



# ClouDr Group Limited

## 智雲健康科技集團\*

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 9955

### Interim Report

# 2024



\* For identification purpose only

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# Corporate Information

## Executive Director

Mr. Kuang Ming (匡明)  
*(Chairman and Chief Executive Officer)*

## Non-Executive Director

Mr. Lee Kar Chung Felix (李家聰)  
*(resigned with effect from June 6, 2024)*

## Independent Non-Executive Directors

Dr. Hong Weili (洪偉力)  
Mr. Zhang Saiyin (張賽音)  
Mr. Ang Khai Meng

## Audit Committee

Mr. Zhang Saiyin *(Chairperson)*  
Dr. Hong Weili  
Mr. Lee Kar Chung Felix *(until June 6, 2024)*  
Mr. Ang Khai Meng *(with effect from June 6, 2024)*

## Remuneration Committee

Dr. Hong Weili *(Chairperson)*  
Mr. Kuang Ming  
Mr. Zhang Saiyin

## Nomination Committee

Mr. Kuang Ming *(Chairperson)*  
Dr. Hong Weili  
Mr. Zhang Saiyin

## Company Secretary

Ms. Fung Wai Sum (馮慧森) *(ACG, HKACG)*

## Authorized Representatives

Mr. Kuang Ming  
Ms. Fung Wai Sum *(ACG, HKACG)*

## Principal Place of Business in the PRC

Rooms 501, 5/F, Building 12  
No. 998 Wenyi West Road (Haichuang Yuan)  
Wuchang Street, Yuhang District, Hangzhou  
Zhejiang Province, China

## Principal Place of Business in Hong Kong

5/F, Manulife Place  
348 Kwun Tong Road, Kowloon, Hong Kong

## Registered Office

PO Box 309, Uglan House, Grand Cayman  
KY1-1104, Cayman Islands

## Auditor

KPMG  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*  
8th Floor, Prince's Building,  
10 Chater Road,  
Central, Hong Kong



## Corporate Information

### Legal Advisers

*As to Hong Kong law*

Skadden, Arps, Slate, Meagher & Flom  
42/F, Edinburgh Tower, The Landmark  
15 Queen's Road Central, Hong Kong

*As to PRC law*

Tian Yuan Law Firm  
10/F, Tower B, China Pacific Insurance Plaza  
28 Fengsheng Hutong, Xicheng District, Beijing,  
PRC

*As to Cayman Islands law*

Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road, Wan Chai, Hong Kong

### Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102, Cayman Islands

### Hong Kong Share Registrar

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### Principal Banks

Xiamen International Bank (Beijing Branch)  
11/F, China Commerce Tower  
No. 5, Sanlihe East Road  
Xicheng District  
Beijing  
PRC

Shanghai Pudong Development Bank Co., Ltd  
(Xuhui sub-branch)  
No. 589, Jianguoxi Road  
Xuhui District  
Shanghai  
PRC

Hangzhou Bank (Keji sub-branch)  
No. 3850, Jiangnan Dadao  
Binjiang District, Hangzhou  
Zhejiang Province  
PRC

### Stock Code

9955

### Company Website

[www.cloudr.cn](http://www.cloudr.cn)



## Financial Summary

	Six months ended June 30		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change (%)
Revenue	2,124,840	1,802,564	17.9
Gross profit	436,994	473,569	(7.7)
Operating loss	(102,850)	(154,309)	(33.3)
Loss for the period	(118,941)	(159,576)	(25.5)
Adjusted net loss (non-IFRS measure) <sup>(1)</sup>	(32,901)	(58,863)	(44.1)

	Six months ended June 30		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change (%)
Revenue by product or service type	2,124,840	1,802,564	17.9
– In-hospital Solution	1,688,110	1,404,032	20.2
Value Added Solution	1,439,278	1,067,424	34.8
Subscription Solution (i.e. Targeted Marketing)	140,922	271,999	(48.2)
P2M Solution <sup>(2)</sup>	107,910	64,609	67.0
– Out-of-hospital Solution	436,730	398,532	9.6
Subscription Solution	27,647	27,928	(1.0)
Value Added Solution	360,295	297,104	21.3
Others	48,788	73,500	(33.6)

Notes:

- (1) We define “adjusted net loss (non-IFRS measure)” as loss for the period and adding back (i) share-based compensation expenses, (ii) expense related to subsidiaries’ equity financing activities, and (iii) change in the carrying amounts of financial instruments issued to investors.
- (2) We define P2M Solution as sales of proprietary products of which the Group has ownership or national distribution rights through strategic cooperation with pharmaceutical companies.

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

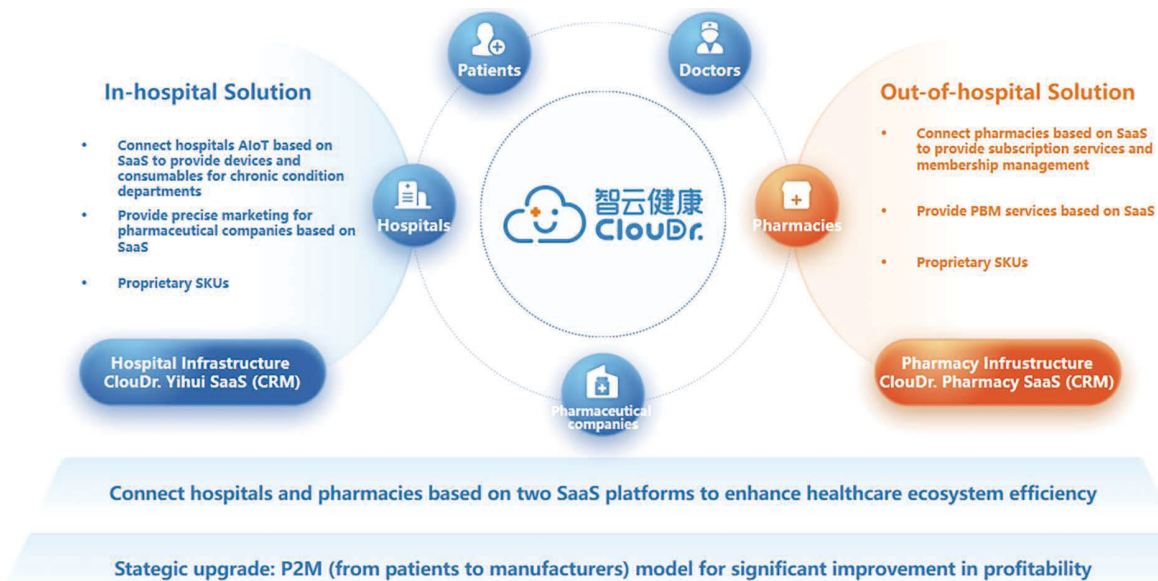


# Business Review and Outlook

## Overview

We are the largest digital chronic condition management solution provider in China, in terms of numbers of SaaS (Software as a Service) installations in hospitals and pharmacies, each as of December 31, 2023, and numbers of online prescriptions issued through our services in 2023. As an industry pioneer and leader, the Company has its roots in serving and digitizing major participants in the value chain, including hospitals, pharmacies, pharmaceutical companies, patients and doctors.

Our integrated in-and out-of-hospital solutions connect hospitals and pharmacies based on our hospital SaaS and pharmacy SaaS to enhance the efficiency of the healthcare ecosystem.



Our integrated in-hospital solution provides: (1) a comprehensive chronic condition management solution to hospitals, including hospital SaaS and proprietary AIoT (Artificial Intelligence of Things) devices, sales of medical devices and consumables which can be connected to our hospital SaaS through AIoT devices; (2) targeted marketing services to pharmaceutical companies; and (3) sales of proprietary chronic condition related drugs by leveraging our extensive SaaS network in hospitals and our existing sales force.

Our out-of-hospital solution connects doctors and patients, and provides high-quality and trust-worthy medical services including (1) pharmacy SaaS; (2) out-of-hospital medical supplies sales; (3) sales of proprietary chronic condition related drugs based on our SaaS network in pharmacies and (4) supplies of medical services and health insurance brokerage service to individuals. The pharmacy SaaS enables in-store, real-time online consultation and prescription services, identifies pharmacy supplies sales opportunities based on the insights generated from prescription services, and provides new retail and inventory management functions to empower pharmacies to improve operational efficiencies.

During the Reporting Period, the Company updated the classification of its revenue by re-grouping its revenue into: (1) in-hospital solution and (2) out-of-hospital solution. Information that was previously presented under “pharmacy solution” and “individual chronic condition management solution and others” is now combined as “out-of-hospital solution”, and information that was previously presented under “individual chronic condition management solution and others” is now presented under “out-of-hospital solution — others” as the revenue from the individual chronic condition management solution is not significant enough to be disclosed separately, as a result of the Company’s proactive optimization of its revenue structure. The Company believes that the new classification better reflects the current status and future direction of the business development of the Group.



## Business Review and Outlook

In the first half of 2024, whilst staying committed to our “hospital first” strategy, we continued to strengthen our upgraded “from patients to manufacturers” (“P2M”) strategy based on our solid infrastructure in both in-hospital scenarios and out-of-hospital scenarios. Under the P2M strategy, we are able to sell proprietary products of which the Company has ownership, sales rights or other exclusive rights through strategic cooperation with pharmaceutical companies, and we believe this strategy will lead us to the path of profitability. With the steady revenue growth of Ischelium® and the launch of Hetangjing®, our P2M Solution has already realized a total revenue of RMB107.9 million with a certain amount of net profit as of June 30, 2024. We have already become the gateway for industrial enterprises to enter into hospitals and pharmacies based on our broad and in-depth hospital network and pharmacy network. As a result, our digitization capability can connect industrial enterprises with end hospitals and pharmacies, and ultimately bring high-quality products with competitive pricing and high convenience to patients with chronic conditions.

During the Reporting Period, we continued to strengthen our AI capabilities. The ClouD GPT and ClouD DTx models excelled in physician-patient interactions and medical research respectively. During the Reporting Period, the ClouD GPT model consistently provided clinical decision support to doctors at hospitals and monetized through digital marketing efforts. In pharmacies, it assisted in prescription review using a “traffic light” mechanism and successfully deployed the first digital employee, resulting in significant savings in manpower and compliance costs for the Company. The ClouD DTx model published three articles in top international journals, including two in Journal Citation Reports (“JCR”) Q1 journals and one in a JCR Q2 journal. With an aim of enabling the chronic disease management industry through technologies and improving the efficiency of the healthcare ecosystem, the Company strives to fulfill its responsibilities to increase the accessibility of quality and affordable healthcare services and products to the stakeholders in the healthcare ecosystem, and continues to build digital infrastructure for the chronic condition management industry.

During the Reporting Period, led by our “hospital first” strategy and “P2M” strategy, our business has revealed a steady growth momentum. For the six months ended June 30, 2024, our total revenue amounted to RMB2,124.8 million, representing a year-on-year increase of 17.9%. Due to economies of scale, our net loss for the Reporting Period amounted to RMB118.9 million, representing a year-on-year decrease of 25.5%, and our non-IFRS adjusted net loss narrowed down to RMB32.9 million, representing a year-on-year decrease of 44.1%. We continued to serve more patients with chronic conditions, with the average daily online effective prescription volume surpassed 640,000 in the first half of the year.

### In-hospital Solution

We grow our business in hospitals with the “Access, Install, Monetize” model, or the AIM model. This three-prong model outlines our concurrent efforts to access hospitals and establish business relationships, install our hospital SaaS to increase stickiness of hospitals, and seek monetization opportunities through our in-hospital solution.

Launched in 2016, our hospital *ClouDr. Yihui* SaaS was the first of its kind in China to digitalize and standardize the in-hospital chronic condition management process. Medical devices such as glucose meters, blood ketone meters and vital sign monitors can be connected to *ClouDr. Yihui* SaaS through our proprietary AIoT devices. During the Reporting Period, we continued to penetrate more hospitals and to deepen our cooperation with existing hospitals.

As of June 30, 2024, 2,732 hospitals had installed *ClouDr. Yihui* SaaS, including 822 Class III public hospitals and 1,139 Class II public hospitals. Additionally, 40 out of the 822 Class III public hospitals are China’s top 100 hospitals.

For our in-hospital solution, we monetize through our value added solution, subscription solution and P2M solution.



## Business Review and Outlook

The comprehensive value added solution include the SaaS system and hospital supplies, which are primarily related to chronic conditions and can be connected to our hospital SaaS through the proprietary AIoT devices. Whilst we expanded our hospital SaaS network, we also continued to strengthen our relationships with hospitals, such as including access to more hospital departments and increasing SKUs of medical supplies. We believe our monetization model is scalable and sustainable, given that we help hospitals fulfill their patient chronic condition management needs more efficiently and precisely.

Leveraging our hospital network and hospital SaaS, we offer pharmaceutical companies subscription services, i.e., targeted marketing services, primarily for medicines related to chronic condition management. Our subscription services can help pharmaceutical companies achieve more effective marketing in a cost-saving way. With the advancement of the national medical system reform, there is an increase of pharmaceutical and medical device companies paying more attention to “cost reduction and efficiency improvement”, thus targeted marketing has greater room to grow continuously.

Under the upgraded P2M strategy, we recorded P2M solution as a new sub-business line since the financial year ended December 31, 2023, which is sales of proprietary products. During the Reporting Period, this sub-business line mainly includes our proprietary Ischelium®, a drug widely recognized by doctors for treating mild vascular dementia and cerebrovascular disease, and Hetangjing® Dapagliflozin Tablets, a first-line medication for improving glycemic control in adult patients with type 2 diabetes. We believe that P2M solution is an upgraded version of targeted marketing, given that we have stronger relationships with pharmaceutical companies and more involvement in the process including but not limited to research and development, manufacturing, sales and marketing, etc.

As of June 30, 2024, we had contracted with 41 pharmaceutical companies to provide them with targeted marketing services, which represented an increase of 13.9% as compared to that as of June 30, 2023. The total partnered SKUs reached 50 as of June 30, 2024, which represented an increase of 11.1% as compared to that as of June 30, 2023. The maturity of our SaaS network enables us to access hospitals for new SKUs more swiftly, so the number of contracted pharmaceutical companies and the number of SKUs both increased year over year. Due to the impact from the volume-based purchasing program and resource allocation for the ramp-up of P2M solution, revenue from subscription solution decreased during the Reporting Period. The revenue from our subscription solution amounted to RMB140.9 million, representing an decrease of 48.2% as compared to that as of June 30, 2023, whilst the revenue from our P2M solution amounted to RMB107.9 million, representing a significant increase of 67.0% as compared to the six months ended June 30, 2023.

Hospital SaaS significantly improved our customer stickiness for monetization opportunities. Our in-hospital solution has allowed us to successfully build deep connections with hospitals and pharmaceutical companies, laying a solid foundation to extend our businesses to out-of-hospital settings. For the six months ended June 30, 2024, the number of hospitals that installed our *ClouDr. Yihui* SaaS reached 2,732, representing an increase of 74 hospitals, or 2.8% as compared to the six months ended June 30, 2023.





## Business Review and Outlook

	Six months ended June 30		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change (%)
<b>Revenue</b>			
<b>In-hospital solution</b>	<b>1,688,110</b>	1,404,032	20.2
Value Added Solution	<b>1,439,278</b>	1,067,424	34.8
Subscription Solution (i.e. Targeted Marketing)	<b>140,922</b>	271,999	(48.2)
P2M Solution	<b>107,910</b>	64,609	67.0
<b>Gross profit</b>			
<b>In-hospital solution</b>	<b>368,692</b>	424,406	(13.1)
Value Added Solution	<b>163,485</b>	124,415	31.4
Subscription Solution (i.e. Targeted Marketing)	<b>125,228</b>	246,923	(49.3)
P2M Solution	<b>79,979</b>	53,068	50.7
<b>Gross margin</b>			
<b>In-hospital solution</b>	<b>21.8%</b>	30.2%	(8.4)
Value Added Solution	<b>11.4%</b>	11.7%	(0.3)
Subscription Solution (i.e. Targeted Marketing)	<b>88.9%</b>	90.8%	(1.9)
P2M Solution	<b>74.1%</b>	82.1%	(8.0)

	Six months ended June 30		
	2024	2023	Change (%)
Number of hospital that installed our hospital SaaS <sup>(1)</sup>	<b>2,732</b>	2,658	2.8%
Subscription Solution — Number of partnered pharmaceutical companies <sup>(2)</sup>	<b>41</b>	36	13.9%
Subscription Solution — Number of partnered SKUs <sup>(3)</sup>	<b>50</b>	45	11.1%

## Notes:

- (1) Number of hospitals that installed our hospital SaaS is the cumulative total number as of the end date of the respective period.
- (2) Number of partnered pharmaceutical companies is the number of pharmaceutical companies to which we provided digital marketing services during the respective period.
- (3) Number of SKUs marketed through digital marketing services during the respective period.



## Business Review and Outlook

### License agreement for iloprost solution for infusion

On June 23, 2024, the Company entered into a license Agreement with Clinect Pty Ltd (as the licensor) and Bluefly Consulting Limited (as the seller), pursuant to which, amongst other things, the Company acquired an exclusive sub-licensable license for the development, manufacturing, marketing, promotion, distribution, and sale of iloprost solution for infusion, in any forms, presentations, strengths, concentrations, delivery technologies, dosages, formulations, package configuration and modalities (the “**Products**”) within the People’s Republic of China (for the purpose of the license agreement only, excludes Taiwan but includes Hong Kong and the Macao Special Administrative Regions).

The Products developed by the licensor are the only type of generic drug in the world and there is currently no injectable products with the same content in the Chinese market. After being approved and launched, the Products are expected to meet the clinical needs of prostacyclin analogue injectable therapy for patients with severe pulmonary arterial hypertension and New York Heart Association (NYHA) Class IV heart function; improving blood supply in patients with thromboangiitis obliterans (also known as Buerger’s disease); and addressing symptoms and improving quality of life in patients with peripheral arterial occlusive disease.

Although the proposed first indication of the Products (pulmonary arterial hypertension) is a rare disease, the market size has exceeded US\$12 billion globally. With the publication of the 2021 Pulmonary Arterial Hypertension Treatment Guidelines, awareness, diagnosis rate, and treatment rate in China are expected to increase continuously. It is anticipated that the market will maintain a compound annual growth rate of 30% over the next 5 years.

The Products, given its eligibility for orphan drug designation, will be allowed for expedited review and approval through priority review programs, thereby shortening the time for launch. It is expected that the Products, after launch, will be at a competitive price and help reduce the financial burden on patients in the Chinese market to some extent. Based on the expected market prices, patient numbers, and estimated target patients, the revenue scale after the Products’ launch is expected to be no less than that of the comparable products in the Chinese market.

The Company believes that the license agreement will broaden the portfolio of the Group’s proprietary products, strengthen our research and development capabilities and deepen our strategic cooperation with pharmaceutical companies, which represents a further step to achieve our P2M strategy and is expected to bring additional revenue stream to the Group in the future and contribute to the long-term growth and success of the Group.

For further details of the license agreement, please refer to the announcement of the Company dated June 24, 2024.



## Business Review and Outlook

### Out-of-hospital Solution

Our integrated out-of-hospital solution fulfills chronic condition patients' need for out-of-hospital consultation, prescription services, and insurance services through pharmacy SaaS, pharmacy supplies of medical devices, consumables, pharmaceuticals, insurance products and miscellaneous.

Our pharmacy SaaS, *ClouDr. Pharmacy*, was launched in the first half of 2019. It plays a critical role in our out-of-hospital medical services by empowering pharmacies with in-store, real-time consultation and prescription services for walk-in customers. We currently have three internet hospitals as part of our platform to deliver these services in compliance with relevant regulations. These internet hospitals allow us to provide online consultation and prescription services through our online applications to patients in different provinces across China. We had approximately 104,300 registered doctors and approximately 33.2 million registered users as of June 30, 2024. During the Reporting Period, the number of online prescriptions provided through our services reached 116.1 million, i.e. the average daily online prescription volume surpassed 640,000, representing a significant year-on-year increase of 43.9%, which proves the high customer recognition of our pharmacy SaaS. We also provide advanced features, such as a new retail function that offers e-commerce solutions on private domain traffic management such as WeChat mini programs, public domain traffic management and inventory management services. As of June 30, 2024, 228,331 pharmacies had installed *ClouDr. Pharmacy*, representing an increase of 27,900 pharmacies from that as of June 30, 2023, covering approximately 35% of pharmacies in China.

Leveraging the data insights generated from the pharmacy SaaS prescription services, we effectively connect pharmaceutical companies and pharmacies for pharmacy supply purchases. The number of transacting customers for our pharmacy supplies amounted to 858 for the six months ended June 30, 2024, representing an increase of 92 customers, or 12.0% as compared to that for the six months ended June 30, 2023.

The revenue of our out-of-hospital subscription solution business line amounted to RMB27.6 million, representing a slight decrease of 1.0% as compared to that for the six months ended June 30, 2023, due to market competition. The revenue of our out-of-hospital value-added solution business line amounted to RMB360.3 million, representing an increase of 21.3% as compared to that for the six months ended June 30, 2023, due to sustained growth momentum from pharmacy supply purchases and the launch of a new business related to the sales of drug substance.



## Business Review and Outlook

	Six months ended June 30		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change (%)
<b>Revenue</b>			
<b>Out-of-hospital solution</b>	<b>436,730</b>	398,532	9.6
Subscription Solution	<b>27,647</b>	27,928	(1.0)
Value Added Solution	<b>360,295</b>	297,104	21.3
Others	<b>48,788</b>	73,500	(33.6)
<b>Gross profit</b>			
<b>Out-of-hospital solution</b>	<b>68,302</b>	49,163	38.9
Subscription Solution	<b>27,067</b>	27,326	(0.9)
Value Added Solution	<b>17,147</b>	6,696	156.1
Others	<b>24,088</b>	15,141	59.1
<b>Gross margin</b>			
<b>Out-of-hospital solution</b>	<b>15.6%</b>	12.3%	3.3
Subscription Solution	<b>97.9%</b>	97.8%	0.1
Value Added Solution	<b>4.8%</b>	2.3%	2.5
Others	<b>49.4%</b>	20.6%	28.8

	Six months ended June 30		
	2024	2023	Change (%)
Number of pharmacy stores that installed our pharmacy SaaS <sup>(1)</sup>	<b>228,331</b>	200,431	13.9%
Number of registered users (in millions) <sup>(2)</sup>	<b>33.2</b>	29.7	11.8%
Number of registered doctors (in thousands) <sup>(3)</sup>	<b>104.3</b>	100.9	3.4%
Number of online prescriptions (in millions)	<b>116.1</b>	80.7	43.9%
Subscription Solution — Number of SaaS-paying pharmacy stores	<b>112,854</b>	81,765	38.0%
Value Added Solution — Number of transacting customers	<b>858</b>	766	12.0%
Value Added Solution — Average revenue per transacting customer (in thousands)	<b>419</b>	388	8.0%

Notes:

- (1) Number of pharmacy stores that installed our pharmacy SaaS is the cumulative total number as of the end date of the respective period.
- (2) Number of registered users is the cumulative total number as of the end date of the respective period.
- (3) Number of registered doctors is the cumulative total number as of the end date of the respective period.



## Business Review and Outlook

### Significant Events/Recent Developments after the Reporting Period

The launch event for the proprietary product Hainuoxin® Sevelamer Carbonate for Oral Suspension, of which the Company holds sales rights, was held on August 18, 2024, marking the commencement of the marketing of the product after it officially obtained drug registration certificates (Guo Yao ZHun Zi No. H20243077 and H20243078) from the National Medical Products Administration (國家藥品監督管理局) of China in January 2024. Sevelamer carbonate tablets, as a first-line phosphate binder, have been on the market in China for over a decade and have the effect of improving the achievement rate of target blood phosphorus levels for a large number of dialysis and non-dialysis patients, while also reducing overall mortality and cardiovascular events. However, large tablet size and high number of tablets per dose resulted in difficulty in swallowing, and thus patient compliance of sevelamer carbonate tablets is poor, leading to continued challenges in achieving target blood phosphorus levels. With the introduction of the sevelamer carbonate for oral suspension, these shortcomings of single tablet dosage specification and inconvenience in administration are addressed, making it easier for patients to take and thereby improving treatment compliance and increasing the rate of achieving target blood phosphorus levels.

### Business outlook

We intend to focus on the following key strategies to solidify our leadership position in China's chronic condition management market: (1) continue to solidify our hospital SaaS and pharmacy SaaS infrastructure, (2) continue to build up a strong pipeline for proprietary products under the P2M strategy to drive monetization, (3) continue to invest in product and technology innovation with a focus on medical AI, (4) continue to grow our number of patient and doctor users, and (5) continue to invest in strategic partnership and acquisitions.

In respect of the in-hospital solution, we will continue our hospital-first strategy with the AIM model approach. We will continue to strengthen our value proposition and SaaS network in hospitals by (1) investing in product capabilities and medical know-how to deepen our partnership with hospitals, (2) increasing sales professionals with medical background to expand hospital network and hospital SaaS installation base, and (3) focusing on partnerships with pharmaceutical companies to drive further monetization through in-hospital subscription solution for targeted marketing, and P2M solution, for sales of proprietary chronic condition related drugs, both leveraging our existing hospital infrastructure.

In respect of the out-of-hospital solution, we focus on providing high quality and trust-worthy medical services to our users. We will continue to expand our pharmacy network by increasing SaaS installation base, and enriching our pharmacy product portfolio and services to meet various needs of pharmacies such as offline and online operation, membership management, inventory management, and supply chain. We will continue to implement our P2M strategy to the out-of-hospital solution business to improve business line profitability by leveraging our existing pharmacy infrastructure.

Looking forward, we are well positioned for the growth of the in-and out-of-hospital chronic condition management solutions. The fly wheel effect of our business model will lead to stronger monetization.



# Management Discussion and Analysis

## Revenues

Our revenues increased by 17.9% from approximately RMB1,802.6 million for the six months ended June 30, 2023 to approximately RMB2,124.8 million for the six months ended June 30, 2024. The increase was primarily attributable to steady growth in both in-hospital solution and out-of-hospital solution.

**In-hospital solution.** Revenue from the in-hospital solution increased by 20.2% from approximately RMB1,404.0 million for the six months ended June 30, 2023 to approximately RMB1,688.1 million for the six months ended June 30, 2024, primarily due to further SaaS penetration in hospitals, and strong growth in P2M solution which primarily included our proprietary product Ischelium® and Hetangjing® Dapagliflozin tablets.

**Out-of-hospital solution.** Revenue from the out-of-hospital solution increased by 9.6% from approximately RMB398.5 million for the six months ended June 30, 2023 to approximately RMB436.7 million for the six months ended June 30, 2024, primarily due to increased number of pharmacies that subscribed to our SaaS for prescription services and membership management services, an increased number of transacting customers served by our enriched supply chain capabilities, and the launch of a new business of the sales of drug substance.

## Cost of Sales

Our cost of sales increased by 27.0% from approximately RMB1,329.0 million for the six months ended June 30, 2023 to approximately RMB1,687.8 million for the six months ended June 30, 2024. The main reason for the increase of cost of sales being faster than the increase of revenue was the decrease of our revenue from high-margin subscription solution (i.e. targeted marketing) of the in-hospital solution business line.

## Gross profit and gross margin

As a result of the foregoing, our overall gross profit for the six months ended June 30, 2023 and 2024 were approximately RMB473.6 million and approximately RMB437.0 million, respectively, and our overall gross margin for the same periods was 26.3% and 20.6%, respectively. The decrease of our overall gross profit was primarily attributable to decrease in the high-margin subscription solution (i.e. targeted marketing) of the in-hospital solution business line due to our focus on P2M strategy and impact from the volume-based purchasing program. The decrease of our overall gross margin was a result of the revenue mix between the higher gross margin business, such as the subscription solution, and comparatively lower gross margin business, such as the value added solution.

**In-hospital solution.** Our gross margin for the in-hospital solution decreased from 30.2% for the six months ended June 30, 2023 to 21.8% for the six months ended June 30, 2024, primarily attributable to the revenue mix between the in-hospital subscription solution and the in-hospital value added solution and market impact.

**Out-of-hospital solution.** Our gross margin for the out-of-hospital solution increased from 12.3% for the six months ended June 30, 2023 to 15.6% for the six months ended June 30, 2024, primarily due to higher quality growth of the value-added solution of the out-of-hospital business line and improved gross margin of our individual business.



## Management Discussion and Analysis

### Selling and marketing expenses

Our selling and marketing expenses decreased by 15.7% from approximately RMB454.9 million for the six months ended June 30, 2023 to approximately RMB383.6 million for the six months ended June 30, 2024, primarily attributable to economies of scales and refined expense management. More than 75% of our selling and marketing expenses are people related costs (including share-based compensation).

We enjoyed significant operating leverage and customer stickiness with high recurring purchases, the selling and marketing expense to revenue ratio decreased from 24.1% for the six months ended June 30, 2023 to 16.9% for the six months ended June 30, 2024.

### Administrative expenses

Our administrative expenses decreased by 18.3% from RMB147.6 million for the six months ended June 30, 2023 to RMB120.6 million for the six months ended June 30, 2024. The decrease was primarily attributable to effective management and proactive control of administrative expenses.

The administrative expenses to revenue ratio decreased from 3.9% for the six months ended June 30, 2023 to 3.4% for the six months ended June 30, 2024.

### Research and development expenses

Our research and development expenses increased from approximately RMB40.4 million for the six months ended June 30, 2023 to approximately RMB41.8 million for the six months ended June 30, 2024.

The research and development expense to revenue ratio decreased from 2.0% for the six months ended June 30, 2023 to 1.7% for the six months ended June 30, 2024.

### Loss from operations

As a result of the foregoing, our loss from operations decreased by 33.3% from approximately RMB154.3 million for the six months ended June 30, 2023 to approximately RMB102.9 million for the six months ended June 30, 2024. The decreased was primarily due to steady revenue growth and improved operating leverage.

### Finance costs

Our finance costs increased by 20.8% from approximately RMB6.4 million for the six months ended June 30, 2023 to approximately RMB7.8 million for the six months ended June 30, 2024, primarily attributable to higher interest expense resulting from an increase in bank and other loans to support our business expansion.

### Change in the carrying amounts of financial instruments issued to investors

We recorded change in the carrying amounts of financial liabilities of nil and a loss of approximately RMB6.5 million for the six months ended June 30, 2023 and 2024, respectively. The losses were due to the amortized interest expense on the redemption liability of our subsidiaries' equity financing with the redemption rights, which was recognized as financial instruments issued to investors.



## Management Discussion and Analysis

### Income tax

We recorded income tax credits of approximately RMB1.2 million for the six months ended June 30, 2023 as compared to income tax expenses of approximately RMB1.8 million for the six months ended June 30, 2024. The change was primarily due to an increase in income tax arising from net profit from certain subsidiaries and consolidated affiliated entities of the Group and the changes of deferred tax liabilities.

### Loss for the period

As a result of the foregoing, our loss decreased by 25.5% from approximately RMB159.6 million for the six months ended June 30, 2023 to approximately RMB118.9 million for the six months ended June 30, 2024. The decrease was primarily due to steady revenue growth and improved operating leverage.

### Adjusted Net Loss (Non-IFRS Measure)

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards (“**IFRS**”), we also use adjusted net loss (non-IFRS measure) (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 such as certain non-cash items and certain transaction costs related to financing activities. 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 should not be considered 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 (non-IFRS measure)” as loss for the period and adding back (1) share-based compensation expenses, (2) expense related to subsidiaries’ equity financing activities, and (3) change in the carrying amounts of financial instruments issued to investors.

For the six months ended June 30, 2023 and 2024, our adjusted net loss (non-IFRS measure) was approximately RMB58.9 million and approximately RMB32.9 million, respectively.





## Management Discussion and Analysis

The following table sets forth the reconciliations of our non-IFRS financial measure for the six months ended June 30, 2023 and 2024 to the nearest measure prepared in accordance with IFRS:

	<b>Six months ended June 30</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<b>(118,941)</b>	(159,576)
Add:		
Share-based compensation related items <sup>(1)</sup>	<b>79,422</b>	97,211
Expense related to subsidiaries' equity financing activities <sup>(2)</sup>	<b>139</b>	3,502
Change in the carrying amounts of financial instruments issued to investors <sup>(3)</sup>	<b>6,479</b>	—
<b>Adjusted net loss (non-IFRS measure)</b>	<b>(32,901)</b>	(58,863)
<b>Adjusted net loss margin (non-IFRS measure) (%)<sup>(4)</sup></b>	<b>(1.5)</b>	(3.3)

### Notes:

- (1) Share-based compensation related items relate to the share awards we offered to our employees, directors and consultants under the pre-IPO equity incentive scheme and post-IPO share award scheme of the Company, which are primarily non-cash in nature and commonly added back to IFRS measures in calculating similar non-IFRS measures adopted by other companies in our industry.
- (2) Expense related to subsidiaries' equity financing activities is commonly added back to IFRS measures in calculating similar non-IFRS financial measures, primarily because it represents the professional service expense in connection with the subsidiaries' equity financing with the redemption rights granted to investors and only relates to the scale of financing from investors.
- (3) Change in the carrying amounts of financial instruments issued to investors represents the amortised interest expense on the redemption liability of our subsidiaries' equity financing with the redemption rights, which was recognized as financial instruments issued to investors. Such change is non-cash in nature.
- (4) Represents adjusted net loss (non-IFRS measure) divided by the total revenue for the period indicated.

## Liquidity and capital resource

During the six months ended June 30, 2024, we funded our cash requirements principally from capital contribution from shareholders and bank loans. We had cash and cash equivalents of approximately RMB243.4 million and approximately RMB224.2 million as of December 31, 2023 and June 30, 2024, respectively. In addition, we had RMB254.1 million financial assets measured at fair value and RMB5.0 million time deposits with initial term over three months as of June 30, 2024, and those financial assets are short term and for treasury management purposes.

As of June 30, 2024, we had bank and other loans of RMB366.0 million (as of December 31, 2023: RMB235.0 million). Borrowings are classified as current liabilities and non-current liabilities. RMB342.4 million are repayable within one year and RMB23.6 million are payable over one year as of June 30, 2024. The effective annual interest rates of borrowings ranged from 3.05% to 5.6% as of June 30, 2024.

Going forward, we intend to satisfy our liquidity requirements by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We currently do not have any plans for material additional external financing and we are in a good cash position.



## Management Discussion and Analysis

### Significant investments

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, 2024) during the six months ended June 30, 2024.

### Material acquisitions and disposals

On January 12, 2024, the Group entered into a capital increase agreement and a shareholders' agreement with (among others) certain investors in respect of an injection of capital to its indirect non-wholly owned subsidiary, 安徽智醫慧雲科技有限公司 (Anhui Zhiyi Huiyun Technology Co., Ltd.\*) ("**Anhui Zhiyi Huiyun**"), which is principally engaged in the provision of supplies and SaaS services, targeted marketing services to pharmaceutical companies, sale and marketing of products, and other businesses related to chronic condition management. The pre-investment valuation of the entire equity interest of Anhui Zhiyi Huiyun was approximately RMB4.5 billion as of May 31, 2023 based on a market approach. Pursuant to the capital increase agreement, the investors made capital contributions in the aggregate amount of RMB200,000,000 by way of cash contribution in return for approximately 4.26% equity interest in aggregate in the enlarged registered capital of Anhui Zhiyi Huiyun. The capital increase enhanced the cash position of Anhui Zhiyi Huiyun and provided additional source of funds required for the long-term growth of Anhui Zhiyi Huiyun and its subsidiaries. For further details, please refer to the announcement of the Company dated January 12, 2024.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures for the six months ended June 30, 2024.

### Pledge of assets

As at June 30, 2024, approximately RMB27.6 million of plant and buildings were pledged as security for bank and other loans (which are payable over one year) granted to the Group. Save for the above, there were no other charges on the Group's assets as at June 30, 2024.

### Future plans for material investments or capital asset

As at June 30, 2024, 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 dividing liabilities excluded financial instruments issued to investors by total assets. As at June 30, 2024, the gearing ratio was 36.8%, as compared with 33.2% as at December 31, 2023. The increase was primarily due to the increase of bank loan.

### Foreign exchange exposure

During the six months ended June 30, 2024, the Group mainly operated in China with most of the transactions settled in RMB. The functional currency of our Company and the subsidiaries and consolidated affiliated entities operating in China is RMB. 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. For the six months ended June 30, 2024, we had currency translation loss of approximately RMB74 thousand, as compared with currency translation loss of approximately RMB76 thousand for the six months ended June 30, 2023. We did not hedge against any fluctuation in foreign currency during the six months ended June 30, 2023 and 2024.



## Management Discussion and Analysis

### Contingent liabilities

As at June 30, 2024, we did not have any material contingent liabilities (as at June 30, 2023: nil).

### Indebtedness

As at June 30, 2024, the Group had bank and other loans of RMB366.0 million and lease liabilities of RMB28.1 million, as compared to RMB235.0 million and RMB32.0 million, respectively, as at December 31, 2023.

### Employees and remuneration

As at June 30, 2024, the Group had a total of 1,558 employees, of which 468 employees were in Hangzhou, 148 employees were in Shanghai and 942 employees were in other offices in China. The Group also had over 1,900 flexible staffing as of June 30, 2024 to support business penetration into lower tier cities, and to access over 10,000 hospitals and over 220,000 pharmacies.

The following table sets forth the total number of employees by function as at June 30, 2024:

Function	Number of full-time employees
Selling and marketing	1,304
Research and development	120
General and administrative	64
Others <sup>1</sup>	70
<b>Total</b>	<b>1,558</b>

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluations for our employees quarterly to provide feedback on their performance. Compensation for our staff typically consists of base salary, a performance-based bonus, and share-based compensation for high-performing employees.

The total people related cost incurred by the Group for the six months ended June 30, 2024 was approximately RMB423.6 million, as compared to approximately RMB517.8 million for the six months ended June 30, 2023. The full-time staff cost incurred for the six months ended June 30, 2024 was approximately RMB280.2 million as compared to approximately RMB283.6 million for the six months ended June 30, 2023. The flexible staffing cost incurred for the six months ended June 30, 2024 was approximately RMB143.4 million as compared to approximately RMB234.2 million for the six months ended June 30, 2023.

The Company has also adopted the Pre-IPO Equity Incentive Scheme and the Post-IPO Share Award Scheme.

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skillsets remain up-to-date, enabling them to better discover and meet consumers' needs.

<sup>1</sup> The total people related cost and full time staff cost exclude the costs related to the 70 employees in the manufacturing function which are included in the manufacturing cost.



## Corporate Governance and Other Information

The Company was incorporated in the Cayman Islands on August 24, 2015 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on July 6, 2022.

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 Corporate Governance Code

The Board believes that transparency and good corporate governance will lead to long-term success of the Company.

The Company adopted the principles and code provisions of the Corporate Governance Code as the basis of our corporate governance practice.

During the Reporting Period, the Company has adopted and complied with all applicable code provisions set out in the Corporate Governance Code except for the deviation as set out below.

Code provision C.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. Mr. Kuang Ming performs both the roles of the chairman of the Board and the chief executive officer of the Company. Mr. Kuang 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 chairman and chief executive officer in Mr. Kuang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees and three independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

### Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. The Company's employees who are likely to be in possession of unpublished inside information of the Company are also subject to the Model Code.

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.

### Share Schemes

The Company has two existing share schemes, namely the Pre-IPO Equity Incentive Scheme and the Post-IPO Share Award Scheme. From January 1, 2023, the Company has been relying on the transitional arrangements provided for the existing share schemes and will comply with the new Chapter 17 accordingly (effective from January 1, 2023).

0 new Share, representing approximately 0% of the weighted average number of issued Shares (excluding treasury shares as defined under the Listing Rules), may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Award Scheme.



## Corporate Governance and Other Information

Further details and relevant breakdowns of each of the share schemes are set out below:

### 1. Pre-IPO Equity Incentive Scheme

The Pre-IPO Equity Incentive Scheme was approved and adopted on August 24, 2015. A summary of the principal terms of the Pre-IPO Equity Incentive Scheme is set out in the Prospectus and in the 2023 annual report of the Company.

The maximum aggregate number of new Shares issued and may be issued pursuant to all share awards under the Pre-IPO Equity Incentive Scheme is 84,254,735 Shares as of August 24, 2015 that are reserved under the Pre-IPO Equity Incentive Scheme. The grant of RSUs under the Pre-IPO Equity Incentive Scheme will be satisfied with existing Shares held by Prime Forest Assets Limited (a limited liability company incorporated under the laws of British Virgin Islands established for the purpose of holding Shares pursuant to the Pre-IPO Equity Incentive Scheme) and no new Shares will be issued pursuant to grant under the Pre-IPO Equity Incentive Scheme.

No grant was made pursuant to the Pre-IPO Equity Incentive Scheme during the Reporting Period. The total number of Shares available for grant under the Pre-IPO Equity Incentive Scheme is 1,075,894 Shares as of January 1, 2024 and 1,209,207 Shares as of June 30, 2024.

Details of the outstanding RSUs granted under the Pre-IPO Equity Incentive Scheme are as follows:

Grantees in category	Role	Date of Grant	Vesting Period	Purchase price (per Share)	Unvested and untransferred RSUs as of January 1, 2024	Granted during the Reporting Period	Vested and transferred during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested RSUs as of June 30, 2024	Weighted average closing price of the Shares immediately before the date of vesting and transferred during the Reporting Period
<b>Director</b>											
Mr. Kuang	Executive Director, Chief Executive Officer	January 1, 2020	4 years	HK\$0.01	5,249,835	–	5,000,000	–	–	249,835	HK\$2.61
		December 30, 2022	4 years	HK\$0.01	2,000,000	–	–	–	–	2,000,000	–
<b>Five highest paid individual during the Reporting Period in aggregate</b>		Between 2018 and 2022	4 years	HK\$0.01	4,597,715	–	808,425	–	–	3,789,290	HK\$5.89
		Between 2020 and 2021	4 years	HK\$0.01	5,125,000	–	2,450,000	–	–	2,675,000	HK\$6.21
<b>Other grantees in aggregate</b>	Other employees	Between 2015 and 2021	Between immediately available and 4 years	HK\$0.01 to HK\$18.28	7,665,699	–	4,231,042	–	61,125	3,373,532	HK\$3.03
		September 1, 2022	4 years	HK\$0.01 to HK\$3.92	785,000	–	228,250	–	72,500	484,250	HK\$3.14
		December 15, 2022	4 years	HK\$0.01	72,500	–	32,500	–	–	40,000	HK\$3.00
<b>Total</b>					<b>25,495,749</b>	<b>–</b>	<b>12,750,217</b>	<b>–</b>	<b>133,625</b>	<b>12,611,907</b>	<b>–</b>



## Corporate Governance and Other Information

## 2. Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was conditionally adopted by our Company on June 10, 2022. A summary of the principal terms of the Post-IPO Share Award Scheme is set out in the Prospectus and in the 2023 annual report of the Company.

### **Maximum number of Award Shares (which can be satisfied by existing Shares) available for grant**

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 58,703,821 Shares without Shareholders' approval subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

As of January 1, 2024 and June 30, 2024, 38,030,120 Award Shares and 29,249,078 Award Shares were available for grant under the Post-IPO Share Award Scheme.

### **Maximum number of new Shares available for issue**

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 58,703,821 Shares, representing 10% of the Company's issued share capital upon the Listing (the "Scheme Mandate"). During the Reporting Period, no new Share was issued pursuant to the Post-IPO Share Award Scheme. It follows that, as of June 30, 2024 and the Latest Practicable Date, 58,703,821 new Shares (representing approximately 10% of the issued share capital of the Company (excluding treasury shares as defined under the Listing Rules) as of the Latest Practicable Date) were available for issue under the Scheme Mandate.

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by existing Shares) are as follows:

Grantees in category	Role	Date of Grant	Vesting Period	Purchase price (per Share)	Unvested and undelivered Award Shares as of January 1, 2024	Granted during the Reporting Period	Vested and delivered during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested Award Shares as of June 30, 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value	Weighted average
												of Award Shares at the date of grant during the Reporting Period <sup>(1)</sup>	Shares immediately before the date of vesting and delivery during the Reporting period
Five highest paid individual during the Reporting Period in aggregate		December 30, 2022	4 years	HK\$0.01	2,850,000	–	712,500	–	–	2,137,500	N/A	N/A	HK\$5.89
		Between December 30, 2022 and July 1, 2023	2 or 4 years	HK\$0.01	8,600,000	–	–	–	–	8,600,000	N/A	N/A	N/A
		March 1, 2024	Immediately available	HK\$0.01	–	2,500,000	2,500,000	–	–	–	HK\$2.60	HK\$2.59	HK\$2.60
		April 1, 2024	Immediately available	HK\$0.01	–	300,000	–	–	–	300,000	HK\$2.60	HK\$2.59	N/A
		April 1, 2024	Immediately available	HK\$0.01	–	2,000,000	2,000,000	–	–	–	HK\$4.87	HK\$4.86	HK\$2.60
Other grantees in aggregate	Other employees	December 30, 2022	2 or 4 years	HK\$0.01	1,858,701	–	664,000	–	10,000	1,184,701	N/A	N/A	HK\$2.62
		July 1, 2023	Between immediately available and 4 years	HK\$0.01	65,000	–	13,750	–	10,000	41,250	N/A	N/A	HK\$3.00
		March 1, 2024	Immediately available	HK\$0.01	–	971,042	–	–	–	971,042	HK\$4.87	HK\$4.86	N/A
		April 1, 2024	Between immediately available and 2 years	HK\$0.01	–	30,000	–	–	–	30,000	HK\$2.60	HK\$2.59	N/A
		April 22, 2024	Immediately available	HK\$0.01	–	1,500,000	1,500,000	–	–	–	HK\$2.42	HK\$2.41	HK\$2.40
		June 1, 2024	Immediately available	HK\$0.01	–	1,500,000	1,500,000	–	–	–	HK\$2.67	HK\$2.66	HK\$2.64
Total					13,373,701	8,801,042	8,890,250	–	20,000	13,264,493	–	–	–

Notes:

- (1) The fair values of the Award Shares granted during the Reporting Period were determined based on the difference between the closing market price of the Company's shares that are publicly traded on the Stock Exchange at the grant date and the price of the RSUs payable by the grantee.



## Corporate Governance and Other Information

- (2) During the year ended December 31, 2023, due to administrative reasons, including change in personnel positions and costs reasons, the scheme administrator has resolved to make administrative adjustments (the “**Administrative Adjustments**”) in relation to the type of Shares to be used to satisfy the unvested Award Shares granted on December 30, 2022 and to satisfy the 13,092,500 Award Shares with existing Shares (instead of new Shares as originally intended on the date of grant).

For the avoidance of doubt, (a) such Administrative Adjustments are allowed under the rules of the Post-IPO Share Award Scheme, (b) all the terms and conditions of the grant have not been amended, the updates are purely administrative adjustments and only in respect of how the awards shall be satisfied, and (c) all the awards subject to the Administrative Adjustments were granted before the effective date of the new Chapter 17 of the Listing Rules (i.e. January 1, 2023) and the Company has complied and will continue to comply with the Chapter 17 of the Listing Rules to the extent required by the transitional arrangements for the existing share schemes.

- (3) There is no performance target attached to the Award Shares granted during the Reporting Period.

### CHANGE IN DIRECTORS’ INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Lee Kar Chung Felix resigned as a non-executive Director and ceased to be a member of the Audit Committee with effect from June 6, 2024. Mr. Ang Khai Meng was appointed as a member of the Audit Committee with effect from June 6, 2024.

Save as disclosed above, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period and as of the Latest Practicable Date.

### DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, the interests and short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) otherwise notified to our Company and the Stock Exchange pursuant to the Model Code are set out below:

#### Interest in the Company

Name of Director	Nature of interest	Relevant entity	Number of Shares	Approximate % of interest <sup>(1)</sup>
Mr. Kuang <sup>(2)</sup>	Interest in a controlled corporation/ Other/Beneficial owner	Company	135,841,185 (L)	23.14%

#### Notes:

- (1) The calculation is based on the total number of 587,038,219 Shares in issue as of June 30, 2024.
- (2) This includes (i) 94,571,580 Shares held by HaoYuan health Limited (formerly known as ClouDr Limited). The entire interest in HaoYuan health Limited is held through a trust which was established by Mr. Kuang (as settlor) and the beneficiaries of which are himself and his family members. Mr. Kuang is deemed to be interested in the Shares held by HaoYuan health Limited; and (ii) various voting proxies granted to Mr. Kuang over the Shares of the Company, which in aggregate amount to 39,032,605 Shares. Each of SIG Global China Fund I, LLLP, FORTUNE SEEKER INVESTMENTS LIMITED, Treasure Harvest Investments Limited and Tembusu HZ II Limited (each a “**Proxy Grantor**”) has entered into a voting agreement with Mr. Kuang before Listing, pursuant to which each Proxy Grantor granted Mr. Kuang, as their respective attorney, a voting proxy of 50% of the Shares that each Proxy Grantor holds, upon Listing, representing an aggregate of approximately 6.65% voting power in the Company; (iii) 2,000,000 restricted share units granted to Mr. Kuang under the Pre-IPO Equity Incentive Scheme on December 30, 2022 which have not vested yet; and (iv) 237,000 Shares held by Mr. Kuang directly.
- (3) The letter “L” denotes the person’s long position (as defined under Part XV of the SFO) in the Shares.





## Corporate Governance and Other Information

Save as disclosed above, as of June 30, 2024, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, the following persons (other than the Directors and the chief executives of the Company whose interests have been disclosed in this interim report) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate % of interest <sup>(1)</sup>
Trident Trust Company (HK) Limited <sup>(2)</sup>	Trustee	98,624,566 (L)	16.80%
Data Vantage Development Limited <sup>(3)(4)</sup>	Interest in controlled corporations	94,571,580 (L)	16.11%
HaoYuan health Limited <sup>(3)</sup>	Beneficial owner	94,571,580 (L)	16.11%
Jeffrey Steven Yass <sup>(5)</sup>	Interest in controlled corporations	31,570,783 (L)	5.38%
Colombus International Holdings, Inc. <sup>(5)</sup>	Interest in controlled corporations	31,570,783 (L)	5.38%
Explorer Partner Corp. <sup>(5)</sup>	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Global Investments GP, LLC <sup>(6)</sup>	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Pacific Holdings, LLLP <sup>(5)</sup>	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Global China Fund I, LLLP <sup>(5)</sup>	Beneficial owner	31,570,783 (L)	5.38%

#### Notes:

- (1) The calculation is based on the total number of 587,038,219 Shares in issue as of June 30, 2024.
- (2) Trident Trust Company (HK) Limited, as trustees of the Hao and Yuan Trust and 91health Incentive Trust, controls (i) (through Data Vantage Development Limited) HaoYuan health Limited, which holds 94,571,580 Shares and (ii) Prime Forest Assets Limited, which holds 4,052,986 Shares. Trident Trust Company (HK) Limited is therefore deemed to be interested in the Shares in which HaoYuan health Limited and Prime Forest Assets Limited respectively have interest. The interest of HaoYuan health Limited has also been disclosed as the interests of Mr. Kuang in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (3) The relevant interest has also been disclosed as the interests of Mr. Kuang in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (4) Data Vantage Development Limited controls 100% of HaoYuan health Limited (which holds 94,571,580 Shares) and is therefore deemed to be interested in the Shares in which HaoYuan health Limited has interest.
- (5) Jeffrey Steven Yass controls (i) 100% of Columbus International Holdings, Inc. and (ii) 60.96% of Explorer Partner Corp., which, in turn, controls 58.79% and 1% of SIG Pacific Holdings, LLLP, respectively. SIG Pacific Holdings, LLLP controls 100% of SIG Global China Fund I, LLLP (which holds 31,570,783 Shares). Therefore, each of Jeffrey Steven Yass, Columbus International Holdings, Inc., Explorer Partner Corp. and SIG Pacific Holdings, LLLP is deemed to be interested in the Shares in which SIG Global China Fund I, LLLP has interest.
- (6) SIG Global Investments GP, LLC controls 100% of SIG Global China Fund I, LLLP (which holds 31,570,783 Shares). Therefore, SIG Global Investments GP, LLC is deemed to be interested in the Shares in which SIG Global China Fund I, LLLP has interest.
- (7) The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.





## Corporate Governance and Other Information

Save as disclosed herein, as of June 30, 2024, no person, other than the Directors and chief executives whose interests are set out in this interim report, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

On July 6, 2022, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering, after deducting the underwriting fees and other estimated expenses paid and payable by us in connection with the Global Offering and discretionary incentive fee, were approximately HK\$425.7 million. As of the Latest Practicable Date, there was no change in the intended use of proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. To the extent that the net proceeds are not immediately required for the intended purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term deposits in licensed bank(s) only so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. The Board currently expects full utilization of the proceeds by December 31, 2026.

Set out below is the status of use of proceeds from the Global Offering as at June 30, 2024.

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Unutilized	Utilized during	Unutilized
			amount as at December 31, 2023 (HK\$ million)	the six months ended June 30, 2024 (HK\$ million)	amount as at June 30, 2024 (HK\$ million)
Business expansion	60%	255.4	185.7	43.3	142.4
To advance our medical know-how and technology capabilities to reinforce our leadership in the digital healthcare industry	25%	106.4	69.6	19.5	50.1
To broaden our ecosystem through strategic partnerships, investments and acquisitions in other businesses that complement our organic growth strategies	5%	21.3	—	—	—
Working capital and general corporate purposes	10%	42.6	30.2	7.6	22.6
<b>Total</b>	<b>100%</b>	<b>425.7</b>	<b>285.5</b>	<b>70.4</b>	<b>215.1</b>

### INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, 2,282,700 shares of the Company at an aggregate consideration of approximately RMB12.7 million were purchased by trustee of the Company’s share scheme on the Stock Exchange to satisfy share awards to be vested in subsequent periods.



## Corporate Governance and Other Information

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as defined under the Listing Rules as at June 30, 2024.

### **MATERIAL LITIGATION**

The Company was not involved in any material litigation or arbitration during the Reporting Period. 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 Latest Practicable Date.

### **AUDIT COMMITTEE**

The Company has established an audit committee comprising of three members, namely Mr. Zhang Saiyin, Dr. Hong Weili and Mr. Ang Khai Meng, with Mr. Zhang Saiyin (being our independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise) as chairman of the audit committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended June 30, 2024 and this interim report. 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. The Audit Committee considered that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

The Directors were not aware of any circumstances resulting in the responsibility of disclosure under Rules 13.20, 13.21 and 13.22 of the Listing Rules.



## Consolidated Statement of Profit or Loss

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended June 30	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	<b>2,124,840</b>	1,802,564
Cost of sales		<b>(1,687,846)</b>	(1,328,995)
<b>Gross profit</b>		<b>436,994</b>	473,569
Other net income	4	<b>19,277</b>	34,015
Selling and marketing expenses		<b>(383,599)</b>	(454,891)
Administrative expenses		<b>(120,595)</b>	(147,598)
Research and development expenses		<b>(41,798)</b>	(40,371)
Impairment losses on trade receivables and other receivables		<b>(13,129)</b>	(19,033)
<b>Loss from operations</b>		<b>(102,850)</b>	(154,309)
Finance costs	5(a)	<b>(7,783)</b>	(6,441)
Change in the carrying amounts of financial instruments issued to investors		<b>(6,479)</b>	—
<b>Loss before taxation</b>	5	<b>(117,112)</b>	(160,750)
Income tax	6	<b>(1,829)</b>	1,174
<b>Loss for the period</b>		<b>(118,941)</b>	(159,576)
<b>Attributable to:</b>			
— Equity shareholders of the Company		<b>(115,838)</b>	(156,002)
— Non-controlling interests		<b>(3,103)</b>	(3,574)
<b>Loss for the period</b>		<b>(118,941)</b>	(159,576)
<b>Loss per share</b>	7		
Basic and diluted (RMB)		<b>(0.20)</b>	(0.29)

The notes on pages 34 to 52 form part of this interim financial report.



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
<b>Loss for the period</b>	<b>(118,941)</b>	(159,576)
<b>Other comprehensive income for the period (after tax)</b>		
Item that is or may be reclassified subsequently to profit or loss:		
Exchange difference on translation of:		
— Financial statements of overseas subsidiaries	404	16,725
<b>Total comprehensive income for the period</b>	<b>(118,537)</b>	(142,851)
<b>Attributable to:</b>		
— Equity shareholders of the Company	(115,434)	(139,277)
— Non-controlling interests	(3,103)	(3,574)
<b>Total comprehensive income for the period</b>	<b>(118,537)</b>	(142,851)

The notes on pages 34 to 52 form part of this interim financial report.



## Consolidated Statement of Financial Position

at June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	230,038	207,962
Intangible assets		248,446	250,532
Goodwill		86,619	86,469
Financial assets measured at fair value through profit or loss ("FVPL")	10	40,000	40,000
Other non-current assets	9	37,708	56,798
		<b>642,811</b>	641,761
<b>Current assets</b>			
Financial assets measured at FVPL	10	254,080	346,721
Inventories	11	298,577	298,134
Trade and bills receivables	12	845,871	814,751
Prepayments, deposits and other receivables	13	744,021	571,623
Restricted bank deposits		43,329	23,700
Time deposits with initial term over three months		5,000	5,000
Cash and cash equivalents	14	224,181	243,375
		<b>2,415,059</b>	2,303,304
<b>Current liabilities</b>			
Trade payables	15	212,479	233,249
Other payables and accrued expenses	16	391,814	361,514
Contract liabilities		84,167	71,412
Bank and other loans		342,403	220,023
Lease Liabilities		9,246	13,679
Financial instruments issued to investors		208,069	201,590
		<b>1,248,178</b>	1,101,467
<b>Net current assets</b>		<b>1,166,881</b>	1,201,837
<b>Total assets less current liabilities</b>		<b>1,809,692</b>	1,843,598

The notes on pages 34 to 52 form part of this interim financial report.



## Consolidated Statement of Financial Position

at June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
<b>Non-current liabilities</b>			
Bank and other loans		23,565	15,000
Lease liabilities		18,808	18,349
Deferred tax liabilities		42,612	44,943
		84,985	78,292
<b>NET ASSETS</b>			
		1,724,707	1,765,306
<b>CAPITAL AND RESERVES</b>			
Share capital	17(b)	391	391
Reserves	17(c)	1,779,766	1,824,939
<b>Total equity attributable to equity shareholders of the Company</b>			
<b>Non-controlling interests</b>			
		1,780,157	1,825,330
		(55,450)	(60,024)
<b>TOTAL EQUITY</b>			
		1,724,707	1,765,306

The notes on pages 34 to 52 form part of this interim financial report.



## Consolidated Statement of Changes in Equity

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Company									
	Share capital	Treasury share reserve	Capital reserve	Share-based payments reserve	Other reserve	Exchange reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 17	Note 17	Note 17	Note 17		Note 17				
<b>Balance at January 1, 2023</b>	391	(40,328)	11,282,763	393,614	2,546	(197,722)	(9,591,916)	1,849,348	32,027	1,881,375
<b>Changes in equity for the six months ended June 30, 2023:</b>										
Loss for the period	—	—	—	—	—	—	(156,002)	(156,002)	(3,574)	(159,576)
Other comprehensive income	—	—	—	—	—	16,725	—	16,725	—	16,725
<b>Total comprehensive income</b>	—	—	—	—	—	16,725	(156,002)	(139,277)	(3,574)	(142,851)
Non-controlling interests arising from acquisition of subsidiaries	—	—	—	—	—	—	—	—	84	84
Acquisitions of non-controlling interests	—	—	(19,735)	—	—	—	—	(19,735)	(5,265)	(25,000)
Capital injection into a subsidiary by non-controlling shareholders	—	—	—	—	—	—	—	—	1,000	1,000
Equity-settled share-based payment	—	—	—	97,211	—	—	—	97,211	—	97,211
Restricted share units vested and delivered	—	(7,257)	58,964	(58,849)	—	—	—	(7,142)	—	(7,142)
<b>Balance at June 30, 2023</b>	391	(47,585)	11,321,992	431,976	2,546	(180,997)	(9,747,918)	1,780,405	24,272	1,804,677

The notes on pages 34 to 52 form part of this interim financial report.



## Consolidated Statement of Changes in Equity

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Company										
	Share capital	Treasury share reserve	Share-based				Exchange reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
			Capital reserve	payments reserve	Other reserve						
			RMB'000	RMB'000	RMB'000	RMB'000					
Note 17	Note 17	Note 17	Note 17		Note 17						
<b>Balance at January 1, 2024</b>	391	(14,163)	11,554,157	389,222	2,546	(191,842)	(9,914,981)	1,825,330	(60,024)	1,765,306	
<b>Changes in equity for the six months ended June 30, 2024:</b>											
Loss for the period	—	—	—	—	—	—	(115,838)	(115,838)	(3,103)	(118,941)	
Other comprehensive income	—	—	—	—	—	404	—	404	—	404	
<b>Total comprehensive income</b>	—	—	—	—	—	404	(115,838)	(115,434)	(3,103)	(118,537)	
Non-controlling interests arising from acquisition of a subsidiary	—	—	—	—	—	—	—	—	3,793	3,793	
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(416)	(416)	
Capital injection into a subsidiary by non-controlling shareholders	—	—	—	—	—	—	—	—	4,300	4,300	
Equity-settled share-based payment	—	—	—	79,422	—	—	—	79,422	—	79,422	
Restricted share units vested and delivered	—	(5,253)	236,924	(240,832)	—	—	—	(9,161)	—	(9,161)	
<b>Balance at June 30, 2024</b>	391	(19,416)	11,791,081	227,812	2,546	(191,438)	(10,030,819)	1,780,157	(55,450)	1,724,707	

The notes on pages 34 to 52 form part of this interim financial report.





## Condensed Consolidated Cash Flow Statement

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Cash used in operations	(189,662)	(52,123)
Income tax paid	(5,874)	(2,226)
<b>Net cash used in operating activities</b>	<b>(195,536)</b>	<b>(54,349)</b>
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment and intangible assets	(55,984)	(58,309)
Proceeds from disposal of property, plant and equipment and intangible assets	2,425	667
Acquisition of subsidiaries, net of cash acquired	764	(4,883)
Disposal of subsidiaries	(50)	—
Advances to third parties and staffs	(11,495)	(12)
Proceeds from repayment of advances to third parties and staffs	2,200	100
Acquisition of non-controlling interest	—	(3,500)
Net proceeds from sales/(payment for purchase) of financial assets measured at FVPL	96,899	22,204
Proceeds from transfer of shares of subsidiaries to non-controlling interests in prior year	6,631	—
Advances to non-controlling interest of the Group	(126)	(5,078)
Proceeds from repayment of advances to non-controlling interest of the Group	2,005	—
<b>Net cash generated from/(used in) investing activities</b>	<b>43,269</b>	<b>(48,811)</b>

The notes on pages 34 to 52 form part of this interim financial report.



## Condensed Consolidated Cash Flow Statement

for the six months ended June 30, 2024 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
<b>Financing activities</b>		
Proceeds from issuance of the financial instruments to investors	10,000	—
Proceeds of investment deposit from an investor	20,000	—
Capital injection from non-controlling interest in a subsidiary	4,300	1,000
Proceeds from bank and other loans	257,925	174,697
Repayment of bank and other loans	(130,618)	(102,376)
Advances from non-controlling interest of the Group	—	200
Repayment of advance from non-controlling interest of the Group	(1,000)	(4,241)
Repayment of advance from third parties and staffs	(2,981)	(10,806)
Interest expense paid	(6,934)	(4,569)
Payment of capital element of lease liabilities	(5,409)	(6,829)
Payment of interest element of lease liabilities	(695)	(664)
Payment for purchase of treasury shares	(7,833)	—
Issuance cost of the financial instruments issued to investors	(3,892)	—
<b>Net cash generated from financing activities</b>	<b>132,863</b>	46,412
<b>Net decrease in cash and cash equivalents</b>	<b>(19,404)</b>	(56,748)
<b>Cash and cash equivalents at January 1</b>	<b>243,375</b>	249,674
<b>Effect of foreign exchange rate changes</b>	<b>210</b>	1,480
<b>Cash and cash equivalents at June 30</b>	<b>224,181</b>	194,406

The notes on pages 34 to 52 form part of this interim financial report.



# Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 BASIS OF PREPARATION

ClouDr Group Limited (the “**Company**”, formerly known as 91health Group Limited) was incorporated in Cayman Islands on August 24, 2015 as an exempted company with limited liability under the Companies Act (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in providing supplies and software as a service (“**SaaS**”) to hospitals and pharmacies, digital marketing services to pharmaceutical companies, and online consultation and prescriptions to patients, all centered around chronic condition management.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on August 21, 2024.

The interim financial report has been prepared in accordance with the same accounting policies in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards (“**IFRSs**”).

The financial information relating to the financial year ended December 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (“**2020 amendments**”)
- Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants (“**2022 amendments**”)
- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue from contracts with customers

The Group’s products and services portfolio consists essentially of: (i) sales of hospital supplies, providing hospital SaaS, and providing digital market service to pharmaceutical companies, which all center around the demands of the end hospital customers, collectively as “In-hospital solution”; (ii) sales of pharmacy supplies and providing pharmacy SaaS, sales of chronic condition products to individual customers, providing premium membership services and insurance brokerage services and others, collectively as “Out-of-hospital solution”.

The Group categorised above products or services portfolio into four solutions or products, patient to manufacturer products, value added solutions, subscription solutions, others. Details as below:

- Patient to manufacturer (“**P2M**”) solutions include sales of pharmaceutical products to hospitals, of which the Group had ownership or national distribution rights through strategic cooperation with pharmaceutical companies;
- Value added solutions include sales of hospital supplies excluding the sales of pharmaceutical products included in the P2M solutions, pharmacy supplies and providing hospital SaaS;
- Subscription solutions include providing digital marketing services and pharmacy SaaS;
- Others include sales of chronic condition products to individual customers, providing premium membership services, insurance brokerage services and others.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**3 REVENUE AND SEGMENT REPORTING** (continued)**(a) Revenue from contracts with customers** (continued)

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	<b>Six months ended June 30</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Type of goods or services:		
In-hospital		
Value added solution	<b>1,439,278</b>	1,067,424
Subscription solution	<b>140,922</b>	271,999
P2M	<b>107,910</b>	64,609
Out-of-hospital		
Value added solution	<b>360,295</b>	297,104
Subscription solution	<b>27,647</b>	27,928
Others	<b>48,788</b>	73,500
	<b>2,124,840</b>	1,802,564
Timing of revenue recognition:		
Point in time	<b>2,093,961</b>	1,774,387
Over time	<b>30,879</b>	28,177
	<b>2,124,840</b>	1,802,564

**(b) Segment reporting**

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the reporting periods presented.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**4 OTHER NET INCOME**

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Government grants	14,953	25,068
Interest income	782	1,226
Fair value gains on financial assets measured at FVPL	2,444	9,881
Foreign exchange loss	(74)	(76)
Others	1,172	(2,084)
	<b>19,277</b>	<b>34,015</b>

**5 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

**(a) Finance costs**

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Interest expenses	6,901	5,266
Interest on lease liabilities	695	664
Other financial cost	187	511
	<b>7,783</b>	<b>6,441</b>

**(b) Staff costs**

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	191,218	177,410
Contributions to defined contribution retirement plan (i)	9,529	8,971
Equity-settled share-based payment expenses	79,422	97,211
	<b>280,169</b>	<b>283,592</b>



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 5 LOSS BEFORE TAXATION (continued)

#### (b) Staff costs (continued)

Note:

- (i) Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments where the subsidiaries are registered. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the scheme to fund the retirement benefits of the employees. There are no forfeited contributions for the defined contribution retirement scheme as the contributions are fully vested to the employees upon payment to the scheme.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

#### (c) Other items

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets	24,570	41,673
Depreciation expenses		
— owned property, plant and equipment	17,234	11,821
— right-of-use assets	7,466	6,734
Cost of inventories	1,663,377	1,261,046

### 6 INCOME TAX

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
<b>Current tax expense</b>		
Provision for PRC income tax for the period	1,110	2,084
Under-provision in respect of prior years	3,050	—
<b>Deferred tax expense</b>		
Reversal of temporary differences	(2,331)	(3,258)
	1,829	(1,174)



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INCOME TAX (continued)

Notes:

- (i) The subsidiaries of the Group established in the Mainland China (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25%, except for the following subsidiaries:

According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB3,000,000). Certain subsidiaries of the Group were qualified as small and low profit enterprise and entitled preferential income tax rate for the six months ended June 30, 2024 and 2023.

Polifarma (Nanjing) Co., Ltd. ("**Polifarma**") and Jiangsu Chengsheng Gene Precision Medical Technology Co., Ltd ("**Jiangsuchengsheng**") obtained the qualification as a high-tech enterprise and were entitled to a preferential income tax rate of 15% from 2023 to 2026.

- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions.
- (iii) The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the reporting periods.
- (iv) Effective from January 1, 2023, an additional 100% of qualified research and development expenses incurred by the Group is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations.

### 7 LOSS PER SHARE

#### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB116 million (six months ended June 30, 2023: RMB156 million) and the weighted average of 572,911,000 ordinary shares (six months ended June 30, 2023: 532,223,000 ordinary shares) in issue during the interim period.

#### (b) Diluted earnings per share

The restricted share units were excluded from the calculation of diluted loss per share because their effect would have been anti-dilutive. The diluted loss per share is the same as the basic loss per share.





## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 PROPERTY, PLANT AND EQUIPMENT

#### Right-of-use assets

During the six months ended June 30, 2024, the Group entered into a number of lease agreements for use of offices, warehouses and retail stores and therefore recognized the additions to right-of-use assets of RMB1 million (six months ended June 30, 2023: RMB2 million).

#### Acquisitions and disposal of owned assets

During the six months ended June 30, 2024, the Group acquired items of plant and buildings, electronic equipment and machinery, office equipment, motor vehicles and leasehold improvement with a cost of RMB48 million (six months ended June 30, 2023: RMB16 million). Motor vehicles, machinery and electronic equipment with a net book value of RMB2,242,559 were disposed of during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB729,927), resulting in a gain on disposal of RMB144,462 (six months ended June 30, 2023: a loss of RMB87,593). As of June 30, 2024, approximately RMB27.6 million of plant and buildings, electronic equipment and machinery, office equipment were pledged as security for bank and other loans which are payable less than one year and over one year.

### 9 OTHER NON-CURRENT ASSETS

The other non-current assets mainly represent prepayments for the amounts already paid to acquire the intangible assets as at June 30, 2024 and December 31, 2023.

### 10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-current		
Unlisted equity instrument <i>(note (i))</i>	40,000	40,000
Current		
Financial products issued by financial institutions		
— Wealth management products <i>(note (ii))</i>	46,740	46,650
— Fund management products <i>(note (iii))</i>	207,340	300,071
	<b>254,080</b>	346,721



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

*Note:*

- (i) In November 2023, the Group acquired 20% equity interest in Wuhu Jingxin Digital Creative Industry Investment Fund ("**Wuhu Jingxin**"), for the consideration of RMB40 million. The directors consider the investment is for financing purpose and designated as a financial asset at fair value through profit or loss.

The fair value of the unlisted equity instrument is determined by reference to the latest round of financing. Its fair values are within level 3 of the fair value hierarchy.

- (ii) The Group invested in the wealth management products from a trust management company registered in Hong Kong. As of June 30, 2024, the investment objectives were mainly to invest in cash and cash equivalents, government bonds and related financial instruments and other money market instruments.
- (iii) The investments represented the Group's investment in four fund portfolios issued by four fund companies registered in Cayman Islands, and investment in a fund portfolio issued by a fund company registered in British Virgin Islands. As of June 30, 2024, the investment objectives of these funds were mainly to invest in cash and cash equivalents, government bonds, notes, monetary fund, structured deposits and other money market instruments.

The financial products have expected annual rates of return ranging from 1.05% to 5.45% (2023: 1.14% to 5.71%). Considering the contractual cash flows do not qualify for solely payments of principal and interest due to the variable returns, the investments have been accounted for as financial assets measured at fair value through profit or loss. The analysis on the fair value measurement of the above financial assets is disclosed in note 18.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**11 INVENTORIES**

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Finished goods	<b>298,577</b>	298,134

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	<b>1,663,377</b>	1,261,046

**12 TRADE AND BILLS RECEIVABLES**

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade receivables	<b>870,556</b>	838,304
Less: Loss allowance	<b>(42,548)</b>	(35,053)
	<b>828,008</b>	803,251
Bills receivables	<b>17,863</b>	11,500
	<b>845,871</b>	814,751



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**12 TRADE AND BILLS RECEIVABLES (Continued)****(a) Ageing analyses**

As of the end of each reporting period, the ageing analysis of trade and bills receivable, based on the date revenue is recognised and net of loss allowance, of the Group are as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Within 3 months	597,758	609,653
4 to 6 months	117,441	103,080
7 to 12 months	106,296	85,282
Over 12 months	24,376	16,736
	<b>845,871</b>	814,751

All the trade and bills receivables are expected to be recovered within one year.

**(b) Impairment of trade receivables**

Movement in the loss allowance account in respect of trade receivables during each reporting period is as follows:

	At June 30, 2024 RMB'000	At June 30, 2023 RMB'000
Balance at January 1	35,053	43,463
Impairment losses recognised	8,579	14,909
Write-off	(1,084)	(15,069)
At the end of the period	<b>42,548</b>	43,303



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Prepayments for inventories and services	440,143	262,185
Deposits	166,907	157,865
Amounts due from third parties <i>(note (i))</i>	43,851	49,379
Purchase rebate with suppliers	27,991	24,372
Value-added tax recoverable	44,524	42,152
Amounts due from staffs <i>(note (i))</i>	13,343	8,283
Investment receivable from an investor in a subsidiary financing	—	10,000
Prepayment for the repurchase of the Company's shares	2,255	7,083
Amounts due from non-controlling interest of the Group <i>(note (i))</i>	5,121	7,000
Receivables from disposal of a subsidiary	1,467	—
Others	12,297	12,632
	<b>757,899</b>	580,951
Less: loss allowance <i>(note (ii))</i>	<b>(13,878)</b>	(9,328)
	<b>744,021</b>	571,623

#### Notes:

All of the prepayments, deposits and other receivables are expected to be recovered and recognised as expenses within one year.

- (i) Amounts due from third parties, staffs and non-controlling interest of the Group were non-trade, unsecured and repayable on demand.
- (ii) The Group determines the expected credit losses for other receivables by assessment of probability of default, loss given default and exposure at default. As at June 30, 2024, in view of the nature of these balances and historical settlement record, the Group considers that the provision of ECL allowance for these assets was RMB13.9 million (December 31, 2023: RMB9.3 million).



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**14 CASH AND CASH EQUIVALENTS**

	<b>At June 30, 2024 RMB'000</b>	At December 31, 2023 RMB'000
Cash at bank and on hand	<b>272,510</b>	272,075
Less: Time deposits with initial term over three months	<b>5,000</b>	5,000
Less: restricted bank deposits	<b>43,329</b>	23,700
Cash and cash equivalents	<b>224,181</b>	243,375

The restricted bank deposits mainly consist of frozen bank deposits as of June 30, 2024 and December 31, 2023.

**15 TRADE PAYABLES**

	<b>At June 30, 2024 RMB'000</b>	At December 31, 2023 RMB'000
Payables for inventories and services	<b>212,479</b>	233,249

All of the trade payables are expected to be settled within one year or are repayable on demand.

The aging analyses of trade payables, based on the transaction date, are as follows:

	<b>At June 30, 2024 RMB'000</b>	At December 31, 2023 RMB'000
Within 1 year	<b>203,498</b>	228,721
More than 1 year	<b>8,981</b>	4,528
	<b>212,479</b>	233,249



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 16 OTHER PAYABLES AND ACCRUED EXPENSES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Salary and welfare payables	68,954	72,104
Payables for flexible staffs	166,739	156,276
VAT payable and other tax payables	15,588	16,087
Payables for acquiring exclusive rights	1,245	—
Payables for acquiring of subsidiaries and non-controlling interest	23,172	21,500
Investment deposits received from an investor	40,000	20,000
Refund liabilities	22,821	16,570
Amounts due to non-controlling interest of the Group	50	1,050
Amounts due to third parties and staffs	5,921	8,902
Payables for issuance cost of the financial instruments issued to investors	—	3,741
Payables for property, plant and equipment purchase	—	6,514
Deposits and others	47,324	38,770
	<b>391,814</b>	361,514

All of the other payables and accrued expenses are expected to be settled or recognised as income within one year or are repayable on demand.

### 17 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

No dividends have been paid or declared by the Company for the six months ended June 30, 2024 and 2023.

#### (b) Share capital

##### (i) Authorized share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 24, 2015.

As of June 30, 2024 and December 31, 2023, the authorized share capital of the Company was USD100,000 divided into 1,000,000,000 ordinary shares of a nominal or par value of US\$0.0001 each.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**17 CAPITAL, RESERVES AND DIVIDENDS (Continued)****(b) Share capital (Continued)****(ii) Issued share capital**

	Number of shares	Share capital RMB'000
Ordinary shares issued and fully paid		
At June 30, 2024 and December 31, 2023	587,038,219	391

**(iii) Shares repurchased for share award scheme**

During the six months ended June 30, 2024, Prime Forest Assets Limited (“**Prime Forest**”) purchased a total of 2,282,700 ordinary shares of the Company on the Stock Exchange at a consideration of RMB12.7 million for the settlement of Post-IPO share award scheme.

**(c) Nature and purpose of reserves****(i) Treasury share reserve**

The treasury share reserve represents the shares held by employee share trust, Prime Forest, controlled by the Company for the equity settled share-based payment plan. As the Company has power to govern the relevant activities of Prime Forest and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the equity settled share-based payment plan, the directors of the Company consider that it is appropriate to regard Prime Forest as a branch of the Company.

**(ii) Capital reserve**

The capital reserve comprises: a) the capital contribution from the equity holders of the Group’s subsidiaries; b) the excess of the total proceeds received from the Company share issuance over the total par value of shares issued; c) the reserve resulted from transactions with the Group’s non-controlling interests and d) amounts in relation to the initial recognition of the redemption liabilities.

**(iii) Share-based payments reserve**

The share-based payments reserve represents the portion of the grant date fair value of share option and the difference between the granted price and the fair value of the restricted share units granted to the directors and employees of the Group.





## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Nature and purpose of reserves (Continued)

##### (iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations of the Company and certain subsidiaries within the Group.

#### (d) Equity-settled share-based payment

The Group granted share-based awards to qualified directors and employees pursuant to the 2015 Global Share Plan, which was adopted in August 2015, or the Post-IPO share award scheme, which was adopted on June 10, 2022. The qualified participants of the share-based awards are required to satisfy certain vesting service for the entitlement. The restricted share units (“**RSUs**”) granted are generally vested over a four-year period, with one-fourth of such RSUs vesting on each anniversary of the date of the grant, or two years period, with one-second of such RSUs vesting on each anniversary of the date of the grant, subject to the grantees continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date.

During the six months ended June 30, 2024, 8,801,042 restricted share units which will be satisfied by existing shares of the Company were granted to employees of the company under the company’s employee share-based award schemes (2023: 7,765,000). 21,640,467 restricted share units were vested and delivered to the grantees during the six months ended June 30, 2024 (2023: 42,848,548 restricted share units).



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS****(i) Financial assets and liabilities measured at fair value*****Fair value hierarchy***

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at June 30, 2024	Fair value measurements as at June 30, 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Recurring fair value measurements</b>				
Financial assets:				
Unlisted equity instrument	40,000	—	—	40,000
Wealth management products	46,740	—	—	46,740
Fund management products	207,340	—	—	207,340

	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Recurring fair value measurements</b>				
Financial assets:				
Unlisted equity instrument	40,000	—	—	40,000
Wealth management products	46,650	—	—	46,650
Fund management products	300,071	—	—	300,071

During the six months ended June 30, 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

##### **Information about Level 3 fair value measurements**

##### (aa) Financial assets at FVPL

The Group has a team headed by the finance manager performing valuation for the equity instrument and financial products issued by financial institutions which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the head of finance department. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the head of finance department.

Below is a summary of significant unobservable inputs to the valuation of these financial assets at June 30, 2024 and December 31, 2023.

	Valuation techniques	Significant unobservable inputs
Unlisted equity instrument	Market method	Latest round of financing
Financial products issued by financial institutions	Discounted cash flow method	Expected return rate

If the fair value of the Group's unlisted equity instrument had been 10% higher/lower, profit before income tax for the six months ended June 30, 2024 would have been approximately RMB4,000,000 higher/lower (2023: RMB4,000,000).

The other financial assets measured at FVPL were investment in wealth management products and investment in fund management products that usually held from several days up to one year. The increase of estimated weighted average expected return rates will lead to the higher fair value of the financial products. If the estimated weighted expected average return rates had increased/decreased by 0.5% with all other variables held constant, the Group's loss before income tax for the six months ended June 30, 2024, would have been approximately RMB741,650 and RMB741,650 lower/higher respectively (2023: RMB1,877,032 and RMB1,877,032 respectively).



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** (continued)**(i) Financial assets and liabilities measured at fair value** (continued)**Information about Level 3 fair value measurements** (continued)**(aa) Financial assets at FVPL** (continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	At June 30, 2024 RMB'000	At June 30, 2023 RMB'000
Financial products issued by financial institutions:		
At January 1	386,721	423,501
Additions in investments	71,051	—
Disposal of financial assets	(167,950)	(22,204)
Net realised and unrealised gains recognised in profit or loss during the period	2,444	9,881
Effect of foreign exchange rate changes	1,814	13,811
At June 30	294,080	424,989

**(ii) Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at cost were not materially different from their fair values as at June 30, 2024 and December 31, 2023.

**19 Acquisition of subsidiary**

During the six months ended June 30, 2024, the Company acquired 70% equity interest of Beijing Jiarun Oude Technology Co., Ltd. at a consideration of RMB9 million and recognized goodwill RMB0.15 million. The acquisition expanded the Group's medicines distribution business. Since the acquisition date, the subsidiary contributed RMB19.7 million to the Group's revenue and RMB0.84 million to the consolidated profits for the period ended June 30, 2024. If the acquisition had occurred on January 1, 2024, consolidated revenue and consolidated loss for the period ended June 30, 2024 would have been RMB2,126.5 million and RMB119.3 million respectively.



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 Commitments

Commitments outstanding at June 30, 2024 not provided for in the interim financial report.

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Contracted for acquisition of an exclusive right to manufacture and distribute a medicine in China	178,170	—

### 21 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Transaction with related parties

During the periods, the Group has entered into the following material related party transactions:

	Six months ended June 30	
	2024 RMB'000	2023 RMB'000
Guarantees provided by related parties on the Group's bank and other loans at the end of the reporting period	—	18,000
Acquisitions of non-controlling interests in a subsidiary	—	25,000
Sales of goods to a subsidiary of a non-controlling shareholder of the Group	5,820	—
Advance to a non-controlling shareholder of the Group	126	4,241
Proceeds from repayment of advances to non-controlling interest of the Group	2,005	5,278
Repayment of advances from non-controlling interest of the Group	1,000	—
Advance to key management personnel	1,000	—
Proceeds from repayment of advances to key management personnel	1,027	—



## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

**21 MATERIAL RELATED PARTY TRANSACTIONS** (continued)**(b) Balances with related parties**

The outstanding balances of the Group arising from the above transactions are as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade in nature:		
Trade payables for purchase of goods from a subsidiary of a non-controlling shareholder of the Group	—	394
Trade receivables for sales of goods to a subsidiary of a non-controlling shareholder of the Group	21,261	22,327
	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-trade in nature:		
Amounts due from key management personnel	923	950
Amounts due from non-controlling interest of the Group	5,121	7,000
Amounts due to non-controlling interest of the Group	23,222	22,550



## Definitions

<b>“91health Hangzhou”</b>	91health Hangzhou Limited* (杭州智雲匯醫科技有限公司), a wholly foreign owned enterprise established in the PRC on December 30, 2020 and a wholly-owned subsidiary of our Company
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Board”</b>	the board of Directors
<b>“China” or “PRC”</b>	the People’s Republic of China and for the purposes of this interim report only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
<b>“Chengdu Zhiyun Internet Hospital”</b>	Chengdu Zhiyun Internet Hospital Co., Ltd.* (成都智雲互聯網醫院有限公司), a company incorporated in the PRC on June 18, 2021 and a subsidiary of our Company
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Company”, “our Company”, or “the Company”</b>	ClouDr Group Limited (formerly known as 91health Group Limited), an exempted company with limited liability incorporated in the Cayman Islands on August 24, 2015
<b>“Consolidated Affiliated Entity(ies)”</b>	collectively, Hangzhou Kangming and its subsidiaries, Chengdu Zhiyun Internet Hospital and Tianjin Zhiyun, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
<b>“Contractual Arrangement(s)”</b>	the series of contractual arrangements entered into between, among others, 91health Hangzhou, Hangzhou Kangming and its subsidiaries, and the Registered Shareholders, as detailed in the section headed “Contractual arrangements” in the Prospectus
<b>“Corporate Governance Code”</b>	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
<b>“Director(s)”</b>	the director(s) of our Company



## Definitions

<b>“Global Offering”</b>	the Hong Kong Public Offering and the International Offering as defined and described in the Prospectus
<b>“Group”, “we” or “us”</b>	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
<b>“Hangzhou Kangming”</b>	Hangzhou Kangming Information Technology Co., Ltd.* (杭州康明信息技术有限公司), a company established in the PRC with limited liability on December 11, 2020 and a Consolidated Affiliated Entity
<b>“HK” or “Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IFRS”</b>	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
<b>“Latest Practicable Date”</b>	September 20, 2024, being the latest practicable date for ascertaining certain information in this interim report before its publication
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Stock Exchange
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
<b>“Mr. Kuang”</b>	Mr. Kuang Ming (匡明), our founder, executive Director, chairman and chief executive officer





## Definitions

<b>“Post-IPO Share Award Scheme”</b>	the post-IPO share award scheme approved and adopted by our Company on June 10, 2022
<b>“Pre-IPO Equity Investment Scheme”</b>	the pre-IPO equity investment scheme approved and adopted by our Company on August 24, 2015
<b>“Prospectus”</b>	the prospectus of the Company dated June 23, 2022
<b>“Registered Shareholders”</b>	the registered shareholders of the Hangzhou Kangming from time to time; the current registered shareholders are identified in the section headed “Contractual Arrangements” of the Prospectus
<b>“Reporting Period”</b>	the six months ended June 30, 2024
<b>“RMB”</b>	Renminbi, the lawful currency of China
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Share(s)”</b>	Ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00001 each
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary” or “subsidiaries”</b>	has the meaning ascribed thereto in section 15 of the Companies Ordinance
<b>“substantial shareholder(s)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Tianjin Zhiyun”</b>	Tianjin Zhiyun Comprehensive Clinic Co., Ltd.* (天津智雲綜合門診有限公司), a company established in the PRC with limited liability on March 26, 2021, and a Consolidated Affiliated Entity
<b>“United States” or “U.S.”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“USD” or “US\$”</b>	United States dollars, the lawful currency of the United States
<b>“%”</b>	per cent

\* For identification purposes only

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this interim report are translations from their Chinese names and are for identification purposes only.