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Yidu Tech Inc.
醫渡科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2158)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Yidu Tech Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 September 2021 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 September 2020. The results have been reviewed by the Company’s audit committee.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

| | Six months ended 30 September | | |
|--|------------------------------------|-------------|------------|
| | 2021 | 2020 | Change (%) |
| | <i>RMB'000, except percentages</i> | | |
| | (Unaudited) | (Unaudited) | |
| Revenue | 501,931 | 309,168 | 62.3% |
| — Big Data Platform and Solutions | 157,948 | 207,227 | -23.8% |
| — Life Sciences Solutions | 145,627 | 70,580 | 106.3% |
| — Health Management Platform and Solutions | 190,438 | 25,646 | 642.6% |
| — Others | 7,918 | 5,715 | 38.5% |
| Gross profit | 144,070 | 87,632 | 64.4% |
| Operating loss | (442,214) | (256,102) | 72.7% |
| Loss for the period | (442,542) | (1,192,357) | -62.9% |
| Non-IFRS adjusted net loss ⁽¹⁾ | (321,504) | (165,806) | 93.9% |

(1) We define “adjusted net loss” as loss for the period and adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses.

The Board does not recommend the distribution of an interim dividend for the six months ended 30 September 2021.

BUSINESS REVIEW AND OUTLOOK

Overview

Since the outbreak of the COVID-19 pandemic across the globe, digital technologies including artificial intelligence (AI) and big data technologies have demonstrated important roles in dealing with the pandemic and managing the public health. As the only a few economies with fast growth in 2021, China continuously leads the investment in new digital infrastructure, of which has been raised to its national strategy that focuses on digitalization, intelligence and innovation. The emphasis of new digital infrastructure together with “Healthy China 2030” and the “14th Five Year Plan” have driven the huge growth potential in the health technology sector. In order to achieve a healthy and sustainable growth, the Chinese legislators have enacted several legislations, such as Data Security Law and Personal Information Protection Law, to encourage scientific and technological innovations on the premise of sticking to the safety bottom line. The legislations which we fully support point out the direction for the industry.

We are on the front line of applying AI and big data technologies to empower the digital transformation of healthcare sector along the supply chain for higher efficiency. As a leading company in the health technology sector, we fulfilled our social responsibility by leveraging our state-of-the-art technology to support the fight against the pandemic. Our data intelligence infrastructure YiduCore consists of algorithms and insightful knowledge that are continuously accumulated as we expand our use-case scenarios upon proper authorization. As of 30 September 2021, YiduCore has processed and analyzed more than 2.2 billion healthcare records from over 500 million patients covering over 600 hospitals across more than 20 provinces. We have made significant breakthroughs in public health, research, and diagnosis and treatment scenarios where we put great efforts in.

Our business has revealed a strong growth momentum despite external pressure. For the six months ended 30 September 2021, our total revenue amounted to RMB501.9 million, representing a year-on-year increase of 62.3%. Our gross profit margin remained stable at 28.7%. As of 30 September 2021, we have provided service solutions for 78 top research hospitals in China and 21 regulators and policy makers, with an increase of two hospitals and two regulators and policy makers during the Reporting Period. The number of active life sciences customers we served reached 127 as at 30 September 2021, with an increase of 19 active customers during the Reporting Period.

YiduCore, our intelligent “medical brain”, supports our customers and partners to unlock the value of health data to drive better outcomes by enabling the secured applicability of high-quality data in different use-case scenarios. This has been made possible by our commitment to “data intelligence, green healthcare” and years of persistent investments.

As we adhere to our mission “to make value-based precision healthcare accessible to everyone”, we look forward to creating greater value for major participants¹ of the healthcare ecosystem and ultimately, delivering better services and outcomes for patients.

1: Major participants include physicians, researchers and hospitals, regulators and policy makers, pharmaceutical, biotech and medical device companies, and insurance companies.

YiduCore

YiduCore, our data intelligence infrastructure represents our core capabilities that can be understood in terms of three layers. The first layer is our data processing capabilities which allow us to aggregate and convert the raw and scattered data on the information technology systems of hospitals and healthcare institutions into computable, structured and standardized data that can be analyzed with speed, accuracy and cost-efficiency. The second layer consists of our medical knowledge, insights and disease models that are continuously reinforced and expanded as they are applied to drive our data-analytics driven solutions for our customers in the various use-case scenarios. The final layer is our scenario specific operations and service capabilities that we develop to help our customers better realize the value of our solutions and our ecosystem to achieve their target outcomes.

Privacy and security have been built into YiduCore since day one. We invest heavily in the area of secure computation and we are one of the only three healthcare technology companies in China that were certified by China Academy of Information and Communications Technology (CAICT) in terms of Secure Multi-Party Computation and Federated Learning capabilities. We have also established a joint research center with Tsinghua University to carry-out and promote the use of federated learning and secure computing techniques.

Leveraging YiduCore, the effectiveness and value of our analytics solutions have been verified in various use-case scenarios.

- **Public Health:** Our comprehensive public health solutions offers large-scale simulation and predication to proactively assess the risks, optimizes the resource allocation and achieves efficient dynamic decision-making. We have assisted more than 10 local authorities to enhance the public safety measures at the peak of the epidemic. Our risk prediction and policy simulation models allowed one of the authorities in Guangdong province to effectively estimate epidemic outbreak curve and form lockdown strategy, reducing mortality rate while keeping economic continuity. The predicted outbreak curve coincided with the actual evolution, and the difference fell within 5 cases.
- **Research:** We increase the productivity of research-grade evidence generation and deliver high-quality care to patient as needed in an affordable way. We undertook the development of Real-World Data (“**RWD**”) Clinical Research Platform in Hainan Boao Lecheng with tens of millions of contract value. The platform aims to promote the application of RWD and accelerate the approval of fast-track drugs and devices. With advanced data governance and analytics-driven technologies, this platform facilitates researchers and regulators to generate and evaluate evidence of efficacy and safety in real-world clinical setting.

- **Clinical diagnosis:** We are patient-centric and outcome-based, in order to realize the mission of making precision healthcare accessible to everyone. We partnered with a leading physician at one of the top three hospitals in China and developed a predictive model to predict Candidaemia in ICU patients with New-Onset Systemic Inflammatory Response Syndrome. Compared with the traditional microbial-culture testing that generally takes days, this model can instantly identify patients at infection risk. In this way, physicians are able to prioritize resources and provide timely treatment to patients in need, and thus reducing the mortality rate and patients’ disease burden. The accuracy of the model has been verified in over 1,600 historical data from three hospitals, and the results have been published in *Frontiers in Medicine*.

Big Data Platform and Solutions

The Big Data Platform and Solutions segment is our longest operating business segment. It mainly serves hospitals and other healthcare institutions, as well as regulators and policy makers, to help them unlock the value of healthcare data through our analytics-driven solutions. As the segment grows, it also serves to expand and solidify the foundation of our data intelligence infrastructure.

We have entered into agreements with hospitals, regulators and policy makers, pursuant to which we provide our big data platforms to help them aggregate and process multi-source heterogeneous data into high-quality standardized and structured data that can be analyzed quickly and accurately. These platforms are implemented under proper authorization and can further empower a wide range of applications and solutions.

For hospitals, our platforms process longitudinal healthcare records across different settings and departments and mainly serve in medical research, clinical diagnosis and treatment and hospital operations management scenarios. We have further cooperated with top-grade hospitals and experts to establish disease registries and research networks. After obtaining proper authorizations, we can support them to conduct large scale clinical research with more refined disease data granularity.

The data we processed and analyzed for regulators and policy makers are more enriched and diversified and we mainly focus on three categories of use-case scenarios, including public health surveillance, pandemic response and population health management.

We implement a comprehensive and rigorous data privacy and security program to ensure the security, confidentiality, and integrity of data that we have been authorized to access and the stability and reliability of the services that we provide.

Our disease models for various disease areas continue to expand and refine as we collaborate with more top-grade hospitals and experts. During the Reporting Period, we have entered into agreements with two new top research hospitals and two new regulators and policy makers. We have also built disease registries covering 60 disease areas to enable the production of research-grade evidence to be more efficiently and effectively. Furthermore, we have partnered with two out of three hematology National Clinical Research Center (NCRC) hospitals, which are already within our network, to develop national disease registries and carry out efficient clinical trials and cross-institutional Real-World Evidence (RWE)-based researches. These NCRC hospitals have supported over 15 clinical studies and trials. We continue to refine and perfecting our real-world disease models by utilizing AI technologies, such as symbolic knowledge inference models and deep learning. As of 30 September 2021, nearly 120 papers have been published based on our disease registries and big data platforms.

Our clients highly recognized our value, which is evidenced by our ability to generate recurring engagements. For example, we served a city in Zhejiang province in prior years for a regional platform that covers over 200 healthcare institutions. The data granularity and analytics capabilities of our platform enable the local authority to plan and allocate medical resources more efficiently and effectively when combating the epidemic. During the Reporting Period, we escalated our solution offerings by providing comprehensive public health solutions which enable active monitoring and dynamic policy-making for 40 infectious diseases.

For the six months ended 30 September 2021, this segment recorded a total revenue of RMB157.9 million, and a gross profit margin of 41.7%, representing a year-on-year increase of 4.9 percentage points. After normalizing the one-off international revenue of medical devices and other COVID-19 related supplies in the first half of fiscal year 2021, this segment maintained a solid year-on-year increase of 21.1%.

Life Sciences Solutions

Leveraging YiduCore and the network of top hospitals and experts accumulated through our Big Data Platform and Solutions segment, we incubated the Life Sciences Solutions segment in the second half of fiscal year 2018. We currently provide analytics-driven clinical development, RWE-based research and digital commercialization solutions in respect of the full life-cycle of a drug or a medical device from clinical development to post-market commercialization. We combine our deep understanding of diseases with the rich clinical experience of the team to help pharmaceutical, biotech, medical device companies, and other companies involved in the clinical development process to reduce the time and costs of drug and medical device development while enhancing commercial success.

We provide a full set of end-to-end services at every stage of clinical development, including clinical operations, monitoring, trial design, statistical analysis, and data management. During the Reporting Period, we served a top 20 MNC client and completed patient enrollment assigned to us for a Phase III trial of cardiovascular disease after obtaining compliance approval. Compared with the client's pre-determined requirements, our enrolment efficiency doubled and our screening failure rate decreased by 60%. With our in-depth medical knowledge and understanding, we are able to formulate advanced algorithms to disassemble precise inclusion and exclusion criterion to identify eligible patients in a larger scale to increase enrolment efficiency and reduce screening failure rate.

In addition, our capabilities to generate high-quality real-world evidences to empower life science clients to manage and optimize the entire product lifecycle, from drug approval, peri-launch evidence support, post-market growth, to label extension, have all been validated. During the Reporting Period, we conducted a comprehensive retrospective real-world study for a top 20 MNC client and obtained approval of CDE (Center for Drug Evaluation, National Medical Products Administration) for label revision of its antibiotic drug. The approved revision has reduced the complexity in use.

As of 30 September 2021, we have over 400 employees in our Life Sciences Solutions segment with an average of 7.9 years of relevant experience in clinical research, data science, epidemiology, biostatistics, medical informatics, AI and others.

The number of our active customers grew rapidly. During the Reporting Period, the number of active customers increased by 19 to 127, and our core active pharmaceutical, biotech and medical device company customers increased by 10 to 90. In addition, we served 17 out of the top 20 global pharmaceutical companies in terms of revenue in 2020. While enlarging the customer base, we also actively enrich our solutions to enhance customer stickiness and expand the wallet share of our customers. During the Reporting Period, the overall revenue retention of all our customers was 133%, while the revenue retention of our core pharmaceutical, biotech and medical device company customers was 140%. For the six months ended 30 September 2021, the Life Sciences Solutions segment recorded a total revenue of RMB145.6 million, achieving a more than doubled year-on-year growth, and a gross profit margin of 20.0% representing an increase of 3.4 percentage points.

Health Management Platform and Solutions

Health Management Platform and Solutions segment is our latest segment with huge growth potential. During the Reporting Period, the revenue of this segment recorded a year-on-year increase by 642.6%.

In order to realize the mission of making precision healthcare accessible to everyone, we deliver AI-empowered and one-stop data-driven solutions for the management of patients with different types of diseases. We empower doctors and other care providers on our platform to be more effective by providing them relevant insights and knowledge upon proper authorization, and convenient patient management tools. Research doctors can also use our platform and tools to conduct their research and follow-up with and manage their research participants more efficiently. This is our approach to achieving “patient-centered, outcome-oriented” care.

Take “CausaHealth Diabetes Program” for example. With the medical knowledge and insights accumulated in YiduCore, we are able to offer coordinated care that integrates treatment in traditional care settings with out-of-hospital care and lifestyle interventions that include nutrition, mental and physical activities. We have established and verified the quantitative models of reducing glycosylated hemoglobin (HbA1c, the gold diagnosis standard for diabetes treatment effect) through AI-driven automated patient management. Apart from precisely recommending treatment plans, it can also conduct a risk prediction model to achieve personalized policy and treatment plans for different users. With a twelve-week intervention, we have achieved an average reduction of HbA1c by approximately 1%.

Within this segment, we also offer insurance technology and solutions to insurance companies and agencies. Leveraging our deep insights and knowledge powered by YiduCore, our solutions are aimed at facilitating insurance companies and agencies to develop innovative insurance products, enabling faster and more accurate insurance underwriting and expediting claim processing. Hui Min Bao is a city-level supplementary insurance product of the existing national social medical insurance. During the Reporting Period, we had an increasing market presence of the Hui Min Bao business. For example, we have served as the main operating platform, providing product design, user acquisition, promotion, customer services and claim management of Beijing Pu Hui Jian Kang Bao that was innovated in terms of insurance coverage to increase the affordability of patients. Through user operation, Hui Min Bao helps to bring in user traffic and improve our brand awareness among the general population as well as explore the opportunities in public health. During the Reporting Period, we had served five cities in China, and we intend to serve more cities in the foreseeable future.

As of 30 September 2021, the number of paying users who made at least one purchase on our health management platform exceeded 8 million.

Business outlook

To achieve our mission to make value-based precision healthcare accessible to everyone and further solidify our leadership, we intend to (i) deepen and broaden our knowledge and use-cases by disease areas, (ii) expand our customer base and deepen our relationship with existing customers, (iii) continue to strengthen our data processing and machine learning capabilities, (iv) explore opportunities in international markets, and (v) further enrich our ecosystem through strategic partnerships, investments and acquisitions.

In respect of Big Data Platform and Solutions, we will continue our two-dimensional strategy. Horizontally, we strengthen YiduCore by (1) expanding our network of hospitals and regions, (2) enriching the use-case scenarios of existing customers, and (3) investing in core technology capabilities such as secure computation and explainable, computable modeled knowledge graph. Vertically, we continue to deepen and optimize insights and knowledge within each disease area by enabling multi-site researches to be carried out in our network.

In respect of Life Sciences Solutions, we will drive the development of our analytics-driven clinical development, RWE-based research and commercialization solutions in line with the evolving regulations and policies. YiduCore has paved a solid foundation for the generation of high-quality real-world evidence in China. Next, we will focus on (1) generation and application of real-world evidence in various scenarios, (2) diseases we excelled at in clinical development and (3) enlargement and preservation of our customer base.

In respect of Health Management Platform and Solutions, we will continue to leverage our disease insights and expert network to provide effective health management solutions to benefit more people with “patient-centered, outcome-oriented” care.

We are well positioned to serve as a leading player in the rapidly evolving healthcare technology industry. In the future, we will continue to introduce innovative AI-driven applications and solutions to capture the massive market opportunities in China and beyond, and to enable stakeholders in the ecosystem to derive more value from our data intelligence infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues increased by 62.3% from RMB309.2 million for the six months ended 30 September 2020 to RMB501.9 million for the six months ended 30 September 2021. The increase was primarily attributable to the increase in revenue realized from Life Sciences Solutions and Health Management Platform and Solutions segments.

Big Data Platform and Solutions. Revenue from Big Data Platform and Solutions decreased by 23.8% from RMB207.2 million for the six months ended 30 September 2020 to RMB157.9 million for the six months ended 30 September 2021, primarily due to changes in revenue structure. There were international revenue of medical devices and other COVID-19 prevention supplies of RMB76.8 million in the first half of fiscal year ended 31 March 2021, taking no account of which, revenue from Big Data Platform and Solutions increased by 21.1% from RMB130.4 million for the six months ended 30 September 2020 to RMB157.9 million for the six months ended 30 September 2021, primarily due to the increased number of active customers.

Life Sciences Solutions. Revenue from Life Sciences Solutions increased by 106.3% from RMB70.6 million for the six months ended 30 September 2020 to RMB145.6 million for the six months ended 30 September 2021, primarily due to the increased number of active customers and improved average revenue per active customer during the same periods.

Health Management Platform and Solutions. Revenue from Health Management Platform and Solutions increased by 642.6% from RMB25.6 million for the six months ended 30 September 2020 to RMB190.4 million for the six months ended 30 September 2021, primarily due to the growth of insurance services and platform solutions of CausaHealth.

Others. Other revenue increased by 38.5% from RMB5.7 million for the six months ended 30 September 2020 to RMB7.9 million for the six months ended 30 September 2021.

Cost of sales and services

Our cost of sales and services increased by 61.5% from RMB221.5 million for the six months ended 30 September 2020 to RMB357.9 million for the six months ended 30 September 2021. Share-based compensation expenses included in cost of sales and services were RMB3.2 million and RMB6.0 million for the six months ended 30 September 2020 and 2021, respectively. The increase was caused by business expansion in Life Sciences Solutions and Health Management Platform and Solutions, partially offset by the decrease in cost of sales and services from Big Data Platform and Solutions segment in the first half of fiscal year 2022.

Big Data Platform and Solutions. Cost of sales and services from Big Data Platform and Solutions segment decreased by 29.8% from RMB131.1 million for the six months ended 30 September 2020 to RMB92.0 million for the six months ended 30 September 2021. Taking no account of the corresponding cost of sales of COVID-19 related international supplies in the first half of fiscal year 2021, cost of sales and services from Big Data Platform and Solutions segment increased by 58.3% from RMB58.1 million for the six months ended 30 September 2020 to RMB92.0 million for the six months ended 30 September 2021, primarily due to the increased cost of software and hardware as well as outsourcing service fee from RMB14.7 million to RMB54.5 million.

Life Sciences Solutions. Cost of sales and services from Life Sciences Solutions increased by 98.0% from RMB58.9 million for the six months ended 30 September 2020 to RMB116.5 million for the six months ended 30 September 2021, primarily due to increase in (i) employee benefits and expenses of employees engaging in the Life Sciences Solutions business from RMB27.9 million to RMB55.2 million, which included share-based compensation expenses of RMB1.4 million and RMB1.7 million in the respective periods, and (ii) increase in outsourcing service fee from RMB28.5 million to RMB56.7 million.

Health Management Platform and Solutions. Cost of sales and services from the Health Management Platform and Solutions segment increased by 443.1% from RMB26.2 million for the six months ended 30 September 2020 to RMB142.2 million for the six months ended 30 September 2021, primarily due to the increase in cost of pharmaceutical products and services from RMB0.2 million to RMB118.1 million.

Others. Other cost of sales and services increased by 30.2% from RMB5.4 million for the six months ended 30 September 2020 to RMB7.1 million for the six months ended 30 September 2021.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit for the six months ended 30 September 2020 and 2021 were RMB87.6 million and RMB144.1 million, respectively, and our overall gross margin was 28.3% and 28.7%, respectively.

Big Data Platform and Solutions. Our gross margin in Big Data Platform and Solutions increased from 36.8% for the six months ended 30 September 2020 to 41.7% for the six months ended 30 September 2021. Taking no account of the COVID-19 related international revenue and corresponding cost in the first half of fiscal year 2021, our gross margin in Big Data Platform and Solutions decreased from 55.4% for the six months ended 30 September 2020 to 41.7% for the six months ended 30 September 2021, primarily attributable to revenue mix shift.

Life Sciences Solutions. Our gross margin in Life Sciences Solutions increased from 16.6% for the six months ended 30 September 2020 to 20.0% for the six months ended 30 September 2021, primarily due to increased pricing power and higher utilization.

Health Management Platform and Solutions. Our gross margin in Health Management Platform and Solutions increased from -2.3% for the six months ended 30 September 2020 to 25.3% for the six months ended 30 September 2021, primarily driven by product mix shift.

Selling and marketing expenses

Our selling and marketing expenses increased by 117.3% from RMB107.3 million for the six months ended 30 September 2020 to RMB233.1 million for the six months ended 30 September 2021, primarily attributable to increase in (i) employee benefits and expenses of employees engaging in selling and marketing function from RMB70.7 million to RMB136.6 million, which included share-based compensation of RMB5.2 million and RMB21.6 million in the respective periods, and (ii) business development, promotion and advertising expenses targeting to promote the Group's brand awareness and insurance services from RMB20.8 million to RMB83.5 million.

Selling and marketing expenses as a percentage of revenue increased from 34.7% for the six months ended 30 September 2020 to 46.4% for the six months ended 30 September 2021 as a result of the foregoing reasons.

Administrative expenses

Our administrative expenses increased by 28.9% from RMB136.0 million for the six months ended 30 September 2020 to RMB175.3 million for the six months ended 30 September 2021, primarily attributable to increase in employee benefits and expenses of employees engaging in administrative function from RMB89.2 million to RMB134.1 million, which included share-based compensation of RMB55.8 million and RMB67.6 million in the respective periods.

As a percentage of revenue, administrative expenses declined from 44.0% for the six months ended 30 September 2020 to 34.9% for the six months ended 30 September 2021 as our revenue grew at a faster rate.

Research and development expenses

Our research and development expenses increased by 94.7% from RMB98.6 million for the six months ended 30 September 2020 to RMB192.0 million for the six months ended 30 September 2021. The increase in research and development expenses was primarily due to increase in (i) employee benefit and expenses for employees engaging in research and development function from RMB85.9 million to RMB167.3 million, including share-based compensation of RMB8.1 million and RMB25.8 million in the respective periods; and (ii) consulting fee and other professional fee from RMB2.8 million to RMB7.3 million.

Research and development expenses as a percentage of revenue increased from 31.9% for the six months ended 30 September 2020 to 38.2% for the six months ended 30 September 2021 as a result of the foregoing reasons.

Operating loss

As a result of the foregoing, operating loss of the Group increased from RMB256.1 million for the six months ended 30 September 2020 to RMB442.2 million for the six months ended 30 September 2021.

Fair value change of convertible redeemable preferred shares

Our fair value change of convertible redeemable preferred shares was a loss of RMB943.6 million and nil for the six months ended 30 September 2020 and 2021, respectively.

Fair value change of convertible notes

Our fair value change of convertible notes was a loss of RMB24.2 million and nil for the six months ended 30 September 2020 and 2021, respectively.

Fair value changes of warrants

Our fair value change of warrants was a gain of RMB34.4 million and nil for the six months ended 30 September 2020 and 2021, respectively.

Taxation

Income tax credits of the Group decreased from RMB460,515 for the six months ended 30 September 2020 to RMB151,370 for the six months ended 30 September 2021.

Loss for the period

As a result of the foregoing, our loss for the period decreased by 62.9% from RMB1,192.4 million for the six months ended 30 September 2020 to RMB442.5 million for the six months ended 30 September 2021, primarily due to the conversion of convertible redeemable preferred shares and convertible notes upon successful initial public offering.

Non-IFRS Measure — Adjusted Net Loss

To supplement our consolidated financial statements which are presented in accordance with International Financial Reporting Standards (“**IFRS**”), we also use adjusted net loss (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of investment transactions. We believe that this measure provides useful information to investors in understanding and evaluating the Group’s consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define “adjusted net loss” as loss for the period and adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses and (v) listing expenses.

For the six months ended 30 September 2020 and 2021, our adjusted net loss was RMB165.8 million and RMB321.5 million, respectively.

The following table set forth the reconciliations of our non-IFRS financial measure for the six months ended 30 September 2020 and 2021 to the nearest measure prepared in accordance with IFRS.

| | Six months ended 30 | |
|--|----------------------------|--------------------|
| | September | |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (442,542) | (1,192,357) |
| Add: | | |
| Fair value changes of convertible redeemable preferred shares ⁽¹⁾ | — | 943,589 |
| Fair value changes of convertible notes ⁽²⁾ | — | 24,192 |
| Fair value changes of warrants ⁽³⁾ | — | (34,398) |
| Share-based compensation expenses ⁽⁴⁾ | 121,038 | 72,273 |
| Listing expenses ⁽⁵⁾ | — | 20,895 |
| Non-IFRS adjusted net loss | (321,504) | (165,806) |
| Non-IFRS adjusted net loss margin (%)⁽⁶⁾ | (64.1%) | (53.6%) |

(1) Fair value changes of convertible redeemable preferred shares represent the gains or losses arising from change in fair value of our issued Series A, A-1, A-2, B and C convertible redeemable preferred shares, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.

(2) Fair value changes of convertible notes represent the gains or losses arising from change in fair value of our issued convertible notes, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.

(3) Fair value changes of warrants represent the gains or losses arising from change in fair value of the warrants we issued to our investors, which was recognized at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.

(4) Share-based compensation expenses relate to the share awards we offered to our employees, directors and consultants under the Share Incentive Plans, which are primarily non-cash in nature and commonly not included in similar non-IFRS measures adopted by other companies in our industry.

(5) Listing expenses are not expected to recur in future and commonly not included in similar non-IFRS financial measures.

(6) Represents non-IFRS adjusted net loss divided by the total revenue for the period indicated.

Liquidity and capital resources

During the six months ended 30 September 2021, we had funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sales of convertible redeemable preferred shares in private placement transactions. We had cash and cash equivalents, term deposits, restricted bank balance and deposits of RMB4,605.6 million and RMB4,219.5 million as at 31 March 2021 and 30 September 2021, respectively.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 per cent. or more of the Company's total assets as at 30 September 2021) during the six months ended 30 September 2021.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 September 2021.

Pledge of assets

As at 30 September 2021, the Group has no material pledge of assets.

Future plans for material investments or capital asset

As at 30 September 2021, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as net debt divided by deficits on total equity. Net debt is calculated as total liabilities which are considered as borrowings less cash and cash equivalents. As at 30 September 2021, the Group has a net cash position and the gearing ratio was not applicable, as compared with 99.0% as at 30 September 2020. The decrease was primarily due to the conversion of convertible redeemable preferred shares and convertible notes, as well as the increase in cash and cash equivalents.

Foreign exchange exposure

During the six months ended 30 September 2021, the Group mainly operated in China with most of the transactions settled in Renminbi. The functional currency of our Company and the subsidiaries and the consolidated affiliated entities that operate in China are U.S. dollar and Renminbi, respectively. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our group entities. As at 30 September 2021, we had currency translation loss of RMB60.2 million, as compared with currency translation gain of RMB179.5 million as at 30 September 2020. We did not hedge against any fluctuation in foreign currency during the six months ended 30 September 2020 and 2021.

Contingent liabilities

As at 30 September 2021, we did not have any material contingent liabilities (as at 30 September 2020: nil).

Capital commitment

As at 30 September 2021, the Group has no material capital commitment.

Employees and remuneration

As at 30 September 2021, the Group had a total of 1,448 employees, 878 employees were based in Beijing, 225 employees were based in Shanghai and 345 employees were based in other offices in China and overseas. The following table sets forth the total number of employees by function as at 30 September 2021:

| Function | Number of employees |
|------------------------------------|---------------------|
| Product Development and Technology | 751 |
| Medical Function | 334 |
| Sales and Marketing | 144 |
| General and Administrative | 219 |
| Total | 1,448 |

Our people are our most valued assets. We are able to continue to attract the best talents across multiple domains due to their faith in the potential of YiduCore to transform healthcare. As at 30 September 2021, about 45.9% of our employees have clinical research experiences and medical background, about 36.7% have AI and technology experiences and background. The total remuneration cost incurred by the Group for the six months ended 30 September 2021 was RMB526.2 million, as compared to RMB314.4 million for the six months ended 30 September 2020. The Company has also adopted a post-IPO share award scheme and a post-IPO share option scheme.

Subsequent Event

As at the date of this announcement, the Group has no significant events occurred after the Reporting Period which require additional disclosures or adjustments.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 9 December 2014 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on 15 January 2021.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Compliance with the Code on Corporate Governance Practices

During the six months ended 30 September 2021, the Company has complied with the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), save for the following deviation.

Code provision A.2.1 of the Corporate Governance Code recommends, but does not require, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Gong Yingying (“**Ms. Gong**”) performs both the roles of the Chairlady of the Board and the chief executive officer of the Company. Ms. Gong is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both Chairlady and chief executive officer in Ms. Gong has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. 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 chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Code provision E.1.5 of the Corporate Governance Code provides that the issuer should have a policy on payment of dividends and should disclose it in the annual report. As the Company intends to retain its available funds and earnings to fund the development and growth of our business, the performance of which will continue to be impacted by the relevant industry’s and economic outlook in the foreseeable future, the Board is of the opinion that it is not appropriate to adopt a dividend policy at this stage. The Board will review the Company’s status periodically and consider to adopt a dividend policy if and when appropriate.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this announcement.

Audit Committee

The Group has established an audit committee comprising three members, being Dr. Ma Wei-Ying, Ms. Pan Rongrong and Prof. Zhang Linqi, with Ms. Pan Rongrong (being the Company's independent non-executive Director with the appropriate professional qualifications) as chair of the audit committee.

The audit committee has reviewed the consolidated financial statements of the Group for the six months ended 30 September 2021 and has met with the independent auditor, PricewaterhouseCoopers. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

Auditors scope of work

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's unaudited interim condensed consolidated financial information for the six months ended 30 September 2021 in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". PricewaterhouseCoopers confirmed that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

OTHER INFORMATION

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries or consolidated attributed entities has purchased, sold or redeemed any of the Company's listed securities.

Material litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 September 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Use of proceeds from Listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 January 2021. The net proceeds from the Global Offering (following the full exercise of the Over-allotment Option, as defined in the prospectus of the Company dated 31 December 2020 (the “**Prospectus**”), was approximately HK\$4.6 billion (the “**Net Proceeds**”), after deducting the underwriting commissions and offering expenses paid or payable, which will be gradually utilized for the purposes as set out in the Prospectus.

- approximately 35% of the Net Proceeds is expected to be used in the next 24 to 36 months for continuous effort to strengthen our core capabilities, including data processing technology and machine learning algorithms, and enhance our ability to deliver solutions responsive to our customers’ needs. Specifically, we will continue to: (i) enhance federated learning capabilities and the research and implementation of information encryption technology, conduct joint research with universities such as Tsinghua University, and conduct technical cooperation with other technology companies; (ii) expand model knowledge graphs, which differ from traditional knowledge graphs, and are a set of concepts and technologies accumulated from our long-term work that are important in healthcare big data applications; (iii) construct basic NLP technology and invest resources to train the unique models in the healthcare field, including software and hardware, and continue to improve algorithms and strengthen the ability of basic structural standardization; and (iv) develop AI capabilities that are close to our business, including automated model building and knowledge discovery that empower doctors’ scientific research capabilities, intelligent health files and patient condition labels that empower doctors’ diagnosis and treatment. We will continue to attract and retain the best minds in the fields of AI and data science, experienced professionals with deep understanding of the healthcare industry and also top talents with strong knowledge in the healthcare domain. We will continue to improve and maintain our computing power. We also plan on expanding our cooperation with the world’s leading technology companies, universities and research centers, leveraging their advanced technologies and know-hows to facilitate our innovation, further strengthen our data processing capabilities and AI technology and shorten the development cycle of our solutions.
- approximately 35% of the Net Proceeds is expected to fund our business operations and further our business expansion in the next 24 to 36 months, including developing new applications and solutions for our existing and new markets and selling and marketing of such new applications and solutions in our existing or new markets. New markets that we currently plan to expand into include Southeast Asia, including Brunei and Singapore, and we plan to tap into these new markets through first providing our Big Data Platform and Solutions to medical institutions and regulator and policy maker customers. Some of our existing applications and solutions could be upgraded into an international version, including expanding our natural language processing capabilities to cover multiple languages and customizing our health management platform and solutions to accommodate different medical systems in various countries. In lieu of feasibility studies, we plan to promote and explore these new projects on a pilot basis and talk to potential customers in small-scale business teams. We will leverage our robust customer base and continue to deepen our long-term relationship with, and increase the spending by, existing customers, such as seeking to generate recurring revenues and drive purchases of additional services and solutions.

- approximately 20% of the Net Proceeds is expected to be used for further enrich our ecosystem through strategic partnerships, investments and acquisitions. To complement our organic growth strategy, we will continue to enrich our ecosystem by selectively pursuing suitable strategic partnerships, investments and acquisitions in China and the international markets we plan to expand into, such as (i) businesses that possess cutting-edge technologies such as machine learning, big data analytics and other technologies related to our business that would allow us to enhance our data intelligence infrastructure; (ii) businesses with proven monetization models in the healthcare big data solutions market that synergize with our plans to broaden our service offerings; and (iii) companies that operate healthcare apps or social communities with meaningful user bases that would allow us to attract new participants to our ecosystem. We currently intend to make investments in targets located in China or Southeast Asian countries. We may invest in digital health companies, health management service providers, health content providers and strategic ecosystem providers that can operate on our big data platform or health management platform and can enrich our offerings to our customers. Our Directors believe that there are a sufficient number of potential targets as many digital health companies, health management service providers and health content providers exist both in China or overseas.
- approximately 10% of the Net Proceeds is expected to be used for working capital and general corporate purposes.

As at 30 September 2021, the Company had not utilized the Net Proceeds from the Global Offering. The Company will utilise the Net Proceeds of the Global Offering in accordance with the intended purposes as set out in the Prospectus.

Interim dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 September 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 September | |
|---|----------------------------------|---------------------------|
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Revenue from contracts with customers | 501,931 | 309,168 |
| Cost of sales and services | <u>(357,861)</u> | <u>(221,536)</u> |
| Gross profit | <u>144,070</u> | <u>87,632</u> |
| Selling and marketing expenses | (233,126) | (107,305) |
| Administrative expenses | (175,325) | (135,950) |
| Research and development expenses | (191,952) | (98,647) |
| Net impairment losses on financial assets and contract assets | (5,350) | (2,790) |
| Other income | 20,987 | 9,966 |
| Other losses | <u>(1,518)</u> | <u>(9,008)</u> |
| Operating loss | <u>(442,214)</u> | <u>(256,102)</u> |
| Finance income | 1,534 | 452 |
| Finance cost | <u>(1,818)</u> | <u>(2,692)</u> |
| Finance cost — net | <u>(284)</u> | <u>(2,240)</u> |
| Share of loss from investments in associates | (195) | (1,092) |
| Fair value changes of convertible redeemable preferred shares | — | (943,589) |
| Fair value changes of convertible notes | — | (24,192) |
| Fair value changes of warrants | <u>—</u> | <u>34,398</u> |
| Loss before income tax | <u>(442,693)</u> | <u>(1,192,817)</u> |
| Income tax credit | <u>151</u> | <u>460</u> |
| Loss for the period | <u>(442,542)</u> | <u>(1,192,357)</u> |
| Loss is attributable to: | | |
| — Owners of the Company | (440,768) | (1,192,614) |
| — Non-controlling interests | <u>(1,774)</u> | <u>257</u> |
| | <u><u>(442,542)</u></u> | <u><u>(1,192,357)</u></u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| | Six months ended 30 September | |
|---|----------------------------------|---------------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Other comprehensive income/(loss) | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | |
| Currency translation differences | (78,041) | 122,857 |
| Fair value changes of convertible redeemable preferred shares due to own credit risk | — | (6,139) |
| <i>Item that will be reclassified to profit or loss:</i> | | |
| Currency translation differences | 17,799 | 56,668 |
| Other comprehensive (loss)/income for the period, net of tax | <u>(60,242)</u> | <u>173,386</u> |
| Total comprehensive loss for the period | <u><u>(502,784)</u></u> | <u><u>(1,018,971)</u></u> |
| Total comprehensive loss for the period is attributable to: | | |
| — Owners of the Company | (500,574) | (1,018,725) |
| — Non-controlling interests | <u>(2,210)</u> | <u>(246)</u> |
| | <u><u>(502,784)</u></u> | <u><u>(1,018,971)</u></u> |
| Loss per share, basic and diluted (RMB) | <u><u>(0.47)</u></u> | <u><u>(2.95)</u></u> |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | As at 30 September 2021 <i>RMB'000</i> (Unaudited) | As at 31 March 2021 <i>RMB'000</i> (Audited) |
|---|--|--|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 54,315 | 28,215 |
| Right-of-use assets | 53,555 | 21,359 |
| Intangible assets | 37,807 | 39,198 |
| Deferred income tax assets | 903 | 752 |
| Investments accounted for using the equity method | 5,022 | 5,217 |
| Restricted bank balance and deposits | 5,016 | 5,008 |
| Other non-current assets | 6,116 | — |
| Total non-current assets | 162,734 | 99,749 |
| Current assets | | |
| Inventories | 23,216 | 31,761 |
| Contract assets | 93,364 | 51,440 |
| Trade receivables | 426,830 | 365,641 |
| Other financial assets at amortised cost | 37,981 | 27,043 |
| Financial assets at fair value through profit or loss | 21,031 | 20,945 |
| Pledged bank deposits | 1,268 | 1,268 |
| Term deposits | — | 3,860,723 |
| Cash and cash equivalents | 4,214,443 | 739,846 |
| Other current assets | 48,810 | 51,478 |
| Total current assets | 4,866,943 | 5,150,145 |
| Total assets | 5,029,677 | 5,249,894 |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Share capital | 123 | 116 |
| Treasury shares | (1) | (1) |
| Other reserves | 12,262,472 | 12,205,187 |
| Accumulated deficits | (7,916,500) | (7,475,732) |
| | 4,346,094 | 4,729,570 |
| Non-controlling interests | 20,408 | 22,618 |
| Total equity | 4,366,502 | 4,752,188 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

| | As at 30 September 2021 <i>RMB'000</i> (Unaudited) | As at 31 March 2021 <i>RMB'000</i> (Audited) |
|-------------------------------------|--|--|
| Liabilities | | |
| Non-current liabilities | | |
| Lease liabilities | 34,076 | 6,909 |
| Deferred income | 75,833 | 76,213 |
| Total non-current liabilities | 109,909 | 83,122 |
| Current liabilities | | |
| Trade and other payables | 301,266 | 176,616 |
| Salary and welfare payable | 189,711 | 184,451 |
| Contract liabilities | 25,867 | 21,179 |
| Current income tax liabilities | 245 | 2,189 |
| Lease liabilities | 25,677 | 19,521 |
| Deferred income | 10,500 | 10,628 |
| Total current liabilities | 553,266 | 414,584 |
| Total liabilities | 663,175 | 497,706 |
| Total equity and liabilities | 5,029,677 | 5,249,894 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

Yidu Tech Inc. (formerly known as “**Happy Life Tech Inc.**” or “**Yidu Inc.**”) (the “**Company**”) was incorporated in the Cayman Islands on 9 December 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands (Cap. 22, Law 3 of 1961 as consolidated and revised). The address of the Company is Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are primarily engaged in the provision of the following services: i) big data platform and solutions, ii) life sciences solutions, iii) health management platform and solutions, and iv) others in the People’s Republic of China (“**PRC**”).

The interim condensed consolidated financial information comprises the interim condensed consolidated balance sheet as at 30 September 2021, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the “**Interim Financial Information**”). The Interim Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

2 Basis of preparation

The Interim Financial Information for the six months ended 30 September 2021 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”).

The Interim Financial Information does not include all the notes of the type normally included in an annual financial statements. Accordingly, it should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by International Accounting Standards Board (“**IASB**”) and any public announcements made by the Company during the interim reporting period.

3 Accounting policies

The accounting policies applied to the preparation of the Interim Financial Information are consistent with those of applied in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2021.

3 Accounting policies (continued)

The adoption of the new and amended standards which are effective for annual reporting period commencing 1 January 2021 does not have any significant impact on the Group's significant accounting policies and the presentation of this interim condensed consolidated financial information.

In addition, certain new and amended standards and annual improvements have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These new and amended standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 Critical accounting estimates and judgements

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the Group's consolidated financial statements for the year ended 31 March 2021.

5 Segment information

Disaggregation of revenue from contracts with customers

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the Chief Operating Decision Maker. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Big data platform and solutions
- Life sciences solutions
- Health management platform and solutions
- Others

| | Six months ended 30 September 2021 (Unaudited) | | | | |
|---------------------------------------|--|---------------------------------------|--|-------------------|------------------|
| | Big data platform and solutions RMB'000 | Life sciences solutions RMB'000 | Health management platform and solutions RMB'000 | Others RMB'000 | Total RMB'000 |
| Revenue from contracts with customers | 157,948 | 145,627 | 190,438 | 7,918 | 501,931 |
| Cost of sales and services | (92,027) | (116,532) | (142,235) | (7,067) | (357,861) |
| Gross profit | <u>65,921</u> | <u>29,095</u> | <u>48,203</u> | <u>851</u> | <u>144,070</u> |

| | Six months ended 30 September 2020 (Unaudited) | | | | |
|---------------------------------------|--|--|--|-------------------|------------------|
| | Big data platform and solutions RMB'000 | Life sciences solutions RMB'000 | Health management platform and solutions RMB'000 | Others RMB'000 | Total RMB'000 |
| Revenue from contracts with customers | 207,227 | 70,580 | 25,646 | 5,715 | 309,168 |
| Cost of sales and services | (131,050) | (58,869) | (26,189) | (5,428) | (221,536) |
| Gross profit/(loss) | <u>76,177</u> | <u>11,711</u> | <u>(543)</u> | <u>287</u> | <u>87,632</u> |

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC. For the six months ended 30 September 2021 and 2020, the Group earns approximately 85% and 15%, 64% and 36% of total revenue from external customers located in the PRC and other countries, respectively.

As at 30 September 2021 and 31 March 2021, substantially all of the non-current assets of the Group were located in the PRC.

6 Expenses by nature

Expenses included in cost of sales and services, selling and marketing expenses, administrative expenses and research and development expenses are further analysed as follows:

| | Six months ended 30 September | |
|---|----------------------------------|----------------|
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Employee benefits expenses | 526,193 | 314,359 |
| Cost of sales of hardwares, softwares and other goods | 162,168 | 93,265 |
| Outsourcing services fee | 89,260 | 48,319 |
| Promotion and advertising expenses | 67,542 | 10,478 |
| Travelling, entertainment and general office expenses | 39,585 | 21,528 |
| Consulting and other professional fee | 35,678 | 27,512 |
| Labour dispatching | 10,898 | 6,185 |
| Depreciation of property, plant and equipment | 8,561 | 8,762 |
| Depreciation of right-of-use assets | 8,396 | 7,074 |
| Auditors' remuneration | | |
| — Audit services | 2,836 | 261 |
| Taxes and surcharges | 2,228 | 1,138 |
| Amortization of intangible assets | 2,187 | 1,642 |
| Listing expenses | — | 20,895 |
| Other expenses | 2,732 | 2,020 |
| | <hr/> | <hr/> |
| Total cost of sales and services, selling and marketing expenses, administrative expenses and research and development expenses | 958,264 | 563,438 |
| | <hr/> | <hr/> |

7 Income tax credit

| | Six months ended 30 September | |
|------------------------------|----------------------------------|----------------|
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Current tax | — | — |
| Deferred income tax | 151 | 460 |
| | <hr/> | <hr/> |
| Total income tax credit— net | 151 | 460 |
| | <hr/> | <hr/> |

Income tax credit are recognized based on the management's best knowledge of the income tax rates that would be applicable to the full financial year.

8 Loss per share

- (a) Basic loss per share is calculated by dividing the loss attributable to the Company's owners by the weighted average number of ordinary shares in issue during the six months ended 30 September 2021 and 2020.

The calculation of loss per share is based on the following:

| | Six months ended | |
|--|-------------------------|--------------------|
| | 30 September | |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Loss attributable to owners of the Company | (440,768) | (1,192,614) |
| Weighted average number of ordinary shares in issue ('000) | 935,086 | 403,889 |
| Basic loss per share (RMB yuan) | (0.47) | (2.95) |

- (b) 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.

As the Group incurred losses for the six months ended 30 September 2021 and 2020, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 September 2021 and 2020 are the same as basic loss per share for the respective periods.

9 Trade receivables

| | As at | As at |
|---|---------------------|------------------|
| | 30 September | 31 March |
| | 2021 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| Trade receivables from contracts with customers | | |
| — Third parties | 468,346 | 402,183 |
| — Related parties | 4,698 | 7,306 |
| Less: allowance for impairment of trade receivables | (46,214) | (43,848) |
| | 426,830 | 365,641 |

9 Trade receivables (continued)

- (a) The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 180 days. The aging analysis of the trade receivables based on invoice date is as follows:

| | As at 30 September 2021 <i>RMB'000</i> (Unaudited) | As at 31 March 2021 <i>RMB'000</i> (Audited) |
|---|---|--|
| — Up to 3 months | 185,756 | 262,524 |
| — 3 to 6 months | 73,318 | 23,163 |
| — 6 months to 1 year | 139,385 | 46,712 |
| — 1–2 years | 58,909 | 60,183 |
| — Over 2 years | 15,676 | 16,907 |
| | 473,044 | 409,489 |
| Less: allowance for impairment of trade receivables | (46,214) | (43,848) |
| Total | 426,830 | 365,641 |

(b) Fair values of trade receivables

The Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at 30 September 2021 and 31 March 2021.

10 Trade and other payables

| | As at 30 September 2021 <i>RMB'000</i> (Unaudited) | As at 31 March 2021 <i>RMB'000</i> (Audited) |
|---|--|--|
| Trade payables | 109,006 | 85,875 |
| Tax payables | 15,741 | 8,012 |
| Other payables: | | |
| — Insurance premium collection payables | 91,517 | — |
| — Payables for consulting and other service fee | 34,829 | 32,000 |
| — Payables for marketing and sales promotion expenses | 16,782 | 1,131 |
| — Payables for repurchase of options | 12,104 | 35,253 |
| — Reimbursement payable to employees | 7,682 | 7,439 |
| — Payables for leasehold improvement | 6,665 | 120 |
| — Amounts due to related parties | 66 | 66 |
| — Others | 6,874 | 6,720 |
| | <u>301,266</u> | <u>176,616</u> |

- (a) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.
- (b) Aging analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

| | As at 30 September 2021 <i>RMB'000</i> (Unaudited) | As at 31 March 2021 <i>RMB'000</i> (Audited) |
|----------------------|--|--|
| — Up to 3 months | 69,406 | 56,222 |
| — 3 to 6 months | 16,649 | 16,120 |
| — 6 months to 1 year | 19,069 | 3,395 |
| — 1 to 2 years | 3,882 | 10,138 |
| | <u>109,006</u> | <u>85,875</u> |

11 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the six months ended 30 September 2021 and 2020.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yidutechgroup.com). The interim report of the Group for the six months ended 30 September 2021 will be dispatched to the Company's shareholders and made available for review on the same websites in due course.

By order of the Board
Yidu Tech Inc.
Gong Yingying
*Chairlady, Executive Director and
Chief Executive Officer*

Hong Kong, 26 November 2021

As at the date of this announcement, the executive Directors are Ms. Gong Yingying, Ms. Yang Jing, Dr. Yan Jun and Ms. Zhang Shi; the non-executive Director is Mr. Zeng Ming; and the independent non-executive Directors are Dr. Ma Wei-Ying, Ms. Pan Rongrong and Prof. Zhang Linqi.