during the six months ended June 30, 2026.

Future Plans for Material Investments or Capital Assets

The Group had no other plans for material investments or capital assets as of June 30, 2026.

Material Acquisitions and/or Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and/or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2026.

Foreign Exchange Risk

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

CONTINGENT LIABILITIES

As of June 30, 2026, we did not have any material contingent liabilities.

EMPLOYEES

As of June 30, 2026, we had 2,198 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 June 30, 2026:

Employee function	**Number of employees**
Sales, Marketing and Business Development	1,468
Technology, Research and Development	272
Management	265
Administration	193
Total	**2,198**

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 7.09% of the total issued share capital (excluding treasury shares and shares repurchased but not yet cancelled) of the Company as of June 30, 2026. 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 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 (excluding treasury shares and shares repurchased but not yet cancelled) of the Company as at the adoption date of the 2023 RSU Scheme. For details, please refer to the announcement of the Company dated June 27, 2023.

The total employee benefit expenses, including share-based payment expenses, for the six months ended June 30, 2026 were RMB187.2 million, as compared to RMB221.6 million for the six months ended June 30, 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 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, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and president, and the responsibilities of both chairman and president vest in Mr. YANG Wenlong. The Board believes that vesting the responsibilities of both chairman and president in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning. Besides, with three independent non-executive Directors out of a total of nine Directors in the Board, there will be sufficient independent opinions within the Board to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and president at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

The 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.

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 code of conduct regarding the Directors' dealings in the securities of the Company.

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

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

During the six months ended June 30, 2026, the Company repurchased a total of 68,975,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK$70.2 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 purchase in 2026	No. of Shares purchased	Purchase Consideration per share Highest price paid HK$	 Lowest price paid HK$	Aggregate consideration paid (including all the relevant expenses) HK$
January	14,732,000	1.24	1.03	16,753,675
March	3,672,500	0.90	0.79	3,140,553
April	24,426,000	1.13	0.91	25,233,679
May	18,487,000	1.07	0.80	18,076,954
June	7,657,500	0.97	0.79	7,023,379
	68,975,000			70,228,240

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). As of June 30, 2026, the Company did not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

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

Ms. LI Chuheng resigned as a non-executive Director and a member of the Remuneration Committee and the Nomination Committee with effect from July 21, 2026. Ms. YANG Xiao has been appointed as an executive Director and a member of the Nomination Committee with effect from July 21, 2026.

Mr. JIANG Shan, an independent non-executive Director, has been appointed as a member of the Remuneration Committee with effect from July 21, 2026.

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

INTERIM DIVIDENDS

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2026.

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events subsequent to June 30, 2026.

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 unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2026 and discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the Group's auditor, Messrs. Deloitte Touche Tohmatsu.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2026 have been reviewed by Messrs. Deloitte Touche Tohmatsu, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Accounting Standards Board.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Group for the six months ended June 30, 2026 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, August 21, 2026

As of the date of this announcement, the executive Directors are Mr. YANG Wenlong, Mr. YANG Yibin, Mr. XU Ning, Mr. YU Qinglong, Mr. MENG Fanzhou and Ms. YANG Xiao, and the independent non-executive Directors are Mr. ZHANG Shouchuan, Dr. FAN Zhenhong and Mr. JIANG Shan.