ClouDr Group Limited
智 雲 健 康 科 技 集 團*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9955

Interim Report 2022

* For identification purpose only

Contents

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)

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

Remuneration Committee

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

Nomination Committee

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

Joint Company Secretaries

Ms. Liu Mengya (劉夢雅)
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 PRC

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

Principal Share Registrar and Transfer Office

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

Principal Place of Business in Hong Kong

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

Registered Office

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

Auditor

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

Legal Advisers

As to Hong Kong and U.S. laws
Skadden, Arps, Slate, Meagher & Flom and affiliates
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

Compliance Adviser

Anglo Chinese Corporate Finance, Limited
40th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong

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

Financial Summary

	Six months ended June 30		
	2022	2021	
	RMB'000	RMB'000	% change
	(Unaudited)	(Unaudited)	
Revenue	**1,379,723**	706,567	95.3
— In-hospital solution	**1,079,609**	496,003	117.7
— Pharmacy solution	**205,778**	157,942	30.3
— Individual chronic condition	**94,336**	52,622	79.3
Management solution and others			
Gross profit	**386,014**	255,985	50.8
Operating loss	**(263,941)**	(304,964)	(13.5)
Loss for the period	**(1,234,679)**	(2,539,786)	(51.4)
Adjusted net loss (non-IFRS measure)[1]	**(147,977)**	(202,477)	(26.9)

Note:

(1) We define "adjusted net loss (non-IFRS measure)" as loss for the period and adding back (i) change in fair value of financial liabilities, (ii) share-based compensation expenses, (iii) listing expenses, and (iv) issuance cost of financial liability at fair value through profit or loss ("**FVTPL**").

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

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, 2021, and numbers of online prescriptions issued through our services in 2021.

China has the world's largest chronic condition patient population, with a significant portion of healthcare spending on chronic conditions. While chronic condition patients usually need on-going medical care and recurring prescription, which require both in-and out-of-hospital services, China's healthcare services are still heavily concentrated in public hospitals.

In order to capture the existing in-hospital chronic condition management market and extend such market to out-of-hospital scenarios, we have adopted a hospital-first strategy to provide a comprehensive chronic condition management experience for patients in and out of hospitals. We aspire to lead China's digital chronic condition management market through our solutions serving all major participants in the healthcare value chain, including hospitals, pharmacies, pharmaceutical companies, patients and doctors.

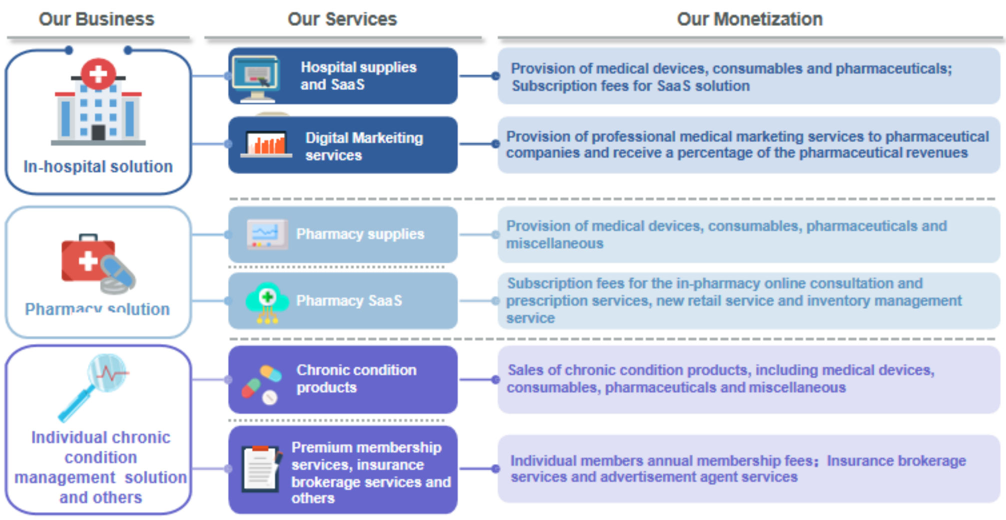
Our integrated in-and out-of-hospital solutions include (1) in-hospital solution, (2) pharmacy solution, and (3) individual chronic condition management solution.

Our integrated in-hospital solution provides a comprehensive chronic condition management solution to hospitals, including hospital SaaS and proprietary AIoT (Artificial Intelligence of Things) devices, sale of the medical devices and consumables which can be connected to our hospital SaaS through the AIoT devices, and rendering of digital marketing services leveraging our SaaS network in the hospitals and our existing sales forces.

Our integrated pharmacy solution consists of pharmacy SaaS and pharmacy supplies. 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.

Business Review and Outlook

Our individual chronic condition management solution connects doctors and patients, who are acquired primarily through in-hospital solution and pharmacy solution, and provides high quality and trust-worthy medical services and health insurance brokerage services.



Our business has revealed a strong growth momentum despite of external uncertainties. For the six months ended June 30, 2022, our total revenue amounted to RMB1,380.0 million, representing a year-on-year increase of 95.3%. Our gross profit increased 50.8%. Our non-IFRS adjusted net loss margin narrowed down to negative 10.7% due to the significant business growth and operating leverages.

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.

Our hospital SaaS, *ClouDr. Yihui*, was launched in 2016 and the first of its kind in China to digitalize and standardize the in-hospital chronic condition management process. It is capable of connecting to medical devices, such as glucose meters and vital sign monitors, with the help of our proprietary AIoT devices. We are the only company whose AIoT device can connect to NMPA-certified medical devices in China. As of June 30, 2022, approximately 2,500 hospitals had installed *ClouDr. Yihui*, including 674 Class III public hospitals, 1,066 Class II public hospitals, and 35 of China's top 100 hospitals. Wuhan Huoshenshan Hospital also installed *ClouDr. Yihui* system.

Leveraging our hospital SaaS network, we monetize through hospital supplies which are primarily relate to chronic conditions and can be connected to our hospital SaaS through the proprietary AIoT devices. We aim to fulfill hospitals' needs of chronic condition management for patients. For the six months ended June 30, 2022, the number of hospitals directly or indirectly purchased hospital supplies from us reached 2,766, which represented an increase of 87.7% as compared to the same period in 2021.

In addition, leveraging our hospital network, hospital SaaS, and doctor and patient APPs, we also offer pharmaceutical companies digital marketing services, primarily for medicines related to chronic condition management, to boost the medicines' awareness and support clinical decisions. As of June 30, 2022, we had contracted with 23 pharmaceutical companies to provide them digital marketing services, which represented an increase of 53% as compared to that as of June 30, 2021. The total partnered stock keeping units (SKUs) reached 29 as of June 30, 2022.

Hospital SaaS significantly improved our customer stickiness for monetization opportunities. The overall customer retention rate of 79% in the first half of the year 2022, while this ratio was 92% for hospitals that installed our SaaS. Similarly, the installation of hospital SaaS also contributed the fast growth in our digital marketing business.

Our in-hospital solution has allowed us to successfully build deep connections with hospitals, laying a solid foundation to extend our businesses to out-of-hospital settings.

	Six months ended June 30		
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	% change
Revenue			
In-hospital solution	**1,079,609**	496,003	117.7
Hospital supplies and SaaS	**814,619**	316,528	157.4
Digital marketing services	**264,990**	179,475	47.6
Gross profit			
In-hospital solution	**338,131**	208,592	62.1
Hospital supplies and SaaS	**100,531**	52,100	93.0
Digital marketing services	**237,600**	156,492	51.8
Gross margin			
In-hospital solution	**31.3%**	42.1%	(10.8)
Hospital supplies and SaaS	**12.3%**	16.5%	(4.2)
Digital marketing services	**89.7%**	87.2%	2.5

	Six months ended June 30	
	2022	2021
Number of hospital that installed our hospital SaaS[1]	**2,490**	1,808
Number of paying hospitals	**2,766**	1,474
Number of transacting pharmaceutical companies[2]	**23**	15
Number of SKUs marketed through digital marketing services[3]	**29**	21

Notes:

(1) Number of hospitals that installed our hospital SaaS is the cumulative total number as of June 30 of the respective year.

(2) Number of transacting pharmaceutical companies is the number of pharmaceutical companies to which we provided digital marketing services for the six months ended June 30 of the respective year.

(3) Number of SKUs marketed through digital marketing services for the six months ended June 30 of the respective year.

Pharmacy Solution

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

Leveraging the insights generated from the pharmacy SaaS prescription services, we effectively connect pharmaceutical companies and pharmacy stores for pharmacy supply purchases. The number of transacting customers for our pharmacy supplies amounted to 502 for the six months ended June 30, 2022.

We also provide value-added services in our pharmacy SaaS, such as a new retail service that offers e-commerce solutions on Weixin mini programs, and inventory management services. As of June 30, 2022, over 185,000 pharmacy stores had installed *ClouDr. Pharmacy*, covering over 32% of the pharmacy stores in China.

	Six months ended June 30		
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	% change
Revenue			
Pharmacy solution	**205,778**	157,942	30.3
Pharmacy supplies	**180,068**	135,219	33.2
Pharmacy SaaS	**25,710**	22,723	13.1
Gross profit			
Pharmacy solution	**30,874**	28,145	9.7
Pharmacy supplies	**6,286**	6,245	0.7
Pharmacy SaaS	**24,588**	21,900	12.3
Gross margin			
Pharmacy solution	**15.0%**	17.8%	(2.8)
Pharmacy supplies	**3.5%**	4.6%	(1.1)
Pharmacy SaaS	**95.6%**	96.4%	(0.8)

	Six months ended June 30	
	2022	2021
Number of pharmacy stores that installed our pharmacy SaaS(1)	**185,731**	153,015
Number of transacting customers	**502**	367
Average revenue per transacting customer (in thousands)	**359**	368

Note:

(1) Number of pharmacy stores that installed our pharmacy SaaS is the cumulative total number as of June 30 of the respective year.

Individual Chronic Condition Management Solution

Our individual chronic condition management solution connects doctors and patients to enable out-of-hospital monitoring, consultation and prescription for chronic condition patients. We had approximately 95,000 registered doctors and approximately 26.5 million registered users as of June 30, 2022. Through our omni channel user acquisition, i.e. doctor referrals, patient walk in pharmacy stores using our online prescription services and patient referrals, over 95% new user acquisitions were organic.

Through this solution, we strive to provide patients with convenient, efficient and comprehensive online consultation and prescription filling experience as a "anytime, anywhere" healthcare management platform, which we believe can address the long-term medical needs of chronic disease patients. As part of our platform to deliver these services in compliance with relevant regulations, we currently have three internet hospitals which allow us to provide online consultation and prescription services through our online applications to patients in different provinces across China. The number of online prescription issued through our services reached 80.1 million for the six months ended June 30, 2022.

	Six months ended June 30		
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	% change
Revenue			
Individual chronic condition management solution and others	**94,336**	52,622	79.3
Chronic condition products	**35,482**	22,259	59.4
Premium membership services, insurance brokerage services and others	**58,854**	30,363	93.8
Gross profit			
Individual chronic condition management solution and others	**17,009**	19,248	(11.6)
Chronic condition products	**3,833**	284	1,249.6
Premium membership services, insurance brokerage services and others	**13,176**	18,964	(30.5)
Gross margin			
Individual chronic condition management solution and others	**18.0%**	36.6%	(18.5)
Chronic condition products	**10.8%**	1.3%	9.5
Premium membership services, insurance brokerage services and others	**22.4%**	62.5%	(40.1)

	Six months ended June 30	
	2022	2021
Number of registered users (in millions)[1]	**26.5**	20.9
Number of registered doctors (in thousands)[2]	**94.9**	70.5
Number of online prescriptions (in millions)	**80.1**	65.4

Notes:

(1) Number of registered users is the cumulative total number as of June 30 of the respective year.

(2) Number of registered doctors is the cumulative total number as of June 30 of the respective year.

Recent developments after the Reporting Period

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on July 6, 2022, marking an important milestone in the development of the Company.

Sanofi, a well-known global healthcare company, announced strategic partnership with us on July 13, 2022, bringing the best of both parties' knowledge and expertise to co-construct the next-generation of an Internet Healthcare ecosystem in China, especially in the field of chronic condition management. Starting from the diabetes management, the partnership will explore innovative solutions across the disease management journey, covering both in-and out-of-hospital scenarios.

Ipsen, a global biopharmaceutical company focused on transformative medicines in oncology, rare disease and neuroscience, announced strategic partnership with us on August 12, 2022. The partnership centered around the digital marketing services for certain oncology areas, expanding our footprint from chronic condition management into certain oncology diseases management. Some oncology diseases, such as prostate cancer, are now considered as chronic diseases due to the high survival rates and long survival years. Those oncology diseases management also shares similar characteristics with chronic condition management, requiring long-time out-of-hospital self health condition management.

Business outlook

We intend to focus on the following key strategies to solidify our leadership position in China's chronic condition management market: (i) continue to expand our hospital and pharmacy network and SaaS installation base, (ii) continue to grow our patient and doctor bases, (iii) continue to invest in product and technology innovation, (iv) continue to expand our presence in the healthcare value chain and drive monetization, and (v) continue to invest for strategic partnership and acquisitions.

In respect of 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 the partnership with the hospitals, (2) increasing sales professionals with medical background to expand hospital network and hospital SaaS installation base, and (3) focusing on the partnership with pharmaceutical companies to drive further monetization through digital marketing services.

In respect of pharmacy solution, we will continue to expand pharmacy network by enriching our pharmacy product portfolio and services, increasing SaaS installation base, and enhancing our supply chain capabilities.

In respect of individual chronic condition management solution and others, we will continue to solidify our medical service capabilities, and attract doctors and patients to the ecosystem organically and efficiently. We focus on providing high quality and trust-worthy medical services to our users. We will also partner with more insurance companies to roll out the health insurance offerings.

Looking forward, we are well positioned for 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 95.3% from RMB706.6 million for the six months ended June 30, 2021 to RMB1,379.7 million for the six months ended June 30, 2022. The increase was primarily attributable to the strong growth in the in-hospital solution.

In-hospital solution. Revenue from in-hospital solution increased by 117.7% from RMB496.0 million for the six months ended June 30, 2021 to RMB1,079.6 million for the six months ended June 30, 2022, primarily due to the further SaaS penetration to hospitals, increased number of paying hospitals and increased partnership with pharmaceutical companies to render digital marketing services.

Pharmacy solution. Revenue from pharmacy solution increased by 30.3% from RMB157.9 million for the six months ended June 30, 2021 to RMB205.8 million for the six months ended June 30, 2022, primarily due to the increased paying pharmacy stores, and supply chain capabilities.

Individual chronic condition management solution and others. Revenue from individual chronic condition management solution and others increased by 79.3% from RMB52.6 million for the six months ended June 30, 2021 to RMB94.3 million for the six months ended June 30, 2022, primarily due to the increase of chronic condition product sales and the development of insurance brokerage.

Cost of sales

Our cost of sales increased by 120.5% from RMB405.6 million for the six months ended June 30, 2021 to RMB993.7 million for the six months ended June 30, 2022. The increase was in line with the rapid growth of our business. We observed a higher growth in hospital supplies which was mainly contributed by our SaaS penetration in the hospitals and therefore more cross sale revenues in hospital supplies. Although the hospital SaaS did not become a main revenue generator due to long go-to-market commercial cycle in the hospitals, it significantly improved customer stickiness and drive user engagement therefore more cross sale opportunities.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit for the six months ended June 30, 2021 and June 30, 2022 was RMB256.0 million and RMB386.0 million, respectively, and our overall gross margin for the same periods was 36.2% and 28.0%, respectively. The decrease of our overall gross margin was a result of our revenue mix between the product sales and service sales. We observed a higher growth in hospital supplies which was mainly contributed by our SaaS penetration in the hospitals and therefore more cross sale revenues in hospital supplies. Although the hospital SaaS did not become a main revenue generator due to long go-to-market commercial cycle in the hospitals, it significantly improved customer stickiness and drive user engagement therefore more cross sale opportunities.

In-hospital solution. Our gross margin in in-hospital solution decreased from 42.1% for the six months ended June 30, 2021 to 31.3% for the six months ended June 30, 2022, primarily attributable to the revenue mix between the hospital supplies and digital marketing services. The monetization of our integrated in-hospital solution became stronger and therefore the hospital supplies achieved faster growth. The pace of rendering the digital marketing, which has a higher gross margin, was temporarily impacted by the sporadic outbreaks of Covid-19 in certain regions in China in the first half of 2022. Although the digital marketing service revenue growth remained strong i.e. 47.6% growth, it was not as fast as the revenue growth in the hospital supplies.

Pharmacy solution. Our gross margin in pharmacy solution decreased from 17.8% for the six months ended June 30, 2021 to 15.0% for the six months ended June 30, 2022, primarily due to the revenue mix between the pharmacy SaaS and pharmacy supplies. Based on our intelligence insights of the supply chain demands of pharmacy stores through the pharmacy SaaS, we were able to achieve faster revenue growth in the pharmacy supplies.

Individual chronic condition management solution and others. Our gross margin in individual chronic condition management solution and others decreased from 36.6% for the six months ended June 30, 2021 to 18.0% for the six months ended June 30, 2022, primarily driven by the revenue mix among chronic condition products, premium membership services and insurance brokerage services. As we acquired more patients onto our platform, the health insurance offerings achieved significant growth. We also observed a gross margin increase in chronic condition products due to one-time promotion activities in the six months ended June 30, 2021 and that was partially offset by product mix impact as we rendered more insurance brokerage services which had relative lower gross margin.

Selling and marketing expenses

Our selling and marketing expenses increased by 23.8% from RMB344.2 million for the six months ended June 30, 2021 to RMB426.2 million for the six months ended June 30, 2022, primarily attributable to increased selling and marketing efforts to promote business growth. We enjoyed significant operating leverage and customer stickiness with high recurring purchases, the selling and marketing expense to revenue ratio decreased from 48.7% for the six months ended June 30, 2021 to 30.9% for the six months ended June 30, 2022.

The selling and marketing expense to revenue ratio further decreased from 45.6% for the six months ended June 30, 2021 to 29.1% for the six months ended June 30, 2022.

Administrative expenses

Our administrative expenses increased by 39.0% from RMB113.8 million for the six months ended June 30, 2021 to RMB158.2 million for the six months ended June 30, 2022. The increase was primarily attributable to the professional service fees related to the listing. We effectively controlled expenses, and as a result, the administrative expenses to revenue ratio decreased from 16.1% for the six months ended June 30, 2021 to 11.5% for the six months ended June 30, 2022.

The administrative expense to revenue ratio further decreased from 6.1% for the six months ended June 30, 2021 to 5.2% for the six months ended June 30, 2022.

Research and development expenses

Our research and development expenses decreased from RMB108.2 million for the six months ended June 30, 2021 to RMB79.0 million for the six months ended June 30, 2022. The decrease was primarily due to the increased efficiency and enhanced industry know-how.

The research and development expense to revenue ratio further decreased from 13.3% for the six months ended June 30, 2021 to 5.2% for the six months ended June 30, 2022.

Loss from operations

As a result of the foregoing, our loss from operations decreased by 13.5% from RMB305.0 million for the six months ended June 30, 2021 to RMB263.9 million for the six months ended June 30, 2022. The decrease was primarily due to the significant revenue increase and the improved operating leverage. The significant adjusted net loss narrow down was contributed by the strong business growth and operating leverages.

Finance costs

Our finance costs decreased by 89.9% from RMB35.4 million for the six months ended June 30, 2021 to RMB3.6 million or the six months ended June 30, 2022, primarily attributable to the decrease in issuance cost of financial liabilities at FVTPL.

Change in fair value of financial liabilities

We recorded change in fair value of financial liabilities of a loss of RMB2,201.0 million and a loss of RMB967.8 million for the six months ended June 30, 2021 and 2022, respectively. In each period, these losses were due to changes in the carrying amount of convertible redeemable preferred shares and/or convertible loans. Prior to the Global Offering, our convertible redeemable preferred shares have not been traded in an active market and their value at each respective reporting date is determined using valuation techniques.

Income tax

We recorded income tax of negative RMB1,541 thousand and negative RMB661 thousand for the six months ended June 30, 2021 and 2022, respectively. The change was primarily due to the expected net profit from certain subsidiaries or 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 51.4% from RMB2,539.8 million for the six months ended June 30, 2021 to RMB1,234.7 million for the six months ended June 30, 2022. The decrease was primarily due to the significant revenue increase, the operating leverage and the change in fair value of financial liabilities.

Adjusted net loss (non-IFRS measure)

To supplement our consolidated financial statements which are presented in accordance with 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 the 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 (i) change in fair value of financial liabilities, (ii) share-based compensation expenses, (iii) listing expenses, and (iv) issuance cost of financial liability at FVTPL.

For the six months ended June 30, 2021 and 2022, our adjusted net loss (non-IFRS measure) was RMB202.5 million and RMB148.0 million, respectively.

The following table sets forth the reconciliations of our non-IFRS financial measure for the six months ended June 30, 2021 and 2022 to the nearest measure prepared in accordance with IFRS:

	Six months ended June 30	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss for the period	**(1,234,679)**	(2,539,786)
Add:		
Change in fair value changes of financial liabilities[1]	**967,842**	2,201,000
Share-based compensation expenses[2]	**69,683**	100,052
Listing expenses[3]	**49,177**	6,777
Issuance cost of financial liability at FVTPL[4]	**–**	29,480
Adjusted net loss (non-IFRS measure)	**(147,977)**	(202,477)
Adjusted net loss margin (non-IFRS measure) (%)[5]	**(10.7)**	(28.7)

Notes:

(1) Change in fair value of financial liabilities represents the losses arising from change in fair value of our issued convertible redeemable preferred shares and/or convertible loans, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature.

(2) Share-based compensation expenses relate to the share awards we offered to our employees, directors and consultants under the Pre-IPO Equity Incentive 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.

(3) Listing expenses are commonly added back to IFRS measures in calculating similar non-IFRS financial measures.

(4) Issuance cost of financial liability at FVTPL is commonly added back to IFRS measures in calculating similar non-IFRS financial measures, primarily because it represents the professional service cost in connection with preferred shares financing and only relates to the scale of financing from the preferred share investors. We do not expect to have such issuance cost after we become a listed company.

(5) 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, 2022, we had funded our cash requirements principally from capital contribution from Shareholders and bank loans. We had cash and cash equivalents of RMB1,090.6 million and RMB522.3 million as of December 31, 2021 and June 30, 2022, respectively.

As of June 30, 2022, we had bank and other loans of RMB58.2 million (December 31, 2021: RMB114.4 million). Borrowings are classified as current liabilities. All borrowings are repayable within one year or on demand and the effective annual interest rates ranged from 3.6% to 6.3% as of June 30, 2022.

Going forward, we believe that our liquidity requirements will be satisfied 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.

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, 2022) during the six months ended June 30, 2022.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended June 30, 2022.

Pledge of assets

As at June 30, 2022, the Group has no pledge of assets.

Future plans for material investments or capital assets

As at June 30, 2022, the Group did not have detailed future plans for material investments or capital assets, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus.

Gearing ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as dividing liabilities excluded financial liabilities at FVTPL by total assets. As of June 30, 2022, the gearing ratio was 33.0%, as compared with 30.1% as at December 31, 2021 with no significant change.

Significant events after the Reporting Period

On July 6, 2022, the Company issued a total of 19,000,000 shares at the offering price of HK$30.50 per share, which were listed on the Main Board of the Stock Exchange. The over-allotment option described in the Prospectus was not exercised and lapsed on July 28, 2022 in respect of an aggregate of 2,850,000 Shares. As agreed in the related investment agreements, all the issued convertible redeemable preferred shares were converted into the ordinary Shares at a conversion ratio 1 to 1 on the Listing Date on July 6, 2022. Upon the conversion of the convertible redeemable preferred shares, the issued ordinary Shares increased by 397,952,558, and the financial liabilities at FVTPL were reclassified from the current liabilities to the equities.

Foreign exchange exposure

During the six months ended June 30, 2022, 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, respectively. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our group entities. Accordingly, the Group did not use derivative financial instruments and has not entered into any derivative contracts for hedging against any fluctuation in foreign currency during the six months ended June 30, 2021 and 2022. Nevertheless, our management will monitor the currency fluctuation exposure and will consider hedging significant foreign exchange risk should the need arise. As at June 30, 2022, we had currency translation loss of RMB149 thousand, as compared with currency translation loss of RMB183 thousand as at June 30, 2021.

Contingent liabilities

As at June 30, 2022, we did not have any material contingent liabilities (as at June 30, 2021: nil).

Indebtedness

As at June 30, 2022, the Group had bank and other loans of RMB58.3 million, financial liabilities at FVTPL of RMB10,378.6 million and lease liabilities of RMB20.6 million, as compared to RMB114.4 million, RMB8,907.7 million and RMB8.9 million, respectively, as at December 31, 2021.

Employees and remuneration

As at June 30, 2022, the Group had a total of 1,435 full-time employees, of which 527 employees in Hangzhou, 170 employees in Shanghai and 738 employees in other offices in China. The Group also had over 1,400 flexible staffing as of June 30, 2022 to support business development activities mostly in lower tier cities.

The following table sets forth the total number of full-time employees by function as at June 30, 2022:

Function	Number of full-time employees
Selling and marketing	1,168
Research and development	189
General and administrative	78
Total	**1,435**

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-perform employees.

The total people related cost incurred by the Group for the six months ended June 30, 2022 was RMB480.9 million, as compared to RMB460.4 million for the six months ended June 30, 2021. The full time staff cost incurred for the six months ended June 30, 2022 was RMB282.2 million as compared to RMB318.6 million for the six months ended June 30, 2021. The flexible staffing cost incurred for the six months ended June 30, 2022 was RMB198.7 million as compared to RMB141.8 million for the six months ended June 30, 2021.

The Company has also adopted a Pre-IPO Equity Incentive Scheme and a 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 skill-sets remain up-to-date, enabling them to better discover and meet consumers' needs.

Other Information

Compliance with the Corporate Governance Code

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

As the Shares of the Company were not listed on the Stock Exchange as at June 30, 2022, the Corporate Governance Code contained in Appendix 14 to the Listing Rules was not applicable to the Company during the Reporting Period.

Since the Listing Date, the Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the "**Previous CG Code**") as set out in Appendix 14 to the Listing Rules before the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect on 1 January 2022, save and except for the deviation described in the paragraph below. The requirements under the New CG Code would apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance and alignment with the latest measures and standards set out in the New CG Code.

Code provision A.2.1 of the Previous CG Code (equivalent to C.2.1 of the New CG 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 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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company.

As the Shares of the Company were not listed on the Stock Exchange during the Reporting Period, the Model Code was not applicable to the Company during the Reporting Period. 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 since the Listing Date up to the Latest Practicable Date.

Share Schemes

1. Pre-IPO Equity Incentive Scheme

The Pre-IPO Equity Incentive Scheme was approved and adopted on August 24, 2015. The Pre-IPO Equity Incentive Scheme does not involve the grant of any share options after Listing and is not subject to Chapter 17 of the Listing Rules.

The purpose of the Pre-IPO Equity Incentive Scheme is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants of the Group and to promote the success of the Company's business by offering these individuals or entities an opportunity to acquire a proprietary interest in the success of the Company.

Persons eligible to participate in the Pre-IPO Equity Incentive Scheme include an officer, an employee, a director or a consultant employed by the Company (collectively, the "**Service Providers**") or any parent company or subsidiary of the Company or trusts or companies established in connection with any employee benefit plan of the Company for the benefits of the Service Providers but excluding a ten percent owner, who is in the employment of or other contractual relationship with any member of the Group.

The maximum aggregate number of Shares which may be issued to all awards under the Pre-IPO Equity Incentive Scheme shall be 84,254,735 Shares, representing approximately 14.35% of the total issued Shares as of the Latest Practicable Date. As of June 30, 2022, the number of underlying Shares pursuant to the outstanding restricted stock units ("**RSU**") granted amounted to 68,508,450 Shares representing approximately 11.67% of the total issued Shares as of the Latest Practicable Date.

Further details of the Pre-IPO Equity Incentive Scheme are set out in the Prospectus.

As of June 30, 2022, we had conditionally granted RSUs to 396 participants under the Pre-IPO Equity Incentive Scheme.

Details of the RSUs granted to the Directors and senior management under the Pre-IPO Equity Incentive Scheme as of June 30, 2022 are as follows:

Name	Role	Date of Grant	Vesting Period	Purchase Price	Outstanding as of January 1, 2022	Vested during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as of June 30, 2022
Mr. Kuang	Executive Director, Chief Executive Officer	January 1, 2020	4 years	US$0.15 per Share	5,249,835	–	–	5,249,835
Ms. Xu Lili	Chief Financial Officer	February 1, 2018	4 years	US$0.01 per Share	500,000	–	–	500,000
		October 1, 2020	4 years	US$0.35 per Share	15,157,159	–	–	15,157,159
Mr. Wang Jingxu	Vice President	July 23, 2018	4 years	US$0.1 per Share	2,300,000	–	–	2,300,000
		July 23, 2018	4 years	US$0.01 per Share	2,000,000	–	–	2,000,000
		February 1, 2021	4 years	US$0.15 per Share	500,000	–	–	500,000
		January 1, 2021	4 years	US$0.35 per Share	2,000,000	–	–	2,000,000
		May 1, 2021	4 years	US$0.35 per Share	3,000,000	–	–	3,000,000
Mr. Li Gang	Head of Technology Department	March 1, 2017	4 years	US$0.05 per Share	50,000	–	–	50,000
		March 20, 2017	4 years	US$0.05 per Share	800,000	–	–	800,000
		June 16, 2016	4 years	US$0.01 per Share	1,237,800	–	–	1,237,800
		February 5, 2018	Immediately available	RMB0.001 in US$ per Share	50,000	–	–	50,000
		January 1, 2021	4 years	US$0.35 per Share	1,200,000	–	–	1,200,000
Ms. Zuo Yinghui	Vice President	January 1, 2015	1 year	US$0.0001 per Share	3,617,800	–	–	3,617,800
		January 1, 2021	4 years	US$0.35 per Share	350,000	–	–	350,000
Other grantees in aggregate	Other employees	Between January 1, 2015 and October 15, 2021	Between Immediately available and 4 years	Between US$0.0001 per Share and US$2.35 per Share	32,355,592	–	1,859,736	30,495,856
					70,368,186	–	1,859,736	68,508,450

2. *Post-IPO Share Award Scheme*

The Post-IPO Share Award Scheme was adopted on June 10, 2022. The Post-IPO Share Award Scheme is not a share option scheme and is not subject to Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons of the Post-IPO Share Award Scheme with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

Any individual, being an employee, director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group or any affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them), and any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award. However, no individual who is resident in a place where the grant, acceptance or vesting of an award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

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.

Further details of the Post-IPO Share Award Scheme are set out in the Prospectus.

As of the Latest Practicable Date, no Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme.

Change in Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules

As of the Latest Practicable Date, 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.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As the Company was not listed on the Stock Exchange as of June 30, 2022, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executives of the Company as of June 30, 2022.

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Relevant entity	Number of Shares	Approximate % of interest[(1)]
Mr. Kuang[(2)]	Interest in a controlled corporation/Other	Company	128,447,385 (L)	21.88%

Notes:

(1) The calculation is based on the total number of 587,038,219 Shares in issue as of the Latest Practicable Date.

(2) This includes (i) 89,414,780 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. Together with the voting power in our Company that Mr. Kuang holds through HaoYuan health Limited, Mr. Kuang controls an aggregate of approximately 21.88% voting power in the Company.

(3) The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, as of the Latest Practicable Date, 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 the Company was not listed on the Stock Exchange as of June 30, 2022, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the substantial Shareholders of the Company as of June 30, 2022.

As of the Latest Practicable Date, the following persons (other than the Directors and chief executive whose interests have been disclosed in this interim report) had an interest or short position in the Shares or underlying Shares of the Company 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 the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate % of interest[(1)]
Trident Trust Company (HK) Limited[(2)]	Trustee	164,351,215 (L)	28.00%
Data Vantage Development Limited[(3)(4)]	Interest in controlled corporations	89,414,780 (L)	15.23%
HaoYuan health Limited[(3)]	Beneficial owner	89,414,780 (L)	15.23%
Prime Forest Assets Limited[(5)]	Beneficial owner	74,936,435 (L)	12.76%
China Merchants Bank Co., Ltd.[(6)]	Interest in controlled corporations	32,138,712 (L)	5.47%
CMB International Financial Holdings Limited (招銀國際金融控股有限公司)[(6)]	Interest in controlled corporations	32,138,712 (L)	5.47%
CMB International Capital Corporation Limited (招銀國際金融有限公司)[(6)]	Interest in controlled corporations	32,138,712 (L)	5.47%
CMB Financial Holdings (Shenzhen) Limited (招銀金融控股(深圳)有限公司)[(6)]	Interest in controlled corporations	32,138,712 (L)	5.47%
CMB International Financial Holdings (Shenzhen) Limited (招銀國際金融控股(深圳)有限公司)[(6)]	Interest in controlled corporations	32,138,712 (L)	5.47%
Shanghai Qiji Technology Partnership (Limited Partnership) (上海旗驥科技合夥企業(有限合夥))[(6)]	Beneficial owner	32,138,712 (L)	5.47%
Jeffrey Steven Yass[(7)]	Interest in controlled corporations	31,570,783 (L)	5.38%
Colombus International Holdings, Inc.[(7)]	Interest in controlled corporations	31,570,783 (L)	5.38%
Explorer Partner Corp. [(7)]	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Global Investments GP, LLC[(8)]	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Pacific Holdings, LLLP[(7)]	Interest in controlled corporations	31,570,783 (L)	5.38%
SIG Global China Fund I, LLLP[(7)]	Beneficial owner	31,570,783 (L)	5.38%
Ho Chi Sing[(9)]	Interest in controlled corporations	30,388,981 (L)	5.18%
Zhou Quan[(9)]	Interest in controlled corporations	30,388,981 (L)	5.18%
IDG China Venture Capital Fund GP IV Associates Ltd.[(9)]	Interest in controlled corporations	30,388,981 (L)	5.18%

Notes:

(1) The calculation is based on the total number of 587,038,219 Shares in issue as of the Latest Practicable Date.

(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 89,414,780 Shares and (ii) Prime Forest Assets Limited, which holds 74,936,435 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 Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

(4) Data Vantage Development Limited controls 100% of HaoYuan health Limited (which holds 89,414,780 Shares) and is therefore deemed to be interested in the Shares in which HaoYuan health Limited has interest.

(5) Prime Forest Assets Limited, a limited liability company incorporated under the laws of British Virgin Islands, is established for the purpose of holding Shares pursuant to the Pre-IPO Equity Incentive Scheme and Post-IPO Share Award Scheme. The Pre-IPO Equity Incentive Scheme shall be administered by the Board, or a committee consisting of one or more members of the Board of the of the Company (the "**Scheme Committee**" or "**Scheme Administrator**"), which has the exclusive power, authority and discretion to, administer the Pre-IPO Equity Incentive Scheme. In practice, the Board has delegated the administration of the Pre-IPO Equity Incentive Scheme to the remuneration committee of the Company (the "**Remuneration Committee**"), which acts as the Scheme Administrator. The Remuneration Committee comprises Dr. Hong Weili, Mr. Zhang Saiyin and Mr. Kuang, with Dr. Hong Weili as chairman. As such, Mr. Kuang is not able to control the Remuneration Committee. As at the Latest Practicable Date, Ms. Mengya Liu, an employee of the Company, was the sole member of the advisory committee for Prime Forest Assets Limited for handling of the administrative matters for the Pre-IPO Equity Incentive Scheme and she will take instruction from the Scheme Administrator, i.e. the Remuneration Committee of the Company.

(6) China Merchants Bank Co., Ltd. holds interest, through a series of wholly-owned subsidiaries (namely CMB International Financial Holdings Limited, CMB International Capital Corporation, CMB Financial Holdings (Shenzhen) Limited and CMB International Financial Holdings (Shenzhen) Limited), in 100% of Shanghai Qiji Technology Partnership (Limited Partnership) ("**Shanghai Qiji**") which, in turn, holds 32,138,712 Shares. In addition, CMB International Financial Holdings (Shenzhen) Limited, the general partner of Shanghai Qiji, and CMB Financial Holdings (Shenzhen) Limited, the sole limited partner of Shanghai Qiji, are interested in 0.1% and 99.9% of Shanghai Qiji, respectively. Therefore, each of China Merchants Bank Co., Ltd., CMB International Financial Holdings Limited, CMB International Capital Corporation, CMB Financial Holdings (Shenzhen) Limited and CMB International Financial Holdings (Shenzhen) Limited is deemed to be interested in the Shares in which Shanghai Qiji has interest.

(7) Jeffrey Steven Yass controls (i) 100% of Colombus 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 as limited partner controls 100% of SIG Global China Fund I, LLLP (which holds 31,570,783 Shares). Therefore, each of Jeffrey Steven Yass, Colombus 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.

(8) SIG Global Investments GP, LLC as general partner 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.

(9) Each of Ho Chi Sing and Zhou Quan controls 50% of IDG China Venture Capital Fund GP IV Associates Ltd., which, in turn, controls (i) 100% of IDG China Venture Capital Fund IV Associates L.P., which controls 100% of IDG China Venture Capital Fund IV L.P. (which holds 26,939,832 Shares) and (ii) 100% of IDG China IV Investors L.P. (which holds 3,449,149 Shares). Therefore, each of Ho Chi Sing, Zhou Quan, IDG China Venture Capital Fund GP IV Associates Ltd. and IDG China Venture Capital Fund IV Associates L.P. is deemed to be interested in the Shares in which IDG China Venture Capital Fund IV L.P. and IDG China IV Investors L.P. have interest.

(10) The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed herein, as of the Latest Practicable Date, 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 or any other member of the Group as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Use of Proceeds From Listing

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$448.7 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.

As at the Latest Practicable Date, the net proceeds from the Global Offering had not been utilised since the Listing Date.

Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

Purchase, Sale or Redemption of Listed Securities

The Shares of the Company was only listed on the Stock Exchange on July 6, 2022. Neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Audit Committee

The Company has established an audit committee comprising of three members, namely Mr. Zhang Saiyin, Dr. Hong Weili and Mr. Lee Kar Chung Felix, 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, 2022 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 and this unaudited interim report for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Updates on the Status of the Pledge of Equity Interests in the Consolidated Affiliated Entities

Reference is made to pages 321 to 322 of the Prospectus in respect of the legality of the Contractual Arrangements. As disclosed on page 322 of the Prospectus, the Company will include regular updates on the status of the registration of the relevant equity interests in Chengdu Zhiyun Internet Hospital and Yinbang Insurance Brokerage.

As of the Latest Practicable Date, the registration has been completed.

Consolidated Statement of Profit or Loss

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended June 30 2022 RMB'000	 2021 RMB'000
Revenue	3	**1,379,723**	706,567
Cost of sales		**(993,709)**	(450,582)
Gross profit		**386,014**	255,985
Other net income		**13,453**	5,353
Selling and marketing expenses		**(426,209)**	(344,234)
Administrative expenses		**(158,216)**	(113,821)
Research and development expenses		**(78,983)**	(108,247)
Loss from operations		**(263,941)**	(304,964)
Finance costs	4(a)	**(3,557)**	(35,363)
Change in fair value of financial liabilities	4(c)	**(967,842)**	(2,201,000)
Loss before taxation		**(1,235,340)**	(2,541,327)
Income tax	5	**661**	1,541
Loss for the period		**(1,234,679)**	(2,539,786)
Attributable to:			
— Equity shareholders of the Company		**(1,230,797)**	(2,525,305)
— Non-controlling interests		**(3,882)**	(14,481)
Loss for the period		**(1,234,679)**	(2,539,786)
Loss per share	6		
Basic and diluted (RMB)		**(11.94)**	(27.39)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended June 30	
		2022	2021
	Note	**RMB'000**	RMB'000
Loss for the period		**(1,234,679)**	(2,539,786)
Other comprehensive income for the period (after tax)			
Item that is or may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
— Financial statements of overseas subsidiaries		**(476,115)**	42,470
Total comprehensive income for the period		**(1,710,794)**	(2,497,316)
Attributable to:			
— Equity shareholders of the Company		**(1,706,912)**	(2,482,835)
— Non-controlling interests		**(3,882)**	(14,481)
Total comprehensive income for the period		**(1,710,794)**	(2,497,316)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Financial Position

at June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Non-current assets			
Property, plant and equipment	7	56,503	36,213
Intangible assets	8	181,912	164,583
Goodwill	9	50,794	25,625
		289,209	226,421
Current assets			
Inventories	10	132,198	110,924
Trade and bills receivables	11	831,722	497,266
Prepayments, deposits and other receivables	12	504,215	420,045
Financial assets at fair value through profit or loss (FVTPL)		57,018	28,000
Cash and cash equivalents	13	522,337	1,090,575
Restricted cash		43,981	134,922
		2,091,471	2,281,732
Current liabilities			
Trade payables	14	145,156	67,763
Other payables and accrued expenses	15	460,808	456,555
Contract liabilities		80,387	93,593
Bank and other loans		58,251	114,383
Lease Liabilities		6,829	4,123
Financial liabilities at FVTPL		10,378,582	8,907,708
		11,130,013	9,644,125
Net current liabilities		(9,038,542)	(7,362,393)
Total assets less current liabilities		(8,749,333)	(7,135,972)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Financial Position

at June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	**At June 30, 2022 RMB'000**	At December 31, 2021 RMB'000
Non-current liabilities			
Lease liabilities		**13,765**	4,800
Deferred tax liabilities		**19,306**	14,359
		33,071	19,159
NET LIABILITIES		**(8,782,404)**	(7,155,131)
Capital and reserves			
Share capital	*16(b)*	**110**	110
Reserves	*16(c)*	**(8,775,291)**	(7,138,062)
Total equity attributable to equity shareholders of the Company		**(8,775,181)**	(7,137,952)
Non-controlling interests		**(7,223)**	(17,179)
TOTAL DEFICIT		**(8,782,404)**	(7,155,131)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total deficit
	Share capital	Treasury share reserve	Capital reserve	Share-based payments reserve	Other reserve	Exchange reserve	Accumulated losses	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 16	*Note 16*	*Note 16*	*Note 16*		*Note 16*				
Balance at January 1, 2021	56	–	147,888	117,304	–	136,897	(3,764,066)	(3,361,921)	(31,297)	(3,393,218)
Changes in equity for the six months ended June 30, 2021:										
Loss for the period	–	–	–	–	–	–	(2,525,305)	(2,525,305)	(14,481)	(2,539,786)
Other comprehensive income	–	–	–	–	–	42,470	–	42,470	–	42,470
Total comprehensive income	–	–	–	–	–	42,470	(2,525,305)	(2,482,835)	(14,481)	(2,497,316)
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	21,775	21,775
Equity-settled share-based payment	–	–	–	100,052	–	–	–	100,052	–	100,052
Issued share options as subsidiary acquisition consideration	–	–	–	–	2,546	–	–	2,546	–	2,546
Balance at June 30, 2021 and July 1, 2021	56	–	147,888	217,356	2,546	179,367	(6,289,371)	(5,742,158)	(24,003)	(5,766,161)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000 *Note 16*	Treasury share reserve RMB'000 *Note 16*	Capital reserve RMB'000 *Note 16*	Share-based payments reserve RMB'000 *Note 16*	Other reserve RMB'000	Exchange reserve RMB'000 *Note 16*	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total deficit RMB'000
Changes in equity for the six months ended December 31, 2021:										
Balance at June 30, 2021 and July 1, 2021	56	–	147,888	217,356	2,546	179,367	(6,289,371)	(5,742,158)	(24,003)	(5,766,161)
Loss for the period	–	–	–	–	–	–	(1,613,608)	(1,613,608)	201	(1,613,407)
Other comprehensive income	–	–	–	–	–	89,462	–	89,462	–	89,462
Total comprehensive income	–	–	–	–	–	89,462	(1,613,608)	(1,524,146)	201	(1,523,945)
Issuance of ordinary shares	47	–	–	–	–	–	–	47	–	47
Treasury shares	–	(47)	–	–	–	–	–	(47)	–	(47)
Capital injection into a subsidiary by non-controlling shareholders	–	–	–	–	–	–	–	–	8,100	8,100
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(1,477)	(1,477)
Equity-settled share-based payment	–	–	–	122,567	–	–	–	122,567	–	122,567
Exercise of the share options	7	–	55,094	(49,316)	–	–	–	5,785	–	5,785
Balance at December 31, 2021	110	(47)	202,982	290,607	2,546	268,829	(7,902,979)	(7,137,952)	(17,179)	(7,155,131)

The notes on pages 35 to 51 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000 *Note 16*	Treasury share reserve RMB'000 *Note 16*	Capital reserve RMB'000 *Note 16*	Share-based payments reserve RMB'000 *Note 16*	Other reserve RMB'000	Exchange reserve RMB'000 *Note 16*	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total deficit RMB'000
Balance at January 1, 2022	110	(47)	202,982	290,607	2,546	268,829	(7,902,979)	(7,137,952)	(17,179)	(7,155,131)
Changes in equity for the six months ended June 30, 2022:										
Loss for the period	–	–	–	–	–	–	(1,230,797)	(1,230,797)	(3,882)	(1,234,679)
Other comprehensive income	–	–	–	–	–	(476,115)	–	(476,115)	–	(476,115)
Total comprehensive income	–	–	–	–	–	(476,115)	(1,230,797)	(1,706,912)	(3,882)	(1,710,794)
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	10,234	10,234
Capital injection into a subsidiary by non-controlling shareholders	–	–	–	–	–	–	–	–	3,604	3,604
Equity-settled share-based payment	–	–	–	69,683	–	–	–	69,683	–	69,683
Balance at June 30, 2022	110	(47)	202,982	360,290	2,546	(207,286)	(9,133,776)	(8,775,181)	(7,223)	(8,782,404)

The notes on pages 35 to 51 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended June 30	
	Note	**2022 RMB'000**	2021 RMB'000
Operating activities			
Cash used in operations		**(434,340)**	(293,735)
Income tax paid		**(1,734)**	(12)
Net cash used in operating activities		**(436,074)**	(293,747)
Investing activities			
Interest income received from other financial assets		**2,681**	4,594
Proceeds from disposal of property, plant and equipment		**340**	2
Proceeds from sales of wealth management products		**48,000**	2,092,255
Settlements received from advances to third parties		**7,651**	8,000
Disposal of a subsidiary		**1,300**	—
Acquisition of subsidiaries, net of cash acquired	*18*	**(38,737)**	(23,986)
Payment for the purchase of property, plant and equipment and intangible assets		**(27,640)**	(59,297)
Payment for purchase of wealth management products		**(77,018)**	(2,127,255)
Payment for prior year acquisition of subsidiaries		**(8,800)**	(4,531)
Advances to a non-controlling shareholder of the Group		**(5,000)**	—
Advances to third parties		**(500)**	—
Net cash used in investing activities		**(97,723)**	(110,218)

The notes on pages 35 to 51 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended June 30, 2022 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended June 30	
		2022	2021
	Note	RMB'000	RMB'000
Financing activities			
Proceeds from bank and other loans		49,831	247,836
Advances from a non-controlling shareholder of the Group		–	6,300
Capital injection from non-controlling interests in a subsidiary		3,604	—
Proceeds from issuance of convertible redeemable preferred shares and convertible loans		–	581,409
Repayment of bank and other loans		(110,619)	(238,630)
Interest expense paid		(2,189)	(5,123)
Payment of capital element of lease liabilities		(5,570)	(2,348)
Payment of interest element of lease liabilities		(306)	(125)
Payment of repurchase of convertible loan for issuance of convertible redeemable preferred shares		–	(4,964)
Issuance cost of convertible redeemable preferred shares and the proposed issuance of new shares		(2,031)	(6,347)
Net cash (used)/generate in financing activities		(67,280)	578,008
Net (decrease)/increase in cash and cash equivalents		(601,077)	174,043
Cash and cash equivalents at January 1		1,090,575	914,226
Effect of foreign exchange rate changes		32,839	(8,367)
Cash and cash equivalents at June 30		522,337	1,079,902

The notes on pages 35 to 51 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, 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 18, 2022.

The interim financial report has been prepared in accordance with the same accounting policies in the 2021 financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 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 International Financial Reporting Standards ("**IFRSs**").

The financial information relating to the financial year ended December 31, 2021 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.

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 16, property, plant and equipment: proceeds before intended use
- Amendments to IAS 37, provisions, contingent liabilities and contingent assets: Onerous contracts-cost of fulfilling a contract

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 this interim financial result. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Revenue and segment reporting

(a) Revenue from contracts with customers

The Group's product portfolio consists essentially of three major product or service lines, namely in-hospital solution, pharmacy solution and individual chronic condition management solution and others.

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

	Six months ended June 30	
	2022 RMB'000	2021 RMB'000
Type of goods or services:		
In-hospital solution		
Hospital supplies and SaaS	814,619	316,528
Digital marketing services	264,990	179,475
Pharmacy solution		
Pharmacy supplies	180,068	135,219
Pharmacy SaaS	25,710	22,723
Individual chronic condition management solution and others		
Chronic condition products	35,482	22,259
Premium membership services, insurance brokerage services and others	58,854	30,363
	1,379,723	706,567
Timing of revenue recognition:		
Point in time	1,349,958	658,182
Over time	29,765	48,385
	1,379,723	706,567

(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.

(Expressed in thousands of Renminbi, unless otherwise stated)

4 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended June 30	
	2022	2021
	RMB'000	RMB'000
Interest expenses	**3,089**	5,123
Interest on lease liabilities	**306**	125
Issuance cost of financial liabilities at FVTPL	**—**	29,480
Other financial cost	**162**	635
	3,557	35,363

(b) Staff costs

	Six months ended June 30	
	2022	2021
	RMB'000	RMB'000
Salaries, wages and other benefits	**199,806**	209,484
Contributions to defined contribution retirement plan *(i)*	**12,687**	9,092
Equity-settled share-based payment expenses	**69,683**	100,052
	282,176	318,628

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.

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

Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

4 Loss before taxation (continued)

(c) Other items

	Six months ended June 30	
	2022	2021
	RMB'000	RMB'000
Amortisation of intangible assets	**39,050**	32,666
Depreciation expenses	**9,948**	6,327
Listing expenses	**49,177**	6,777
Change in fair value of financial liabilities	**967,842**	2,201,000
Impairment loss on trade receivables	**7,535**	4,129
Cost of inventories	**915,359**	412,204

5 Income tax

	Six months ended June 30	
	2022	2021
	RMB'000	RMB'000
Current tax	**1,743**	337
Deferred tax	**(2,404)**	(1,878)
	(661)	(1,541)

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% and 20%, which certain subsidiaries are identified as micro and small business during the reporting periods.

(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.

6 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 RMB1,231 million (six months ended June 30, 2021: RMB2,525 million) and the weighted average of 103,059,000 ordinary shares (six months ended June 30, 2021: 92,206,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

The convertible redeemable preferred shares, convertible loan and share options 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.

7 Property, plant and equipment

(a) Right-of-use assets

During the six months ended June 30, 2022, the Group entered into a number of lease agreements for use of offices, warehouses and retail stores and acquired items of right-of-use assets through subsidiaries acquisition, and therefore recognized the additions to right-of-use assets of RMB18 million (six months ended June 30, 2021: RMB3 million).

(b) Acquisitions and disposal of owned assets

During the six months ended June 30, 2022, the Group acquired items of electronic equipment and machinery, office equipment, motor vehicles and leasehold improvement with a cost of RMB12 million (six months ended June 30, 2021: RMB6 million), and acquired property, plant and equipment through acquisition of subsidiaries with a fair value of RMB1 million (six months ended June 30, 2021: RMB2 million). Motor vehicles, office equipment and electronic equipment with a net book value of RMB756,503 were disposed of during the six months ended June 30, 2022 (six months ended June 30, 2021: RMB77,000), resulting in a loss on disposal of RMB416,032 (six months ended June 30, 2021: RMB75,000).

8 Intangible assets

During the six months ended June 30, 2022, the Group acquired exclusive rights with a cost of RMB27 million (six months ended June 30, 2021: RMB36 million), and acquired intangible assets, including customer relationships and software, through acquisition of subsidiaries with a fair value of RMB30 million (six months ended June 30, 2021: RMB62 million).

Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

9 Goodwill

	RMB'000
Cost and net carrying amount at January 1, 2021	19,017
Acquisitions through business combination	7,002
Decrease through the disposal of a subsidiary	(394)
Cost and net carrying amount at December 31, 2021	25,625
Acquisitions through business combination *(note 18)*	25,169
Cost and net carrying amount at June 30, 2022	50,794

10 Inventories

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Finished goods	**132,198**	110,924

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	
	2022 RMB'000	2021 RMB'000
Carrying amount of inventories sold	**915,359**	412,204

(Expressed in thousands of Renminbi, unless otherwise stated)

11 Trade and bills receivables

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Trade receivables	851,684	484,250
Less: Loss allowance	(23,335)	(15,800)
	828,349	468,450
Bills receivables	3,373	28,816
	831,722	497,266

(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, 2022 RMB'000	At December 31, 2021 RMB'000
Within 3 months	562,634	348,533
4 to 6 months	124,437	78,413
7 to 12 months	118,889	70,320
Over 1 year	25,762	—
	831,722	497,266

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:

	Six months ended June 30	
	2022 RMB'000	2021 RMB'000
Balance at January 1	15,800	13,082
Impairment losses recognised	7,535	4,129
At the end of the period	23,335	17,211

(Expressed in thousands of Renminbi, unless otherwise stated)

12 Prepayments, deposits and other receivables

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Prepayments for inventories and services	166,478	164,679
Deposits	152,510	139,538
Advances due from non-controlling shareholders of the Group	5,000	—
Advances due from third parties *(note (i))*	26,450	33,601
Purchase rebate with suppliers	15,202	15,616
Value-added tax recoverable	35,436	29,949
Amounts due from staffs in relation to share-based payment and others	19,930	18,641
Prepayments for costs incurred in connection with the proposed listing of the Company's shares *(note (ii))*	25,855	8,762
Prepayments for listing expenses	—	240
Share purchase prepayment for the Post-IPO share award scheme	40,257	—
Others	17,097	9,019
	504,215	420,045

Notes:

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

(i) As at December 31, 2021 and June 30, 2022, the loss allowance on advances due from third parties was measured based on the 12-month expected credit loss and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Amounts due from third parties were non-trade, unsecured, non-interest bearing and repayable on demand.

(ii) The balance will be transferred to the share premium account within equity upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

13 Cash and cash equivalents

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Cash at bank and on hand	566,318	1,225,497
Less: restricted cash used for payable insurance premium *(note 15)*	43,981	134,922
Cash and cash equivalent	522,337	1,090,575

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Trade payables

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Payables for inventories and services	145,156	67,763

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:

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Within 1 year	141,057	67,763
More than 1 year	4,099	—
	145,156	67,763

15 Other payables and accrued expenses

	At June 30, 2022 RMB'000	At December 31, 2021 RMB'000
Salary and welfare payables	57,095	86,041
Payables for flexible staffs	169,594	124,203
Tax payables	27,746	9,928
Payables for acquiring of subsidiaries and exclusive rights	23,310	13,420
Refund liabilities	22,132	18,424
Payables for listing expenses	77,800	25,333
Advance from a non-controlling shareholder of the Group	1,000	1,000
Payables for issuance cost of financial liabilities at FVTPL	12,081	13,477
Payables for Insurance premium *(note (i) and 13)*	43,981	134,922
Deposits and others	26,069	29,807
	460,808	456,555

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.

Notes:

(i) Insurance premium payables are insurance premiums collected from the insured on behalf of insurance companies but not yet remitted to the insurance companies as of December 31, 2021 and June 30, 2022.

(Expressed in thousands of Renminbi, unless otherwise stated)

16 Capital, reserves and dividends

(a) Dividends

No dividends have been paid or declared by the Company for the six months ended 30 June 2021 and 2022.

(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, 2022, the authorized share capital of the Company was USD100,000 divided into (i) 602,047,442 ordinary shares of a nominal or par value of US$0.0001 each, and (ii) 397,952,558 convertible redeemable preferred shares of a nominal or par value of USD0.0001 each, 59,667,889 of which are designated series A Preferred Shares, 41,062,826 of which are designated series B Preferred Shares, 126,536,698 of which are designated series C Preferred Shares, 98,757,876 of which are designated series D Preferred Shares, and 71,927,269 of which are designated series E Preferred Shares.

(ii) Issued share capital

	At June 30, 2022		At December 31, 2021	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
Ordinary shares, issued and fully paid:				
At January 1	170,085,661	110	85,830,926	56
Issuance of ordinary shares to exercise share options	–	–	10,925,100	7
Issuance of ordinary shares to employee share trust	–	–	73,329,635	47
At December 31/June 30	170,085,661	110	170,085,661	110

16 Capital, reserves and dividends (continued)

(c) Nature and purpose of reserves

(i) Treasury share reserve

The treasury share reserve represents the 73,329,635 ordinary shares held by employee share trust, Prime Forest Assets Limited, controlled by the Company for 2015 Global Share Plan.

(ii) Capital reserve

The capital reserve comprises the capital contribution from the equity holders of the Group's subsidiaries and the excess of the total proceeds received from the Company share issuance over the total par value of shares issued.

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options granted to the directors and employees of the Group.

(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 ("**the Plan**"), which was adopted in August 2015. The qualified participants of the Plan are required to satisfy certain vesting service for the entitlement. The share options granted are generally vested on the grant date or over a one-year period on condition that employees remain in service without any performance requirements or four-year period on condition that employees remain in service without any performance requirements, under which an employee is entitled to vest in 25% of his share options annually thereafter of completed service. In accordance with the Plan agreements, the holders of vested share options are entitled to purchase the Company's shares at fixed prices predetermined at grant date. Options granted typically expire in 10 years from the respective grant dates. In July 2021, the Company appointed Prime Forest Assets Limited as the holding company to hold the ordinary shares of the Company on trust for "the Plan", according to which the options previously granted to relevant employees and directors that are not cancelled and forfeited as of 6 August 2021 were replaced by Restricted Share Units (with share options collectively as "**equity instruments**").

During the six months ended June 30, 2021 and 2022, the Group granted 21,086,000 and nil equity instruments to employees respectively. No equity instruments were exercised during the six months ended June 30, 2021 and 2022.

Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

17 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

The Group has engaged AVISTA Group Limited, an external valuer to perform valuations for the financial instruments, including convertible redeemable preferred shares and convertible loans issued to investors. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the management.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 Fair value measurement of financial instruments (continued)

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

	Fair value at June 30, 2022	Fair value measurements as at June 30, 2022 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Wealth management products	57,018	–	–	57,018
Financial liabilities:				
Convertible redeemable preferred shares	10,378,582	–	–	10,378,582

	Fair value at December 31, 2021	Fair value measurements as at December 31, 2021 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Wealth management products	28,000	–	–	28,000
Financial liabilities:				
Convertible redeemable preferred shares	8,907,708	–	–	8,907,708

During the six months ended June 30, 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: 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.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 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 FVTPL*

The Group has a team headed by the finance manager performing valuation for wealth management products 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 wealth management products at December 31, 2021 and June 30, 2022.

	Valuation techniques	Significant unobservable inputs
Wealth management products	Discounted cash flow method	Interest return rate

Due to the short period and low expected return rate ranging from 1.20% to 5.00% per annum (2021: 1.00% to 3.50%), the Group considered the fair value of wealth management products approximates to the cost. The fair value measurement is positively correlated to the interest return rate. The management of the Group considers the Group's exposure of wealth management products to interest return rate is not significant due to short maturity period. Therefore, no sensitivity analysis was presented.

(bb) *Financial liabilities at FVTPL*

The Group's convertible redeemable preferred shares and convertible loans are categorized into Level 3 hierarchy.

The Company applied the discounted cash flow method ("**DCF method**") to determine the underlying equity value of the Company and used the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares as of December 31, 2021 and June 30, 2022.

The DCF method involves applying appropriate weighted average cost of capital ("**WACC**"), to discount the future cash flow forecast to present value. The WACC was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors. The Group also applied a discount for lack of marketability ("**DLOM**"), which was quantified by Black-Scholes Option Pricing Model and the Finnerty Model. Under this option-pricing method, which assumed that the put option is struck at the spot price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 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)

(bb) Financial liabilities at FVTPL (continued)

Key valuation assumptions are set as below:

	At June 30, 2022	At December 31, 2021
WACC	17.00%	17.00%
DLOM	1.00%	6.00%

The movements of the Preferred Shares issued to investors during the period in the balance of these level 3 fair value measurement are as follows:

	At June 30, 2022 RMB'000	At June 30, 2021 RMB'000
At January 1	8,907,708	4,329,603
Issuance of Preferred Shares	–	646,010
Conversion from Convertible loan	–	5,330
Changes in fair value through profit or loss	967,842	2,135,203
Exchange realignment	503,032	(51,004)
At June 30	10,378,582	7,065,142

The movement of the convertible loans is set out as below:

	At June 30, 2021 RMB'000
At January 1	148,557
Loans convert to Preferred Shares	(4,964)
Changes in fair value through profit or loss	65,797
At June 30	209,390

As at June 30, 2022, it is estimated that with all other variables held constant, a decrease and increase in WACC by 1% would have decreased and increased the group's total comprehensive income by RMB1,258 million and RMB1,003 million respectively. A decrease and increase in DLOM by 1% would have decreased and increased the group's total comprehensive income by RMB85 million and RMB85 million respectively.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 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)

(bb) Financial liabilities at FVTPL (continued)

As at December 31, 2021, it is estimated that with all other variables held constant, a decrease and increase in WACC by 1% would have decreased and increased the group's total comprehensive income by RMB1,280 million and RMB979 million respectively. A decrease and increase in DLOM by 5% would have decreased and increased the group's total comprehensive income by RMB420 million and RMB395 million respectively.

(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 December 31, 2021 and June 30, 2022.

18 Acquisition of subsidiaries

During the six months ended June 30, 2022, the Company completed three acquisitions, including 60% equity interest of Zhejiang Xiening Medical Technology Co., Ltd at a consideration of RMB21 million and recognized goodwill RMB5 million; 100% equity interest of Hangzhou Zhimin Pharmaceutical Chain Co., Ltd and Hangzhou Tongdaotang Pharmacy Co., Ltd at a consideration of RMB26 million and recognized goodwill RMB20 million. The three acquisitions expanded the Group's medicines distribution business.

19 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	
	2022	2021
	RMB'000	RMB'000
Guarantees provided by related parties on the Group's bank and other loans at the end of the reporting period	**23,420**	224,932
Advance from a non-controlling shareholder of the Group	**–**	6,300
Advance to a non-controlling shareholder of the Group	**5,000**	–

As of June 30, 2022, the guarantees were provided by the ultimate beneficial owners of the non-controlling shareholders of subsidiaries, which will be released before May 2023 in accordance with related agreements.

(Expressed in thousands of Renminbi, unless otherwise stated)

19 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, 2022 RMB'000	At December 31, 2021 RMB'000
Non-trade in nature:		
Amounts due from senior managements in relation to the exercise of share options	12,160	12,069
Amounts due to a non-controlling shareholder of the Group	1,000	1,000
Advances due from a non-controlling shareholder of the Group	5,000	—

The balances with related parties are unsecured and non-trade in nature. The amounts due to a non-controlling shareholder of the Group will be settled in June 2023 in accordance with related agreements. The amounts due from a non-controlling shareholder of the Group will be settled in May 2023 in accordance with related agreements.

20 Non-adjusting events after the reporting period

On July 6, 2022, the Company issued a total of 19,000,000 shares at the offering price of HK$30.50 per share, which were listed on the Main Board of The Stock Exchange of Hong Kong Limited. The over-allotment option described in the prospectus was not exercised and lapsed on July 28, 2022 in respect of an aggregate of 2,850,000 shares. As agreed in the related investment agreements, all the issued convertible redeemable preferred shares were converted into the ordinary shares at a conversion ratio 1 to 1 on the listing date July 6, 2022. Upon the conversion of the convertible redeemable preferred shares, the issued ordinary shares increased by 397,952,558, and the financial liabilities at FVTPL were reclassified from the current liabilities to the equities.

Definitions

"91health Hangzhou"	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
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Chengdu Zhiyun Internet Hospital"	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
"China" or "PRC"	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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	ClouDr Group Limited (formerly known as 91health Group Limited), an exempted company with limited liability incorporated in the Cayman Islands on August 24, 2015
"Consolidated Affiliated Entity(ies)"	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
"Contractual Arrangement(s)"	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
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Director(s)"	the director(s) of our Company
"FVTPL"	fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined and described in the Prospectus

"Group", "we" or "us"	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
"Hangzhou Kangming"	Hangzhou Kangming Information Technology Co., Ltd.* (杭州康明信息技術有限公司), a company established in the PRC with limited liability on December 11, 2020 and a Consolidated Affiliated Entity
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Latest Practicable Date"	September 18, 2022, being the latest practicable date for ascertaining certain information in this interim report before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 6, 2022, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	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
"Main Board"	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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. Kuang"	Mr. Kuang Ming (匡明), our founder, executive Director, chairman and chief executive officer
"Over-allotment Option"	has the meaning ascribed to it in the Prospectus
"Post-IPO Share Award Scheme"	the post-IPO share award scheme approved and adopted by our Company on June 10, 2022
"Pre-IPO Equity Investment Scheme"	the pre-IPO equity investment scheme approved and adopted by our Company on August 24, 2015
"Prospectus"	the prospectus of the Company dated June 23, 2022 in relation to the Global Offering

Definitions

"Registered Shareholders"	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
"Reporting Period"	for the six months ended June 30, 2022
"RMB"	Renminbi, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Tianjin Zhiyun"	Tianjin Zhiyun Comprehensive Clinic Co., Ltd.* (天津智雲綜合門診有限公司), a company established in the PRC with limited liability on March 26, 2021, and a Consolidated Affiliated Entity
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States
"Yinbang Insurance Brokerage"	Yinbang Insurance Brokerage Co., Ltd.* (銀邦保險經紀有限公司), a company established in the PRC with limited liability on September 5, 2011 and a Consolidated Affiliated Entity
"%"	per cent

* *For identification purpose 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.